

PRIMA CERT INTERNATIONAL SDN BHD (1107878-A)

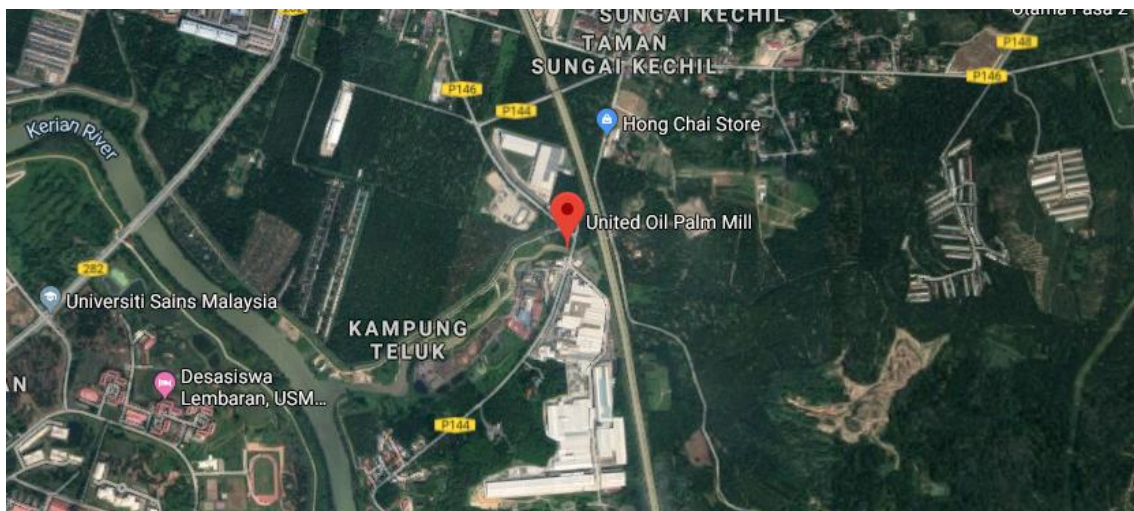
5A, Jalan Anggerik Eria AU 31/AU
 Kota Kemuning, 40460 Shah Alam
 Selangor, D. E. Malaysia
www.pci.com.my / +603-5525 8359)

**MSPO Audit Summary**

Company Name:	United Oil Palm Industries Sdn Bhd
Address:	878, Jalan Bandar Baru, Sungai Kecil, 14300 Nibong Tebal, Penang
Reference No.:	100058
Standard(s):	MS 2530-4:2013
MPOB licence no: (for group certification, list all licences no. in the group)	500010904000
MPOB licence scope of activity:	1. Menjual & mengalih PK, CPO, SPO 2. Membeli dan mengalih FFB, PK, CPO 3. Menyimpan PK, CPO, SPO 4. Mengilang FFB
MPOB Licence expiry date:	31/03/2020
Audit Type:	<input checked="" type="checkbox"/> Stage 2 Audit <input type="checkbox"/> Surveillance Audit <input type="checkbox"/> Re-certification Audit
Audit scope:	Palm oil milling.
Sites sampled: (for group certification only)	n/a

GPS Coordinate: N 5° 9' 21.373" E 100° 30' 32.025"

Map showing approximate location of certified entity:



Audit date:	27/02/2019 to 28/02/2019
Total number of man-day(s):	3.0 man-day(s)
(for MSPO Part 2 & Part 3)	<input checked="" type="checkbox"/> Not applicable
Planted Area:	ha.

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(for MSPO Part 2 & Part 3) Estimated tonnage of annual FFB produced:	<input checked="" type="checkbox"/> Not applicable mt.
(for MSPO Part 4) Estimated processing capacity: Estimated certified palm oil (CSPO): Estimated certified palm kernel (CSPK):	<input type="checkbox"/> Not applicable 45.0 mt. FFB/hour 11.51 mt./hour 3.64 mt./hour
(N/A for Stage 2 & Re-certification assessment) Date of certificate issued and validity	<input checked="" type="checkbox"/> Not applicable dd/mm/yyyy to dd/mm/yyyy
Please state if the organization certified for other sustainability scheme(s)?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, _____

Executive Summary

United Oil Palm Industries Sdn Bhd (henceforth to be addressed as UOP) had adopted the MSPO certification scheme with the signing of the MSPO Policy on 1st October 2018 by its Managing Director Mr Lim Ewe Keong. This commitment was evident with the prominent display of the mill MSPO Policy on the implementation of MSPO in strategic locations throughout the plant area. A Management Review meeting had been conducted on 10th January 2019 to discuss and resolve findings in the recent internal audit where 51 OFIs were encountered. Actions had been taken to close all findings. No CAR had been identified. UOP mill has started an improvement plan related to installing a Bio-gas plant to reduce greenhouse gas and to generate more energy for mill operations.

In terms of Transparency, the Information / Document Request Form was not utilised for supplying of information although there was much verbal requests and feedback received during the Stakeholders Consultation conducted on 19th to 20th Nov. 2018. MSPO policy documents are prominently displayed at strategic locations in the mill compound – at the office, at the guard house and at the supervisor’s stations in the plant. Its identified stakeholders comprise both internal (Board of Directors, staff and employees) and external such as FFB suppliers (which include smallholders and plantations), FFB dealers, government departments, spare parts suppliers, community leaders, school representatives and NGOs. The Traceability system is in place and inspection is conducted every 6 months on a sample of FFB, CPO and PK.

The management of UOP mill is aware of legal compliance for its operation with evaluation records maintained by the Chief Operating Officer Mr Beh as the designated Legal Officer (appointed on 01/10/2018). UOP has freehold ownership over 4 lots in Nibong Tebal, Seberang Prai, Penang. No dispute has been recorded in the land use of its holdings and the boundary of the mill compound is well defined. Perimeter fencing is on all sides except the side facing the river.

UOP identifies aspects in its social impact assessment procedure, some of which generate positive impacts. The UOP mill Complaint and Grievance Procedure was approved and implemented on 01/10/2018. A suggestion box and forms are made available at the office. The designated Communication Officer (the Executive Director himself) will deal with the complaints and feedback. All complaint and suggestion records will be retained for 24 months as per MSPO Manual. The local communities had been informed of the procedure at an external stakeholder consultation on 19 - 20/10/2018. UOP had shown itself to be a genial corporate neighbour by interacting with the local

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communities. A renowned example of such engagement is providing access for research and study visit to students and faculty members of the nearby campus of the Universiti Sains Malaysia.

The UOP Safety and Health Policy was approved by the Operations Director Mr Beh Siaw Chaik on 01/10/2018. Elements of safety are presented at the start of every shift. The Safety and Health Policy is prominently displayed on the office noticeboard, the office of each section head in the plant area and also on the mill noticeboard. The UOP HIRARC Procedure identifies all hazards, risk analysis and risk control in connection with its mill operations but has missed out the workshop, scheduled waste store and the effluent ponds. During the audit walkabout through the plant, 2 safety non-compliance were noted: Among some of the courses conducted in its Annual Training Plan 2018 were PPE and Safety Ergonomics, Confined Space Awareness and Chemical Spill Handling. First Aid Training was conducted for 15 personnel comprising staff from production and office staffs. An Emergency Preparedness & Response Procedure was available but there no evident that this was communicated to the workers. In its quarterly meeting on 08/12/201, among other issues, the UOP Safety and Health Committee reviewed the accident and incident statistics of the previous 3 months.

The UOP Good Social Practice Policy has been established and addresses non-discrimination. The legal minimum wage is adhered to. Workers are entitled to medical benefit, transport allowance, bonus based on performance of the company as well as the individual. The manual punch card system is used to record hours worked with supporting documents from supervisors to verify attendance and overtime. The Sexual Harassment and Violence Policy is in place. The company adheres to its policy of the minimum age of 18 years hiring workers. The youngest worker (Employee No. W0118) hired on January 2018 was 18 years old.

In its efforts on environmental monitoring, UOP mill has in place its environmental policy. UOP has initiated a Management Programme for the Scrubber System with the objective of reducing the gas emission of stack particulate matters from 400 gm/m³ to 150 gm/m³ by June 2019. The programme commenced in January 2018 with an allocated budget of RM1.5 million. An Environmental Performance Monitoring Committee had conducted its last quarterly meeting for the period of July-September but at this time of audit had not yet held its 4th quarter meeting. A commendable trend in its use of energy was a shift to greater reliance on electricity generated from biomass. Two turbines are used to power in addition to electricity from TNB.

The UOP Waste Management Procedure covers both scheduled waste and non-scheduled waste. Scheduled waste comprising 9 types as recorded in its eSWIS, is removed for disposal by a DOE-licensed and registered contractor. General or domestic waste is disposed at a municipal landfill. Mill effluent is treated in 13 ponds made up of an acidic pond, a cooling pond, 4 anaerobic ponds, 3 aeration ponds, 3 facultative ponds and a polishing pond before eventual discharge into the adjacent Sg Kecil. Water quality monitoring is done monthly reported quarterly to DOE. Water analysis is done by Union Laboratories Sdn Bhd. The result of the last sampling and testing indicated that the parameters were below the standard values. For the implementation of best practices, the UOP-P6-2 Quality Plan, dated 01/10/2018 is adhered to. The Contract or Offer Letter is referred to for the pricing mechanism and communicated to the FFB suppliers. The FFB Pricing Calculation is the same as defined by MPOB guideline.

In general, the MSPO system is already in place and being implemented in the UOP palm oil mill.

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**Listing of strength / strong point identified:**

No	Strength Statement
1.	<i>Practising transparency in engaging with stakeholders particularly the more informed members of the community from the local university (USM)</i>
2.	<i>Has a vibrant and sustainable staff (young executives and experienced senior managers)</i>
3.	<i>Organised filing and quick access of documents & records during the audit.</i>

Listing of improvement potential / opportunities for improvement (OFI)

No	OFI Statement
1.	<i>To consider monthly MPOB Report, DOE monitoring report, eSWIS, JKPP quarterly report submission as part of information sharing to stakeholders.</i>
2.	<i>List of Stakeholder is established and to further review the stakeholders listed for NGO, Authorities, Local Communities with border consideration to ensure stakeholder feedback and need and expectation are considered and gathered.</i>
3.	<i>Topics covered during stakeholders are maintained and to consider maintained more detail information of the topics discussed for better reference in future and follow up if require.</i>
4.	<i>To consider include the feedback of action take to complainant and lead time to handle any feedback and complaint for more robust control of the process.</i>
5.	<i>Safety and health Policy displayed on notice board and to consider include communication of established policy include verbal explanation enhance understanding of workers on established policy.</i>
6.	<i>PPE issue record to be further improve to capture actual issuance of PPE for better reference of distribute of PPE</i>
7.	<i>To enhance control of First Aid Kits items by monitor the require items are available to avoid any missing items and cause the handling of emergency situation is not able to carry effectively.</i>
8.	<i>To promote and enhance the communication with workers related to worker representative function for more robust implementation of collective bargaining between workers and management.</i>
9.	<i>Cleanliness at the diesel tank nozzle stand may be better enhanced by ensuring no drips reach the ground.</i>
10.	<i>Access to the fire extinguishers and servicing of the tank equipment may be facilitated with an access platform or ladder at the diesel tank area. Cable ties on the fire extinguishers should be removed for ease of application.</i>
11.	<i>To better monitor the amount of domestic waste generated against production, the record may be improved by noting the weight of the waste disposed.</i>
12.	<i>Overflow of contaminated water from the heavy equipment garage near the trapping pond may be controlled by ensuring no leakage into the nearby river.</i>

Listing of nonconformity (NCR)

No	Clause	NCR Statement	NCR status
1.	4.4.4.2 b)	<i>The MS 2530-3:2013 clause 4.4.4.2 (b) stated the occupational safety and health plan shall cover the risk of all operation shall be assessed and documented.</i>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close

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		<p><i>During the audit, it was lack of evidences risk of operation at workshop, chemical store, scheduled waste store, Effluent Pond are assessed.</i></p> <p><i>Existing established Hazard Identification, Risk Assessment and Risk Control (HIRARC) are focus on process of Raw material receiving, sterilizer, EFB Press, Kernel Plant, Clarification, Boiler House – Engine Room, Press & Digester, Maintenance, Laboratories, Water Treatment, Facilities, Office.</i></p>	
2.	4.4.4.2 h)	<p><i>The MS 2530-3:2013 clause 4.4.4.2 (h) stated Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</i></p> <p><i>During the audit, it was lack of evidences the communication of accident and emergency procedure and instruction is implemented to all employees.</i></p>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close
3.	4.4.4.2 a)	<p><i>The MSPO Clause 4.4.4.2.(a) states “The occupational safety and health plan shall cover the following:</i></p> <p><i>a) A safety and health policy, which is communicated and implemented.</i></p> <p><i>During the audit visit, the following was encountered:</i></p> <p><i>a) Gas cylinders near the discontinued horizontal sterilizers standing free and unsecured, posing a risk of fall.</i></p> <p><i>b) Electrical cables between the trapping pond and the heavy vehicle garage presents a trip-and-fall hazard.</i></p>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close
4.	4.5.1.6	<p><i>The MSPO Clause 4.5.1.6 states “Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed “.</i></p> <p><i>During the audit visit, it was found that the UOP EPMC had not conducted the 4th quarter 2018 meeting.</i></p>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close
5.	4.4.5.11	<p><i>The MSPO Clause 4.4.5.11 states “In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities “</i></p> <p><i>During the audit visit, the following was encountered: Housekeeping required at Block A & Block B to remove litter and improve hygiene. Shift the jerrycans of diesel found at the housing area to a designated storage area.</i></p>	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Close

Stakeholder consultation summary

Any issues raised by the stakeholder(s) towards the company?	<input type="checkbox"/> Yes, issue: _____
	<input checked="" type="checkbox"/> No.
Remarks:	

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Three samples from the UOP List of Stakeholders were interviewed. They were Dr Jit Kang Lim (representing Universiti Sains Malaysia), Miss Teoh Guiek Jiang (of Taman Sri Permai representing Local Communities) and Mr Khor Bak Nguan (FFB supplier).

Based on the feedback of the Stakeholders interviewed, it could be discerned that UOP had established good rapport with the stakeholders (comprising of representatives of the university, local community & FFB supplier). Representative from university feel positive on UOP openness to share the information and engagement during stakeholder consultation. In general, there was no negative comments on UOP.

Certification recommendation

In reference to **MS 2530-4:2013**, the audit team recommends for:

<input type="checkbox"/>	Issuance of the certificate.
<input checked="" type="checkbox"/>	Issuance of the certificate as soon as implementation of corrective action(s) has been demonstrated.
<input type="checkbox"/>	Maintenance of the certificate.
<input type="checkbox"/>	Maintenance of the certificate as soon as implementation of corrective action has been demonstrated.
<input type="checkbox"/>	Not applicable, due to extraordinary type of report.

Tentative next audit date:	02/2020
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Company Representative	
Designation:	<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms. <input type="checkbox"/> Other, please specify:
Name:	Lim Ewe Keong
Position:	Managing Director
Tel:	+6019-470 9118
Email:	limewekeong@yahoo.com
PCI Audit Team Leader	
Name:	Dominic Retan Giah
Area of expertise	Forestry, plantation management, health & safety, EIA expert
Tel:	+603-5525 8359
Email:	info@pci.com.my
PCI Audit Team Member 1	
Name:	Lim Aik Loong
Position:	<input checked="" type="checkbox"/> Co-Auditor <input type="checkbox"/> Auditor-in-Training <input type="checkbox"/> Technical Expert <input type="checkbox"/> Observer <input type="checkbox"/> Other, please specify:
Area of expertise (N/A if observer & other)	Social economic, quality management, business management
PCI Audit Team Member 2	
Name:	Muhammad Khaidir bin Zulkornain
Position:	<input type="checkbox"/> Co-Auditor <input type="checkbox"/> Auditor-in-Training <input type="checkbox"/> Technical Expert <input checked="" type="checkbox"/> Observer <input type="checkbox"/> Other, please specify:
Area of expertise (N/A if observer & other)	N/A