

**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](http://www.pci.com.my) / +603-5525 8359

**MSPO Audit Summary**

Company Name:	<b>South Johor Palm Oil Processing Sdn Bhd</b>
Address:	<b>Batu 4 ½, Jalan Maharaja Lela, 36000 Teluk Intan, Perak Darul Ridzuan</b>
Reference No.:	<b>100076</b>
Standard(s):	<b>MS 2530-3:2013</b>
MPOB licence no: (for group certification, list all licences no. in the group)	<b>1. South Johor Palm Oil Processing Sdn Bhd – 504219702000 2. Upright Alliance Sdn Bhd – 553401002000</b>
MPOB licence scope of activity:	<b>1. Menjual dan mengalih FFB</b>
MPOB Licence expiry date:	<b>1. South Johor Palm Oil Processing Sdn Bhd – 31/07/2019 2. Upright Alliance Sdn Bhd – 30/09/2019</b>
Audit Type:	<input checked="" type="checkbox"/> Stage 2 Audit <input type="checkbox"/> Surveillance Audit <input type="checkbox"/> Re-certification Audit
Audit scope:	<b>Provision of oil palm plantation, including planting, harvesting and delivery of palm fresh fruit bunches (FFB)</b>
Sites sampled: (for group certification only)	<b>1. South Johor Palm Oil Processing Sdn Bhd 2. Upright Alliance Sdn Bhd</b>

<b>GPS Coordinate:</b>	<b>4.028556 101.058359</b>
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**Map showing approximate location of certified entity:**

Audit date:	<b>11/07/2019 to 12/07/2019</b>
Total number of man-day(s):	<b>4.0 man-day(s)</b>
(for MSPO Part 2 & Part 3)	<input type="checkbox"/> Not applicable

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Planted Area:	<b>284.64</b> ha.
(for MSPO Part 2 & Part 3) Estimated tonnage of annual FFB produced:	<input type="checkbox"/> Not applicable <b>8060.03</b> mt.
(for MSPO Part 4) Estimated processing capacity: Estimated certified palm oil (CSPO): Estimated certified palm kernel (CSPK):	<input checked="" type="checkbox"/> Not applicable mt. FFB/hour mt./hour mt./hour
(N/A for Stage 2 & Re-certification assessment) Date of certificate issued and validity	<input checked="" type="checkbox"/> Not applicable <b>dd/mm/yyyy to dd/mm/yyyy</b>
Please state if the organization certified for other sustainability scheme(s)?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, _____

**Executive Summary**

South Johor Palm Oil Processing (SJPO) group had adopted the MSPO certification scheme with the signing of the MSPO Policy on 15.04.2019 by the Managing Director. MSPO Policies were prominently displayed at the notice boards of offices and also the estate offices. Management commitment on continual improvement was stated in the MSPO Policy.

Internal audit had been conducted jointly by two external auditors (Consultant) and 2 trained internal auditors. The internal audit documents were maintained and noted 16 OFIs were raised including actions taken to address the findings. However, some of the findings are still in progress. The internal audit results were discussed during the Management review conducted on 14 Jun 2019. The management review was attended by top Management (Managing director, Account & IT). Topics of discussion was sufficient to conclude and monitor progress of MSPO implementation. Continual improvement action plans were initiated and all actions were completed.

In terms of transparency, SJPO had established its Communication & Consultation Procedure (SPPM-P2-1). The list of stakeholders consists of customer, shareholder, financial institute, decision maker, supplier, contractor, regulatory (DOSH, DOE, MPOB, Town Council etc), neighbours (local communities). Stakeholders consultation was conducted accordingly for both estates on 11th May 2019 and among output of consultation was School request for donation, PPE awareness to contractor's workers and public road repair for both estates. The traceability procedure was established and implemented. Traceability inspections were done quarterly and noted the recent inspection was done 18th Apr 2019 & 10th July 2019. Traceability inspection includes assessment on Mill weight bridge ticket, grading report and MPOB license (Oil Mill). Records of sales and purchases were maintained accordingly.

The group is aware of its legal compliance for its operations with evaluation records maintained by the Managing Director who was appointed as the legal officer. The group was able to provide

the necessary legal documents showing their ownership for each land title in the MPOB license. No land disputes were recorded as at time of audit assessment.

The group had conducted its social impact assessment and identified both positive and negative impacts. Mitigation measures were identified and implemented. SJPO had established and implemented Complaint and grievances procedure. Complaint/suggestion box were available at office area and as at time of assessment, there was no complaint reported. All complaints and suggestion records will be retained for 24 months as defined in the procedure. SJPO had showed evidence of commitment to contribute to local development. Among the contribution to the local community were donations to a school (SJKT Ladang SUSSEX) on 5th July 2019 and also efforts of improving road conditions for neighbours' access.

SJPO Safety and Health policy was established on 15/04/2019. Safety and health policy were prominently displayed at strategic location for the guidance and awareness of workers. The safety and health policy were communicated to the workers along with the MSPO policy on 20th May 2019. HIRARC was reviewed on 15/04/2019 including all areas of operation such as Maintenance, Pest & Disease control and plantation activities. Based on the risk assessment, all activities/operation are low and medium risks while current control is sufficient. An annual training plan was established and includes trainings related to Chemical/Waste handling, emergency preparedness (Chemical Spillage, Fire Drill and First Aid). PPE is applied based on the control defined in HIRARC. Nevertheless, the management could consider the needs to enhance PPE usage by mandore who monitors and support the spraying works. Quarterly safety briefing and meeting were conducted on 21st May 2019 for both estates separately. Topics discussed were relevant to the needs of implementing and monitoring safe works procedure during the operation. Minute meetings produced indicates that actions were taken. No cases of accident had happened or reported during assessment.

SJPO Good Social Practice Policy 15/04/2019 had been established and addresses non-discrimination. The group opposed force labour and child labour. Appointment letters and contract of services were signed by both employer and employee. There is no formal time recording for both estates. This was due to the fact that work hours are based on any estate activities handled by contractors. The contractor's mandores and estate supervisors are working at flexible hours while workers are normally paid on piece rated. SJPO do not practice awarding over time to workers. Workers (Fulltime & Irregular staffs) are entitled to petrol allowance and medical (Clinic) for fulltime staffs. Workers are not living in the estate due to the nature of work that requires workers to hop estate to estate in order to complete their tasks. Sexual harassment and violence policy were displayed prominently at offices and estate notice boards.

In its efforts on environmental monitoring, SJPO had in place its environmental policy (SPPM – P5 – 1). SJPO has initiated 8 objectives/commitment including compliance to all laws and regulations, zero burning and assurance to contractors understanding and compliance to all environmental related legislation. Noted the efforts of the group in planting elephant grass on riverbanks to control erosion and also the commitment to reduce usage of chemical by estimate of 2% by converting chemical spraying at estate perimeters to grass cutting. Use of non-renewable energy

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were monitored accordingly and a graph indicating the trend of non-renewable energy consumption against FFB production was produced. Use of renewable energy was not available within the group.

The SJPO Waste Management Procedure (SPPM-P5-4 dated 15/04/2019) identifies the type of wastes generated by the estate. The group did not produce schedule waste and their practice is defined in the procedure. Empty chemical tongs were triple rinsed and re – used. The by-product of triple rinsing was then pre-mixed for the next spraying. Domestic waste is deposited into municipal-supplied bins for disposal into designated town landfill. Site visit assessment however noted that empty chemical containers stored at re-use section were not properly cleaned and still contain chemical residues. Sources of pollutions were identified and assessed. Sighted GHG calculation using RSPO GHG calculator for both estates. Water usage was monitored and recorded accordingly. The group sources its water from Lembaga Air Perak (LAP). Site visit assessment verified no waterways passing through the estate. The estates under the group is not exposed to risks of flooding. The group’s geographical location is not within a high biodiversity value area. No rare, threaten or endangered species were encountered. However, the group still maintain a HBV assessment record to indicate the frequency of sighting of the animals should they exists. The group practices zero burning during its land preparation activities.

SJPO safe work procedures is referred as guidelines in day to day operation. The group is located on flat land area. The group established a budget plan including income of sales FFB, dividend and operational expenses. The estate could consider to include replanting as part of their budget plan in order to capture better accurate information.

In general, the MSPO system is already in place and being implemented in SJPO.

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

No	Strength Statement
1.	<i>Comprehensive Contractor Induction Program is planned and conducted for new staff and contractor to cover various topics.</i>
2.	<i>Good teamwork and participation noted among the group members</i>
3.	<i>Good relationship noted between the estate management and stakeholders.</i>
4.	<i>Creation of work opportunities by selection of local neighbourhood contractors.</i>

**Listing of improvement potential / opportunities for improvement (OFI)**

No	OFI Statement
1.	<i>To consider include and MSPO related information in the notice boards to enhance the communication to create awareness of MSPO.</i>
2.	<i>To further review on defined stakeholders in Communication Matrix &amp; Stakeholder consultation table and List of Stakeholder to align the information for more easy reference.</i>

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3.	<i>To consider include action to feedback to complainant on the investigation, any action upon resolved and target lead time to handle complain / grievance in existing established Complaint and Grievances Procedure for more robust implementation.</i>
4.	<i>To consider defined the require PPE according to type of work in "PPE Issuance Record" to ensure consistent issuance according to job perform.</i>
5.	<i>PPE is applied during spraying work and to enhance the PPE usage for Mandore who monitor and support workers on site.</i>
6.	<i>To consider defined interval to monitoring contractor's workers' pay condition for more robust control.</i>
7.	<i>The management might consider the needs to improve on the housekeeping and segregation of items at the resting hut as per sighted in Upright Alliance for better living/resting conditions.</i>
8.	<i>To consider includes the Replanting cost in the current Yearly Budget to capture more accurate information of the Budget prepared.</i>
9.	<i>To consider established a long-term plan for replanting as some of the palm may due for replanting according to current direction from management (South Johor)</i>
10.	<i>Site Yield potential, cost of production (cost per tonne of FFB), return of investment can be includes and formalized in current Business Plan.</i>
11.	<i>To consider maintain review outcome of Business Plan and any action to ease the follow up and subsequent review.</i>

**Listing of nonconformity (NCR)**

No	Clause	NCR Statement	NCR status
1.	4.5.3.4	<i>Empty Chemical containers in SJPO that were meant to be reused was not properly clean before stored.</i>	<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.
<b>Remarks:</b> <i>Stakeholder consultation was conducted among 3 categories of stakeholders namely replanting contractor, Primary school headmaster and Estate supplier.</i>  <i>The stakeholders consulted expressed satisfaction on their relationship with the group. Noted the values of trust between the replanting contractor and the group in which he had also expressed appreciation for the continuous job assigned to him. The school headmaster was also pleased with the group where the request for donations was provided accordingly without hassle. She is looking forward to establish stronger ties with the group. The supplier interviewed was satisfied and did not have any negative feedback. Overall the group had established good rapport with all of its stakeholders.</i>	

**Certification recommendation**

In reference to **MS 2530-3:2013**, the audit team recommends for:

<input type="checkbox"/> Issuance of the certificate.
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<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:	<b>07/2020</b>
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<b>Company Representative</b>	
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Designation:	<input type="checkbox"/> Mr. <input checked="" type="checkbox"/> Ms. <input type="checkbox"/> Other, please specify:
Name:	Ng Chew Theng
Position:	Group Manager
Tel:	+60 12-4645660
Email:	<a href="mailto:sppmpalm@hotmail.com">sppmpalm@hotmail.com</a>

<b>PCI Audit Team Leader</b>	
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Name:	Muhammad Khaidir Bin Zulkornain
Area of expertise	Plantation Management, Management System
Tel:	+603-5525 8359
Email:	<a href="mailto:info@pci.com.my">info@pci.com.my</a>

<b>PCI Audit Team Member 1</b>	
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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

<b>PCI Audit Team Member 2</b>	
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Name:	
Position:	<input 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)	