



Assessment Report	19 th November - 19 th November
	2018

[Disclaimer: The audit report has been generated to reflect the compliance of the company toward the Malaysian Sustainable Palm Oil (MSPO) MS 2530-2:2013 General Principles For Independent Smallholder and every criterion's have been in every effort taken to ensure the accuracy of the assessment and reporting produced. As the assessment is been carried out based on sampling, certain areas or processes may not be able to verified on its compliances.]

MSPO

Company Name	ARAH KAWASAN SDN BHD (353399)
Address	LOT 713, MUKIM SUNGAI BATU, 09810 DAERAH BANDAR BAHARU, SELAMA, KEDAH DARUL AMAN.
Report No.	MS18FM0047
Status of Audit	First Assessment Audit (Document Review)

Section A General Information

General	
Standard Assessed	MSPO MS 2530-4:2013
Audit objectives	To verify the document established to met the requirement of the standard and ready for the stage 2 assessment
Integrate Assessment	No

Contact Details	
Management Representative	Mr Lee Mooi Tong
Alternate contacts	Ms Noor Hidayah Bt Abdul Wahab
Management Representative contact no.	+6019-4726611
E-mail address	arahkawsan@hotmail.my
Fax Number	+6043690017
Phone Number	+6043690020

Scope of Certification	
Scope of certification in English	The provision of fresh fruit bunch (FFB) processing by palm oil mill
Applicable clause of the MS 2530-2:2013	Clause 4.1, 4.2, 4.3, 4.4, 4.5, 4.6
Changes from Previous registration	No
Extension/changes of scope date	NA

System Documentation Information	
Quality Manual Document Identification	NA
Last Management System revision date	NA
Previous Management System date	NA
Management Review Date	19/10/2018
Internal audit Date	15/11/2018

Section B Audit Note

Summary of Area Audited

BUSINESS AREAS	DETAILS OF AUDITED SUMMARY
Opening Meeting and Closing Meeting	<p>Opening Meeting</p> <ul style="list-style-type: none"> a) introduction of the participants, including an outline of their roles; b) confirmation of the scope of certification; c) confirmation of the audit plan (including type and scope of audit, objectives and criteria), any changes, and other relevant arrangements with the client, such as the date and time for the closing meeting, interim meetings between the audit team and the client's management; d) confirmation of formal communication channels between the audit team and the client; e) confirmation that the resources and facilities needed by the audit team are available; f) confirmation of matters relating to confidentiality; g) confirmation of relevant work safety, emergency and security procedures for the audit team; h) confirmation of the availability, roles and identities of any guides and observers; i) the method of reporting, including any grading of audit findings; j) information about the conditions under which the audit may be premature terminated; k) confirmation that the audit team leader and audit team representing the certification body is responsible for the audit and shall be in control of executing the audit plan including audit activities and audit trails; l) confirmation of the status of findings of the previous review or audit, if applicable; m) methods and procedures to be used to conduct the audit based on sampling; n) confirmation of the language to be used during the audit; o) confirmation that, during the audit, the client will be kept informed of audit progress and any concerns; p) opportunity for the client to ask questions.

	<p>Closing Meeting</p> <p>a) informing the client that the audit evidence collected was based on a sample of the information; thereby introducing an element of uncertainty</p> <p>b) the method and timeframe of reporting, including any grading of audit findings;</p> <p>c) the certification body's process for handling nonconformities including any consequences relating to the status of the client's certification;</p> <p>d) the timeframe for the client to present a plan for correction and corrective action for any nonconformities identified during the audit;</p> <p>e) the certification body's post audit activities;</p> <p>f) information about the complaint handling and appeal processes.</p> <p>g) Any diverging opinion that are not resolved.</p> <p>h) opportunity for the client to ask questions.</p>
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System requirements	Y / N	Document reference if select "Y" or comments if select "N"
4.1 Management Commitment & Responsibility		
4.1.1 MSPO Policy	YES	<p>4.1.1.1 Verified the policy regarding MSPO were stated inside "MSPO Policy date on 01/04/2018 - sign by Managing Director. Sighted there is 4 others policy etc;</p> <p>i. Occupational Safety & Health Policy ii. Environmental policy iii. Human Rights Policy iv. Sexual Harassment Policy</p> <p>Sighted the company has develop MSPO Objective in order to ensure the continual improvement can be made. The objective such:</p> <p>i) Reduce consumption by 5% yearly ii) Reduce electriciricity consumptuion by 5% yearly. iii) Reduce amount of paper used by 5% yearly/ iv) To have zero accidents in the company. v) To have zero ill health related cased due to working conditions.</p> <p>Sighted the policies displayed at notice board.</p> <p>4.1.1.2 Slighted the MSPO objective for the continual improvement of the company.</p>
4.1.2 Internal Audit	YES	<p>4.1.2.1 Governing procedure: Internal Audit #SOP-02 Internal audit plan was developed dated 08/10/2018. Procedure has mention on the internal audit shall be conducted atleast once a year.</p> <p>4.1.2.2 Governing procedure: Internal Audit #SOP-02 Internal audit plan was developed dated 08/10/2018, form the audit plan the audit are cross-check within department The Internal audit was conducted on 19/10/2018. Internal audit Status shown 0 NCR raised during audit.</p> <p>4.1.2.3 Internal audit report available.</p>
4.1.3 Management Review	YES	<p>4.1.3.1 Minute of MRM dated 15/11/2018 attended by Mr Lee Mooi Tong, Nurul Ariffin, Azirah, Hayani and etc.</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		The meeting has discussed on the MSPO compliance. IA audit report are available with the MRM minute.
4.1.4 Continual Improvement	YES	<p>4.1.4.1 Verified there are few continual improvement identified by mill to achieve the MSPO objective such: i) Program - Reduce electricity consumption by 5% yearly, ii) Program - Reduce amount of paper used by 5% yearly, iii) Program - to have zero ill health related incidents in the company & etc.</p> <p>4.1.4.2 The company in progress in install of Electrostatic Precipitator (ESP) for existing Biomass Boiler in order to comply with DOE's Jadual Pematuhan #JP004562. Thus, the technique/technology not yet available.</p>
4.2 Transparency		
4.2.1 Transparency of information and documents relevant to MSPO requirement	YES	<p>4.2.1.1 Governing procedure: Communication and Consultation #SOP-07 Stated the information for internal stakeholder through displayed information at notice board, internal such policies, communication procedure and etc. MSPO briefing to internal stakeholder conducted on 13/09/2019, and The external communication been made through meeting stakeholder on 15 October 2018, but the minute meeting not yet available (OBS)</p> <p>4.2.1.2 The information been displayed on the notice board such policies, objective, complaint flowchart, organization chart & etc.</p>
4.2.2 Transparent method of communication and consultation	YES	<p>4.2.2.1 Governing procedure: Communication and Consultation #SOP-07. The Procedure cover on the internal and external communication procedure.</p> <p>4.2.2.2 Sighted Appointment letter of " Ahli MSPO di Kilang Sawit Arah Kawasan Sdn Bhd" dated 08/10/2018. Few appointed person such Mohd Fazirul, Noor Akmaziatul, Krishna Rao, Anuar & etc.</p> <p>4.2.2.3 List of stakeholder available for external and internal. However, the villagers nearby with the palm oil mill not yet included in the list (OBS)</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
4.2.3 Traceability	YES	<p>4.2.3.1 Governing Procedure: Identification and Traceability #SOP-08. The procedure has identified the record and identification of each Process, refer to traceability flowchart, the trace are started from the Estate/supplier detail, Mill Weighbridge, and ramp for grading, on-line/production till the finished foods. The traceability of the raw product to client not yet included in the procedure (OBS)</p> <p>4.2.3.2 The inspection conducted by management incharge for each process. Sighted the signature of each record are available such Tax invoice, weighbridge ticket & etc.</p> <p>4.2.3.3 Sighted Appointment letter as Traceability dated 08/10/2018 to Siti Nor Ida Farida Bt Hashim.</p> <p>4.2.3.4 Record of storage, sales and transportation available. To verified during 2nd stage audit.</p>
4.3 Compliance to legal requirements		
4.3.1 Regulatory requirements	YES	<p>4.3.1.1 Refer of document Regulaory License & Permits List dated 2018/001. To verified during 2nd stage audit.</p> <p>4.3.1.2 Verified the listed legal in List of "external document". sighted total 17 legal requirement listed, such OSHA 1994, FMA 1967, EQA 1974, MPOB Act 1998, Employment Act & etc, but not included act such Diesel storage (Control of supplies), Weight & measure, EPF, SOCSO, Suruhanjaya Tenaga & etc. (OBS)</p> <p>4.3.1.3 Evaluation of compliance been developed to measure the compliance of the requirement for each Act.</p> <p>4.3.1.4 Slighted Appointment letter for "Memantau pematuhan Undang-undang" to Pn Azirah Inez Bt Jamaludin dated 08/10/2018.</p>
4.3.2 Land use rights	YES	<p>4.3.2.1 N/A</p> <p>4.3.2.2 Land title available: 1. Lot 2660, 11.98 Ha, owner Arah Kawsan Sdn Bhd, Syarat Nyata - Tapak Kilang 2. Lt 453 454, 1.8896 Ha & 3.159Ha, owner Arah Kwasan Sdn Bhd, Syarat Nyata - Tanaman Getah & Kelapa Sawit (OBS) Other 4 land title are leased. Will verified during 2nd stage.</p> <p>4.3.2.3 Verified during 2nd Stage</p> <p>4.3.2.4 N/A</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
4.3.3 Customary rights	YES	4.3.3.1 No customary land.- not applicable. 4.3.3.2 Map available. 4.3.3.3 No land dispute issue
4.4 Social responsibility, health, safety and employment condition		
4.4.1 Social impact assessment (SIA)	YES	4.4.1.1 Governing procedure: Social Impact Assessment. Social Impact Assessment (SIA) conducted on July 2018. The SIA conducted through the survey to around 30 sample from surround village (Kampung Sungai Tengah & Kampung Keda). The survey and assessment such on the water quality, Road safety & etc. Verified the Air Quality Montoring plan and Awareness on raod safety plan available.
4.4.2 Complaints and grievances	. YES	4.4.2.1 Governing Procedure: Complaints and Grievances Procedure #SOP-19. 4.4.2.2 Will be verified during stage 2 audit 4.4.2.3 Complaint box available infront of office. The complaint form available at post guard and office which can be made anytime. 4.4.2.4 Internal and external stakeholder been informed on the procedure of complaint though previous briefing, however, villagers surround not yet informed. (OBS) 4.4.2.5 To Verified during 2 nd stage audit.
4.4.3 Commitment to contribute to local sustainable development	YES	4.4.3.1 CSR record (Corporate Social Responsibility) sighted record of CSR activities in the management "List of CSR Arah Kawasan Sdn Bhd"
4.4.4 Employees safety and health	YES	4.4.4.1 Refer ro 4.1.1.1 4.4.4.2 a) Refer to attandance list for Taklimat Polisi Keselamatan dan Kesihatan and other MSPO requirement on 13/09/2018 conducted. b) Verified HIRARC has cover operation such confine space & other routine process (loading ramp, sterilizer, Thresher & etc. dated 01/04/2018. But HIRARC for ramp not yet developed (OBS) Verified CHRA report dated 01/09-30/10/2018 conducted by Goh Teik Beng.

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>c) i) verified training on Chemical Handling dated on 23/04/2018 ii) SDS available at site and filing for office references.</p> <p>d) Verified the PPE issuance record available and met with the HIRARC control measure.</p> <p>e) Sighted procedure "Raw Chemical Management" #SOP013.</p> <p>f) Appointment letter available to Heah Chin Chai dated 14/05/2018.</p> <p>g) Verified the OSHC minute meeting on 29/08/2018 & etc. The meeting attended by Chairman, secretary, employer reps. and employee reps.</p> <p>h) Verified Procedure "Emergency Preparedness and Reponse" #SOP-12.</p> <p>i) Verified certificate of attendance for "Intorduction Basic First Aid Training dated 26/0/2018.</p> <p>j) Accident record availabe for year 2018 recorded in form "Borang Laporan Kemalangan" Accident on 01/07/2018 to En Che Azrul Bin Che Ta caused a finger caught between valve during maintainance. The accident caused the Medical leave more than 4 days. However, the JKKP6 not submit to DOSH yet (OBS).</p>
4.4.5 Employment conditions	YES	<p>4.4.5.1 Refer to 4.1.1.1</p> <p>4.4.5.2 The policy has stated of non discrimination.</p> <p>4.4.5.3 Verified the payslip of employees, has accordance of Minimum Wages Order 2016 and Employee's Offer Letter.</p> <p>4.4.5.4 will be verified during 2nd stage.</p> <p>4.4.5.5 Verified document of Staff Namelist Until Oct 2018. record detail such Name, IC/Passport, D.O.B, Sex, Position, D.O.J., wages and period of employment are available.</p> <p>4.4.5.6 To verified during 2nd stage</p> <p>4.4.5.7 Working hour are as per offer letter. Time recording though Thumb Print.</p> <p>4.4.5.8 Working hour been brief by HR upon join the company, and the offer letter has stated the working hour and rest hour.</p> <p>4.4.5.9</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>Overtime and wages has documented in Payslip.</p> <p>4.4.5.10 Benefit has been offered and stated in the offer letter.</p> <p>4.4.5.11 Will verified in Stage 2</p> <p>4.4.5.12 Verified "Guidelines for the Preventive of Sexual Harrassment in the Workplace" #MSPO/P4/C4.4.5</p> <p>4.4.5.13 No obligation on to form and join any trade union by management. Will verified in 2nd stage audit</p> <p>4.4.5.14 Will verified in 2nd stage audit.</p>
4.4.6 Training and competency	YES	<p>4.4.6.1 Sighted employee training record for individual available.</p> <p>4.4.6.2 Sighted Employees training record for individual available. To verified in 2nd stage audit.</p> <p>4.4.6.3 Training program had been established for year 2018 - included in MSPO briefing, internal audit, scheduled waste, 5s, ERP & etc.</p>
4.5 Environment, natural resources, biodiversity and ecosystem services		
4.5.1 Environmental management plan	YES	<p>4.5.1.1 Refer 4.1.1.1 a) Policy and objectives available as refer to 4.5.1.1</p> <p>b) Sighted Registration of Environmental Aspect & Impact Form for activities such weighing FFB, tresher, Effluent Treatment Plant & etc. dated 01/04/2018.</p> <p>4.5.1.3 Work plan available such Program to reduce electcirity consumption by 5% yearly, Program to reduce amount of paper used by 5% yearly, Program to reduction and control of fossil fuel usage.</p> <p>4.5.1.4 Program to promote the positive impact for environment. Will be verified during 2nd stage</p> <p>4.5.1.5 MSPO Briefing included the environmental matter conducted on 13/09/2018</p> <p>4.5.1.6 Verified Minutes of Environmental Performance Monitoring Committee (EPMC) dated 27/09/2018.</p>
4.5.2 Efficiency of energy use and use of renewable energy	YES	<p>4.5.2.1 Verified diesel & electcirity usage monitoring for year 2018 and 2017. The montoring are based on FFB processed production per month. However, the graph per baseline not yet available for the monitoring (OBS)</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>4.5.2.2 Verified in 2nd stage audit</p> <p>4.5.2.3 Palm Fibre and Shell Kernel are used to generate the electricity supplies through steam boiler.</p>
4.5.3 Waste management and disposal	YES	<p>4.5.3.1 Verified document "Senarai Bahan Buangan" listed Scheduled Waste (SW305, SW 306, SW410), Industrial waste, Domestic waste.</p> <p>4.5.3.2 As per Waste Management Plan dated 15/10/2018.</p> <p>4.5.3.3 Procedure of "Scheduled Waste Management" #SOP-11 dated 01/04/2018 available.</p> <p>4.5.3.4 Domestic waste are disposed in dumping site behind the POM.</p>
4.5.4 Reduction of pollution and emission	YES	<p>4.5.4.1 Refer Aspect Impact.</p> <p>4.5.4.2 Verifeid Work Plan for Program - POME Discharge Reduction and Control.</p> <p>4.5.4.3 AK POM use a water course and recycle to discharge the effluent treatment. Record of discharge are recorded will be verified during 2nd stage.</p>
4.5.5 Natural water resource	YES	<p>4.5.5.1 As per Work Plan Program: water Conservation Program- Will be verified during 2nd stage.</p> <p>4.5.5.2 As per Jadual Pematuhan No JP 004562. Record will be verified in 2nd stage audit.</p>
4.6 Best Practices		
4.6.1 Mill management	YES	<p>4.6.1.1 As per Standard Operation Procedure Mill Operation #SOP-17.</p> <p>4.6.1.2 Sighted the best practices were accordance to SOP for Palm oil mill. Will verified during 2nd stage audit</p>
4.6.2 Economic and financial viability plan	YES	<p>4.6.2.1 Documented busines or management plan to demonstrate attention to economic and financial viability though long-term management planning not yet established. (OBS)</p>
4.6.3 Transparent and fair price dealing	YES	<p>4.6.3.1 Pricing mechanism based on MPOB press release every 2 months.</p> <p>4.6.3.2 Verify during the 2nd Stage</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
4.6.4 Contractor	YES	4.6.4.1 Verified the Borang Komitment MSPO been signed by contractor. 4.6.4.2 Refer 4.6.4.1 4.6.4.3 Management has accepted.

Observation for Improvement

Auditor	Observation
MH	<p>4.2.1.1 Governing procedure: Communication and Consultation #SOP-07 Verified with auditte, the external communication (Stakeholder Meeting) been made through Meeting stakeholder on 15 October 2018, but the minute meeting not yet available</p> <p>4.2.2.3 List of stakeholder available for external and internal. However, the villagers nearby with the palm oil mill not included in the list</p> <p>4.2.3.1 Governing Procedure: Identification and Traceability #SOP-08. The procedure has identified the record and identification of each Process, refer to traceability flowchart, the trace are started from the Estate/supplier detail, Mill Weighbridge, and ramp for grading, on-line/production till the finished foods. The traceability of the raw product (CPO/Kernal) to customer not yet included in the procedure</p> <p>4.3.1.2 Verified the listed legal in List of "external document". sighted total 17 legal requirement listed, such OSHA 1994, FMA 1967, EQA 1974, MPOB Act 1998, Employment Act & etc, but not included act such Diesel storage (Control of supplies), Weight & measure, EPF, SOCSO, Suruhanjaya Tenaga & etc.</p> <p>4.3.2.2 Lot 453 454, 1.8896 Ha & 3.159Ha, owner Arah Kwasan Sdn Bhd, Syarat Nyata - Tanaman Getah & Kelapa Sawit</p> <p>4.4.2.4 Internal and external stakeholder been informed on the procedure of complaint though previous briefing, however, villagers surround not yet informed.</p> <p>4.4.4.2 b) Verified HIRARC has cover operation such confine space & other routine process (loading ramp, sterilizer, Thresher & etc. dated 01/04/2018. But HIRARC for ramp not yet developed</p> <p>j) Accident record available for year 2018 recorded in form "Borang Laporan Kemalangan" Accident on 01/07/2018 to En Che Azrul Bin Che Ta caused a finger caught between valve during maintenance. The accident caused the Medical leave more than 4 days. However, the JKPP6 not submit to DOSH yet</p> <p>4.5.2.1 Verified diesel & electricity usage monitoring for year 2018 and 2017. The monitoring are based on FFB processed production per month. However, the graph per baseline not yet available for the monitoring</p> <p>4.6.2.1 Documented busines or management plan to demonstrate attention to economic and financial viability though long-term management planning not yet established.</p>

During the assessment 0 nonconformities were identified. (refer to attachment)

Section C Conclusion

Document Review Conclusion

- The documentation is acceptable and complete, there is no finding/issue at this time and progress has been established towards next stage of audit/MAV.*
- The documentation is generally acceptable, however there are a numbers of finding/issued which the company needs to address before proceeding to stage 2/MAV.*

(Please proceed to follow up section)

Note : The assessment was based on random samples and therefore nonconformities may exist which have not been identified. All the pages should be attached if the organization wishes to copy and delivered to the interested party

Number of Employees (covered by scope of registration) 114

CCI Assessors	Attendance during opening and closing meeting	
Team leader	Name	Designation
Mohamad Hafis Bin Mustafa	Mr Lee Mooi Tong	Mill Manager
Team member	Noor Hidayah Binti Abdul Wahab	MSPO Officer
NIL	Nor Hayani Binti Maslan	Account Executive
Trainee auditor	Azirah Inez Binti Jamaludin	Assistant Manager
NIL		
Observer		
NIL		

Company Information if different from above

Invoicing address if different from above	Same as above
Alternate contact (if applicable)	Same as above

Acknowledge receipt of this report:

	Signed for on behalf of CCI	Signed for on behalf of the client
Signed		
Name	Mohamad Hafis Bin Mustafa	Mr Lee Mooi Tong
Date	19/11/2018	19/11/2018

E-mail	admin@cciglobe.com	
Fax No	03-8073 2688	

FOLLOW – UP:

Area of Concern status:

No	Description				
1					
	Auditor comment				
	Status	close		open	
2					
	Auditor comment				
	Status	close		open	
3					
	Auditor comment				
	Status	close		open	

Stage 1 audit conclusion:

Corrective action completed, site is now ready for stage 2 audit.

Signatory of auditor	
Date	