



Assessment Report	09 <sup>th</sup> October - 09 <sup>th</sup> October
	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	Khaw Gim Leong Co. Sdn. Bhd. (2015-K)
Address	Pondok Tanjong Estate, 34010, Taiping, Perak.
Report No.	MS18FM029
Status of Audit	First Assessment Audit (Document Review)

## Section A General Information

General	
Standard Assessed	MSPO MS 2530-3:2013
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	Ms. Lim Ka Chu
Alternate contacts	Ms. Thana Letchumi
Management Representative contact no.	+6016-4437519
E-mail address	ptestekgl@yahoo.com
Fax Number	-
Phone Number	+6016-4437519

Scope of Certification	
Scope of certification in English	Provision of Planting & Harvesting of Fresh Fruits Bunches
Applicable clause of the MS 2530-2:2013	Clause 4.1, 4.2, 4.3, 4.4, 4.5, 4.6 and 4.7
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	28/09/2018
Internal audit Date	21/09/2018

## 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"> <li>a) introduction of the participants, including an outline of their roles;</li> <li>b) confirmation of the scope of certification;</li> <li>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;</li> <li>d) confirmation of formal communication channels between the audit team and the client;</li> <li>e) confirmation that the resources and facilities needed by the audit team are available;</li> <li>f) confirmation of matters relating to confidentiality;</li> <li>g) confirmation of relevant work safety, emergency and security procedures for the audit team;</li> <li>h) confirmation of the availability, roles and identities of any guides and observers;</li> <li>i) the method of reporting, including any grading of audit findings;</li> <li>j) information about the conditions under which the audit may be premature terminated;</li> <li>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;</li> <li>l) confirmation of the status of findings of the previous review or audit, if applicable;</li> <li>m) methods and procedures to be used to conduct the audit based on sampling;</li> <li>n) confirmation of the language to be used during the audit;</li> <li>o) confirmation that, during the audit, the client will be kept informed of audit progress and any concerns;</li> <li>p) opportunity for the client to ask questions.</li> </ul> <p>Closing Meeting</p> <ul style="list-style-type: none"> <li>a) informing the client that the audit evidence collected was based on a sample of the information; thereby introducing an element of uncertainty</li> </ul>

	<ul style="list-style-type: none"> <li>b) the method and timeframe of reporting, including any grading of audit findings;</li> <li>c) the certification body's process for handling nonconformities including any consequences relating to the status of the client's certification;</li> <li>d) the timeframe for the client to present a plan for correction and corrective action for any nonconformities identified during the audit;</li> <li>e) the certification body's post audit activities;</li> <li>f) information about the complaint handling and appeal processes.</li> <li>g) Any diverging opinion that are not resolved.</li> <li>h) opportunity for the client to ask questions.</li> </ul>
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System requirements	Y / N	Document reference if select "Y" or comments if select "N"
<b>4.1 Management Commitment &amp; Responsibility</b>		
4.1.1 MSPO Policy	Y	<p>4.1.1.1 Verified the MSPO policy established signed by Assistant Director (Lim Ka Chu) dated 01/06/2018.</p> <p>4.1.1.2 The policy mention on the commitment on the implementation of MSPO to all employees, contractor, customer, visitor, and other stakeholder on requirement of all 7<sup>th</sup> principle. The continual improvement clearly stated in the policy divided in each principle.</p>
4.1.2 Internal Audit	Y	<p>4.1.2.1 Verified the internal audit procedure #SOP-03 dated 01/06/2018, audit plan available, audit conducted by consultant dated 21/09/2018.</p> <p>4.1.2.2 &amp; 4.1.2.3 There are 0 NCR, 0 OBS as per stated in Internal Audit Report.</p>
4.1.3 Management Review	Y	<p>4.1.3.1 Refer to Management Review Procedure ##SOP-04 and Minute meeting of Management Review dated 28/09/2018, attended by Ms Lim Ka Chu, Mr Tyagu, Mr Nanthakumar, Ms Thana Letchumi &amp; consultant.</p> <p>Verified in minute, there are discussion on Internal audit finding, continual improvement and other part such safety, environment, social which each has included the Person incharge, dateline for the future compliance and responsibilities.</p>
4.1.4 Continual Improvement	Y	<p>4.1.4.1 Verified there are few continual improvement identified by estate in safety &amp; health, Environment, and social such renovation of building, HIRARC, awareness training, compliance with the legal and etc.</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>4.1.4.2</p> <p>Verified with Ms Thana, there are no new technology as there only continues with current practise operation.</p>
<b>4.2 Transparency</b>		
4.2.1 Transparency of information and documents relevant to MSPO requirement	<b>Y</b>	<p>4.2.1.1</p> <p>Verified, there are no any information request by stakeholder.</p> <p>4.2.1.2</p> <p>Verified there are few document display at notice board such policies and company info erect at the entrance of estate.</p>
4.2.2 Transparent method of communication and consultation	<b>Y</b>	<p>4.2.2.1</p> <p>Available procedure for Internal and External Communication #SOP-07 dated 01/06/2018.</p> <p>4.2.2.2</p> <p>Verified the appointment letter to Mr Tyagu A/L Ravichander &amp; Ms Thana Letchumi A/P Selladurai as Steering committee member for Consultation and Communication with stakeholder. Date of appointment 01/08/2018, sign by Assistant Director.</p> <p>4.2.2.3</p> <p>Verified the stakeholder list for internal and external is available.</p> <p>The stakeholder meeting for communication such these information has been conducted on 05/09/2018.</p>
4.2.3 Traceability	<b>Y</b>	<p>4.2.3.1</p> <p>Verified procedure for Traceability #SOP-08 dated 01/06/2018. Few detail on traceability flowchart is inadequate (detail of harvesting block - daily work progress form) (OBS)</p> <p>4.2.3.2</p> <p>Stated in the procedure, the regular inspection conducted in internal audit once a year.</p> <p>4.2.3.3</p> <p>Verified the appointment letter to Mr Moo Tham Chow as responsible person for MSPO requirement such maintaining the traceability system for Pondok Tanjung Estate. Date of appointment 01/01/2018.</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>4.2.3.4</p> <p>Verified the record of delivery in Log book (Record of FFB despatch to mill), Delivery Note are available and maintained by Ms Thana. Payment Self-Billing Invoice by POM (Sample- Kilang Minyak Sawit Kamunting Sdn Bhd) #KGLCSB01-00039 date 31/08/2018 is available which kept by HQ, the record of rate, tonnage &amp; price is available in the slip.</p>
<b>4.3 Compliance to legal requirements</b>		
4.3.1 Regulatory requirements	Y	<p>4.3.1.1</p> <p>Verified the licenses and permit available such below:</p> <ul style="list-style-type: none"> <li>i) Permit Barang Kawalan Berjadual (Diesel) #A033408 dated valid till 30/03/2019</li> <li>ii) Perakuan Penentuan Timbang dan Sukat for date 06/04/2018.</li> <li>lii)Menjual &amp; mengalih FFB valid date till 31/03/2019.</li> <li>iv) Air compressor - PMT7748 renew progress. Verified with DOSH logbook visit, the inspector has visit on 04/10/2018 and the payment been made as per Kenyataan Bil Tuntutan in MyKKP portal.</li> <li>v) Linesite Inspection Checklist - available for 1 week (04/10/2018), but the inspection conducted in the linesite inspection checklist form not interpreting each quarters been inspected. (OBS)</li> </ul> <p>4.3.1.2</p> <p>Legal register checklist for Pondok Tanjung Estate available, there are 15 act identified. Verified the listed act such OSHA 1994, FMA 1967, Pesticide Act 1974, Protection of Wild Life Act 1972, &amp; etc.</p> <p>4.3.1.3</p> <p>Stated in Procedure of Compliance to Regulatory Requirement #SOP-06 dated 01/06/2018, "record shall be reviewed and updated at least once a year"</p> <p>4.3.1.4</p> <p>Verified the appointment letter to Ms Dena Pre Ya Phoon Cameron as Personnel In Charge of Monitoring Legal Compliance for Pondok Tanjung Estate. Date of appointment 01/01/2018. However,</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		the duty to track and update the legislation is not stated in the appointment letter & procedure.(OBS)
4.3.2 Land use rights	Y	<p>4.3.2.1 Verified 24 land title available with total 895.7954Ha, there are few land title with Syarat Nyata - Dusun, but the application to Land Department is available on 20/07/2018. Detail as below: No Hakmilik; 6051, 6052, 3879, 3878, 7760, 6840, 6054, 55487, 49629, 55489, 55491, 55488, 55492, 3613, 6053, 96441, 55486. sighted the application form dated 20/07/2018 to land department of Taiping.</p> <p>The progress are still in progress by Land Department.</p> <p>4.3.2.2 Verified the land title as above.</p> <p>4.3.2.3 Map of boundary stone location is identified after GPS surveyor - will verified during 2nd Stage.</p> <p>4.3.2.4 Verified with manager, there is no land disputed for now.</p>
4.3.3 Customary rights	Y	Not Applicable
<b>4.4 Social responsibility, health, safety and employment condition</b>		
4.4.1 Social impact assessment (SIA)	Y	4.4.1.1 Social Impact Assessment was conducted. Report dated 26/09/2018. verified the doc. no: RC-01 of SOP-10 Rev.0
4.4.2 Complaints and grievances	Y	<p>4.4.2.1 As per Procedure Internal &amp; External Communication. Doc. No: SOP-07. Dated 01/06/2018.</p> <p>4.4.2.2 Will be verified during 2nd Stage</p> <p>4.4.2.3 As per Grievance Form Doc. no: RC-04 of SOP-07. Will verified during 2nd stage.</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>4.4.2.4 The complaint procedure done inform to employee during internal stakeholders meeting which had been held on 05/06/2018.</p> <p>4.4.2.5 There are two issues raised: 1) The villagers request for a new road for them to use. 2) The villagers request to do the cleaning at the JPS drain.</p> <p>- Estate will solve these issues as soon as possible.</p>
4.4.3 Commitment to contribute to local sustainable development	Y	<p>4.4.3.1 Sighted the CSR file however there is no record of CSR at this time of review. To be verified during 2nd stage audit.</p>
4.4.4 Employees safety and health	Y	<p>4.4.4.1 As per Occupational Safety &amp; Health Policy. Dated 01/01/2018 signed by Assistant Director, Lim Ka Chu. Sighted the Safety &amp; Health Committee Org. Chart, Doc No. RC-01 of SOP-14 Rev.0</p> <p>Sighted the Training Record, sample below;- 1. First Aid Training. Dated: 20/04/2018. 2. SOP Training for Prunning, Stacking and Harvesting.</p> <p>Sighted the Training Attendance Record for year 2018.</p> <p>4.4.4.2- Safety plan a) Safety &amp; Health policy has been communicated to employee from 30/07/2018 during Awareness Training Safety &amp; Health. b) Permit to work system/HIRARC/Waste management/Water management date on 28/08/2018 c) Improvement for chemical store - CH 04/18 d) Provide workers with appropriate PPE based on HIRARC performed. - CH 02/1B &amp; CH 01/18</p>
4.4.5 Employment conditions	Y	4.4.5.1

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>Policy Sustainability, dated 01/01/2018 signed by Assistant Director Lim Ka Chu. The content has mention on social such as Management commitment and responsibility, Occupational safety and health, Sexual harassment etc.</p> <p>The company must segregate all the policy. This is important for better communication and understanding between employer and employee.</p> <p>4.4.5.2 refer Policy at 4.4.5.1</p> <p>4.4.5.3 Refer to employment card and agreement contract. Sighted the contract agreement (yearly) for Jayakumar A/L Govindasamy as a Forman, dated 23/03/2013</p> <p>4.4.5.4 Refer to pay slip for estate employee, verified that the wages for month of August 2018 are as per legal and industry minimum standard. sample as below: i) Jayakumar RM882.15.00 net out of gross salary RM1,565.00 The record and detail of employee has been stated in Employee Registration Record.</p>
4.4.6 Training and competency	Y	<p>4.4.6.1 Verified training record available such; i) MSPO awareness (01/08/2018) ii) First aid training (20/04/2018) iii) Awareness on sexual harassment (27/08/2018).</p> <p>4.4.6.2 Verified the training matrix is identified for year 2018.</p> <p>4.4.6.3 Training program year 2018 is available.</p>
<b>4.5 Environment, natural resources, biodiversity and ecosystem services</b>		
4.5.1 Environmental management plan	Y	<p>4.5.1.1 -Policy Alam Sekitar dated 01/01/2018 signed by Assistant Director, Lim Ka Chue.</p>



System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>-Verified Waste Management Plan, dated 07/06/2018. Type of waste; domestic waste, recycle waste, schedule waste etc.</p> <p>-4.5.1.2</p> <p>- Aspect impact of environment has been identified in Environment Aspects and Impacts Assessment, dated 01/06/2018.</p> <p>-4.5.1.3 as per 4.5.1.1</p> <p>-4.5.1.4</p> <p>Refer to Continual Improvement Plan 2018.</p> <p>1) Log No: CE 01/18 - Recycle used pesticide to reduce land contamination. Started date 01/06/18</p> <p>2) Log No: CE 02/18 - Recycle aluminium cans, plastics, glass and paper. Started date 01/06/18 etc.</p>
4.5.2 Efficiency of energy use and use of renewable energy	Y	<p>4.5.2.1</p> <p>Consumption of non-renewable energy record 2018 sighted. Form of Monitoring of Diesel Consumption; Sept 2018; Diesel- 692 litter.</p> <p style="padding-left: 40px;">FFB- 1,622.24mt</p> <p style="padding-left: 40px;">Diesel/FFB = 0.43lit.</p> <p>Monitoring of electrical consumption; Sept 2018; Electric- 1,233.11KWh</p> <p style="padding-left: 40px;">FFB- 1,622.24mt</p> <p style="padding-left: 40px;">Electric/FFB = 1.76KWh</p> <p>4.5.2.2 as per 4.5.2.1</p> <p>4.5.2.3 as per 4.5.2.1</p>
4.5.3 Waste management and disposal	Y	<p>4.5.3.1</p> <p>Verified in the Environment Aspect and Impact Assessment the estate has the chemical waste. To be verified as visual inspection during 2nd stage audit.</p> <p>Sighted the location map for rubbish pits. To be verified the landfill during 2nd stage audit.</p> <p>Procedure of Schedule Wastes Management sighted in Doc. No: SOP-26, dated 01/06/2018 verified to handling SW.</p> <p>4.5.3.2 as per 4.5.3.1</p> <p>4.5.3.3 as per 4.5.3.1</p> <p>4.5.3.4 as per 4.5.3.1</p> <p>4.5.3.5 as per 4.5.3.1</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
4.5.4 Reduction of pollution and emission	Y	4.5.4.1 as per 4.5.1.2 4.5.4.2 -No replanting for last two years until this time of review. Will be verified during 2nd stage audit.
4.5.5 Natural water resource	Y	4.5.5.1 The estate using rain water (water harvesting) for spraying activities. 4.5.5.2 To be verified during 2nd stage. 4.5.5.3 To be verified during 2nd stage.
4.5.6 Status of rare, threatened, or endangered species and high biodiversity value	Y	4.5.6.1 The estate does not establish the Biodiversity Assessment report due to estate surrounded by oil palm estate. (OBS) To be verified during 2nd stage audit.  Sighted the official letter to Jabatan Perlindungan Hidupan Liar dan Taman Negara (PERHILITAN) dated 7th July 2018. PERHILITAN not yet response to the letter. However, estate need to clarify the assessment with PERHILITAN and get verification regarding endangered species in this estate.  4.5.6.2 as per 4.5.6.1
4.5.7 Zero burning practices	Y	No burning is allowed as mention by management, refer in Doc. Title: Zero burning practices & procedures dated 01/06/2018. Will be verified during 2nd stage audit.
<b>4.6 Best Practices</b>		
4.6.1 Site management	Y	4.6.1.1 Governing Standard Operating Procedure for MSPO (SOP-23) Best Practise had identified the SOP for best practise in estate such as Unloading FFB onto loading platform, Field chemical premixing, Using power sprayer for ground, knapsack spraying, chemical storage and etc.  4.6.1.2 -Visual inspection will be verified during 2nd stage audit.
4.6.2 Economic and financial viability plan	Y	4.6.2.1 Verified 5 Years Cost Projection been established by Estate Manager (years 2018 - 2022) Sighted the Replanting Programme for 5 years.

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		4.6.2.2 as per 4.6.2.1 4.6.2.3 as per 4.6.2.1 4.6.2.3 as per 4.6.2.1
4.6.3 Transparent and fair price dealing	Y	4.6.3.1 Purchase of FFB from Pondok Tanjong Estate rate is established in the FFB purchase agreement. The rate for CPO refer from Northern Malaysian MPOB Monthly Average Price and PK refer from Peninsular Malaysia MPOB Monthly average price.  4.6.3.2 Sighted and verified the FFB transport agreement between estate and contractor (Kanakambaram). The agreement is form 1st January 2018 until 31st December 2018.
4.6.4 Contractor	Y	4.6.4.1 Contractors has been given the awareness information on MSPO requirement. The briefing was conducted on 30/07/2018. Verified the training material attached.  4.6.4.2 The estate established the agreed contracts agreement between estate regarding MSPO compliance.  4.6.4.3 The estate established the agreed statement to contractor regarding they shall accept MSPO approved auditors to verify assessments through a physical inspection if required.  4.6.4.4 The responsible of MSPO compliance by contractor and acceptance estate and MSPO auditor (CB) to be verified during 2nd stage audit.
<b>4.7 Development of new planting</b>		
4.7.1 High biodiversity value		NA
4.7.2 Peat land		NA
4.7.3 Social and Environmental Impact assessment (SEIA)		NA

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
4.7.4 Soil and topographic information		NA
4.7.5 Planting on steep terrain, marginal and fragile soils		NA
4.7.6 Customary land		NA

### Observation for Improvement

Auditor	Observation
MH	1) 4.2.3.1 Verified procedure for Traceability #SOP-08 dated 01/06/2018. Few detail on traceability flowchart is inadequate (detail of harvesting block - daily work progress form)
	2) 4.3.1.1 Linesite Inspection Checklist - available for 1 week (04/10/2018), but the inspection conducted in the linesite inspection checklist form not interpreting each quarters been inspected.
	3) 4.3.1.4 The duty to track and update the legislation is not stated in the appointment letter & procedure.
BH	4) 4.5.6.1 The estate does not establish the Biodiversity Assessment report due to estate surrounded by oil palm estate.

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) **59**

CCI Assessors	Attendance during opening and closing meeting	
Team leader	Name	Designation

Badrul Hisham Hj Baharin (BH)	Ms. Thana Letchumi	Chief Clerk
Team member	Tyagu Ravichander	Sr Field Conductor
Mohamad Hafis B Mustafa (MH)	Nanthakumar Virasingam	Field Conductor
Trainee auditor		
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	Badrul Hisham Hj Baharin	
Date	09/10/2018	
E-mail	badrul.hisham@cciglobal.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	