



# Assessment Report

Date: 2 June to 2 June

# 2018


*[Disclaimer: The audit report has been generated to reflect the compliance of the company toward the MSPO standard 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 2530:2013  
Part 4

Company name	KIAN HOE PLANTATIONS BERHAD - CORONATION PALM OIL MILL
Address	PTD 59738, BATU 3, JALAN BATU PAHAT, P.O.BOX 504, 86000, KLUANG, JOHOR.
Report no	MS18MM008
Status of audit	Main Assessment If surveillance NA

Thank you for your trustful cooperation during our audit of your organization. This report has been prepared of every effort to ensure the accuracy of the information recorded. The assessment is based on sampling on the records, practice, documents and personnel, therefore the final results of the assessment is of representative towards the system implementation of the organization. This report may generated to record as much of the system implementation information but may still limited due to the sampling .This report details the assessment results including strengths, opportunities, and weaknesses. These results were presented to your management at the closing meeting of the audit. You can use these results to improve the effectiveness of your management system. We look forward to continuing our partnership towards sustainable business success. This report has been prepared in compliance to the ISO 17021:2011 requirements.

To ensure the next assessment will be carry out in compliance to the ISO 17021:2011, please remember to immediately notify CARE Certification International about any significant change to your company at any point of time. Together we will then coordinate appropriate measures to maintain your current certification. Such circumstances include, for example, changes relating to the legal, commercial, organizational status or ownership, organization and management (e.g. key managerial, decision making or technical staff), contact address and sites, scope of operations under the certified management system, and major changes to the management system and processes. Together we CARE and will then ensure the smoothness of the upcoming assessment. Thank you for your persistence of support.

	Signed for on behalf of CCI	Signed for on behalf of client
Sign	 _____	
Name	MOHAMAD ZULKEFLI BIN MD ISA	Company stamp
Date	03/06/2018	
Email	zulkefli.isa@cciglobe.com	
Fax no	038073 2688	

## Section A General Information

General	
Audit objectives	<input checked="" type="checkbox"/> To verify that the system initial implementation is in accordance to requirements of the standard adopted. <input type="checkbox"/> To verify that the system implementation is continuously in accordance to the requirements of the standards adopted. <input type="checkbox"/> To verify that the system implementation is continuously after and in third years of implementation is in accordance to the standards adopted. <input type="checkbox"/> Other, (please specify)
Integrate Assessment	No
Issue of certificate	Yes

Scope of Certification	
Scope of certification in English	The provision of palm oil fruit processing
Requirement not being applicable	NA
Justification	NA
Other language than above	NA
Changes from Previous registration	No
Extension/changes of scope date	NA

Contact Details	
Management Representative	Yong Kheng Chien
Alternate contacts	Chua Jia Chyau
Management Representative contact no.	012- 648 2582
E-mail address	chujc87@gmail.com
Fax Number	07-7727193
Fixed Line Number	07-7737189
NO OF GROUP MEMBERS	-

## Section B Previous Audit Result

The result of the last audit system have been reviewed, in particular to ensure appropriate correction and corrective action has been implemented to address any nonconformities identified. This review has concluded that:

<input type="checkbox"/>	No nonconformities have been raised during last assessment.
<input type="checkbox"/>	Any nonconformities identified during last previous audit have been corrected and the corrective action continuous to be effective.
<input type="checkbox"/>	The management system has not adequately addressed non conformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

## Section C Conclusion

The audit team conducted a process based audit focusing on significant aspects/risk objectives required by the standard(s). The audit methodology used is based on 3P which were People, Paper and Practice.

The audit team concludes and express

- CONGRATULATION and has  
 CONGRATULATION however some processes need to address non-compliance(s) but others has  
 SORRY and the organization has not established and maintained its management system in line with the

requirements of the standard and

- demonstrated  
 not demonstrated

the ability of the system to systematically achieved agreed requirements within the scope of the organizations.

Base on the record, there is/are NIL unresolved issue.

Therefore the audit team recommends that based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

- Granted (initial certification or recertification)  
 Granted upon the acceptance of the noncompliance(s)  
 Continued (surveillance)  
 Continued (surveillance) upon the acceptance of the noncompliance(s)  
 Withheld  
 suspend until satisfactory corrective action(s) is completed  
 Others (please specify)

Note :

*The assessment and recommendation for the initial or continue 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.*

### Section D (For Recertification only)

1	The company has demonstrated effective implementation and maintenance/improvement on its management system	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	The internal audit program has been fully implemented and demonstrates its effectiveness as a tool for maintaining and improving the management system.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	The management review process demonstrates its capability to ensure the continuing suitability, adequacy and effectiveness of the management system	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	The management review process demonstrates its capability to ensure the continuing suitability, adequacy and effectiveness of the management system	<input type="checkbox"/> Yes <input type="checkbox"/> No
4	Throughout the audit process, the management system demonstrates overall conformance with the requirements of the audit standard	<input type="checkbox"/> Yes <input type="checkbox"/> No

### Section E Auditor and Auditees Names

CCI Assessors	Attendance during opening and closing meeting	
Team leader	Name	Designation
Mohamad Zulkefli bin Md. Isa	1. Chua Jia Chyau	Quality Engineer.
Team member	2. Nur Amalina Natasha binti Rosli	MSPO compliance staff

Rizal Kasim		
Badrul Hisham B. Baharin		
Mohamad Hafis Mustafa		
Mohammad Hafizuddin Bin Rossley		
Trainee auditor		
Observer		

## Section F Audit Process Matrix

Next Audit Matrix (legend "☒" plan to cover & covered, "☐" for uncover)

Planned month & year	06/2018	06/2019	06/2020	06/2021	06/2022
Internal Audits	☒	☒	☒	☒	☒
Stakeholder consultation / survey	☒	☒	☒	☒	☒
Use of logo	☒	☒	☒	☒	☒
Follow-up from previous audit finding	☒	☒	☒	☒	☒
<b>4.1 Management Commitment &amp; Responsibility</b>					
4.1.1 MSPO Policy	☒	☒	☒	☒	☒
4.1.2 Internal audit	☒	☒	☒	☒	☒
4.1.3 Management Review	☒	☒	☒	☒	☒
4.1.4 Continual Improvement	☒	☒	☒	☒	☒
<b>4.2 Transparency</b>					
4.2.1 Transparency of information and documents relevant to MSPO requirements	☒	☒	☒	☒	☒
4.2.2 Transparent method of communication and consultation	☒	☒	☒	☒	☒
4.2.3 Traceability	☒	☒	☒	☒	☒
<b>4.3 Compliance to legal requirements</b>					
4.3.1 Regulatory requirements	☒	☒	☒	☒	☒
4.3.2 Land use rights	☒	☒	☒	☒	☒
4.3.3 Customary land rights	☒	☒	☒	☒	☒
<b>4.4 Social responsibility, health, safety and employment condition</b>					
4.4.1 Social impact assessment (SIA)	☒	☒	☒	☒	☒
4.4.2 Complaints and grievances	☒	☒	☒	☒	☒
4.4.3 Commitment to contribute to local sustainable development	☒	☒	☒	☒	☒
4.4.4 Employees safety and health	☒	☒	☒	☒	☒
4.4.5 Employment conditions	☒	☒	☒	☒	☒
4.4.6 Training and competency	☒	☒	☒	☒	☒
<b>4.5 Environment, natural resources, biodiversity and ecosystem services</b>					

4.5.1 Environmental management plan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.2 Efficiency of energy use and use of renewable energy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.3 Waste management and disposal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.4 Reduction of pollution and emission including green house gas	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.5.5 Natural water resources					
<b>4.6 Best Practices</b>					
4.6.1 Mill management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.6.2 Economic and financial viability plan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.6.3 Transparent and fair price dealing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.6.4 Contractor					

**Assessment man days for the next assessment : 4\_md. Recertification: 2022**

*Note: Recertification should be carry out minimum 2 months prior to the expiry of the certificate*

## Section G Audit Note

### Summary of Area Audited

BUSINESS AREAS	DETAILS OF AUDITED SUMMARY	
Auditor	Date	Time
ZU	03/06/2018	9.30
<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> <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> </ul>		

- e) the certification body's post audit activities;
- f) information about the complaint handling and appeal processes.
- g) Any diverging opinion that are not resolved.
- h) opportunity for the client to ask questions.

#### **Executive Summary**

The audit was based on the MSPO2503:2013 Part 4 Standard, procedure and applicable requirements. There is no issue, only 3 observation raise during the 1<sup>st</sup> Stage Audit conducted on 28/04/2018 and found all the required document, procedure and form are available.

The audit were done one whole day with total mandays for audit at CPOM is four (4) mandays. meanwhile the stakeholders consultation was held with one (1) mandays.

The audit was lead by Mr Mohamad Zulkefli who are have almost 8 years in the sustainable certification and other management system certification such as RSPO, ISCC, ISO 14001, ISO9001 etc and also attended the MSPO Lead Assessor Course conducted by SIRIM. Co auditor is Mr Rizal Kasim who are experienced in the RSPO and ISCC Certification for almost 7 years and attended the MSPO Lead Assessor Course conducted by SIRIM. The stakeholders consultation was conducted by Mr Badrul Hisham who are having experince in palm oil industry for almost 8 years and attended the MSPO Lead Assessor conducted by SIRIM. Co auditor is Mohammad Hafizuddin Bin Rossley who are having experince in palm oil industry for almost 6 years and attended the MSPO Lead Assessor conducted by SIRIM. Co auditor is Mohamad Hafis Bin Mustafa who are having experience in palm oil industry for almost 5 years with background education in biodiversity and working experience as safety and sustainability practitioner.

#### **Audit Summary**

##### **Principle 1: Management Commitment & Responsibility**

Sighted management establish 7 policy such as Sustainability Policy, Sexual Harassment Policy, Safety and health Policy etc. Communication of the policy sighted done by display at the notice board, briefing during MSPO awareness training and explain the policy to the stakeholder during the stakeholder meeting. Continual Improvement Programme were stated inside the CAPEX Budget for year 2018 for improvement of milling process activity such as ETP improvement plan , Installation new kernel bunker 1000mt etc. CPOM establish the procedure for internal audit and noted CPOM already done the Internal Audit on 7 April 2018 as per email Internal Audit notification dated 2/4/2018. CPOM conducted the 1st MRM on 23/04/2018 chaired by Chairman, the agenda is cover all the MSPO Principle matters such as Employee Safety & Environmental, Employee Condition, Continual Improvement, CAR Status etc.

##### **Principle 2: Transparency**

Generally, Coronation Palm Oil Mill (CPOM) communicate the information with stakeholders and public through meeting with stakeholders. The mill management annually organize get together with local communities as part of promoting MSPO requirements as per SOP (Pihak Berkepentingan). The recent meeting was held on 17-18 March 2018. For every issue raised the Mill management has prepared management plan on social impact assessment. CPOM has established procedure for stakeholder (SOP: Stakeholder Procedure) and Complaints Procedure. This SOP has been communicated to all stakeholders during stakeholder meeting dated 17-18 March 2018. Records of complaints and grievances were implemented by Complaints Form for Stakeholder/supplier and Internal. So far nil complaint were receive and been recorded.

##### **Principle 3: Compliance to legal requirements**

During audit sighted CPOM is not yet establish the list of legal requirement and verified the evaluation assessment is not been done yet for the compliance legal requirement assessment. All the requirements evaluated at least once a year as per SOP – Legal Register Requirement. Noted the mill land title is belong to Kian Hoe Plantations Berhad under the HSD no 48299 , Pelan Lot : PTD 59738 , Total hectare : 484 Ha. Verified the land title terms :

- i. Syarat-syarat nyata - Tiada
- ii. Sekatan -sekatan kepentingan - Tiada.

Sighted the mill boundary markers by the fencing surrounding the mill area.

**Principle 4: Social responsibility, health, safety and employment condition**

1) Social

Noted CPOM conducted the Stakeholder Meeting on 17/03/2018 with involvement from the stakeholders such as Ketua Kampung, smallholders, sister estate, contractor, supplier etc. CPOM establish the Management Plan On Social Impact Assessment from the feedback collected during the Stakeholder Consultation. CPOM establish the Prosedur Aduan for dealing with complaints and grievances. All stakeholder are freely to request the Complaint Form from the Mill Management and submit by insert to the Complaint Box in front of the mill's guard house. The communities surrounding was aware with the complaint procedure and briefed was done in the stakeholder consultation and most of the mill workers are from the local communities. This been verified during stakeholder consultation during 2<sup>nd</sup> stage audit by interviewing stakeholder.

2) Health & Safety

Policy was established and endorsed by the Chairman of company which shown the committed from top management toward implementation of safety & health in working area. CPOM establish the Safety Plan which has planned for Safety Training & briefing, OSH Committee meeting, Chemical Handling etc. HIRARC for mill operation such as laboratory, loading ramp, sterilizer, threshing etc. was established in order to assess the risk in order to provide the control for the medium and higher risk level. Verified the HIRARC and required PPE such as hand glove, ear plug, safety shoe, safety helmet etc. were implemented as in HIRARC. However, there is a few safety & health matter been raised as CAR and OBS which need a correction and prevention toward a safe and healthy of working site.

3) Employee condition

Social and Human Right and Sexual Harassment Policies were sighted displayed at the strategic area such as notice board, guard post and conducted a briefing during roll call to CPOM employees. The stakeholder also been explained on the policies available during the stakeholder meeting. Refer to Social and Human Right, has mentioned of no discrimination allowed and to provide equal opportunity regardless of race, colour, sex, nationality etc. The company seek to maintain a workplace free from discrimination. Verified the employee pay slip and found the calculation of the OT and basic salary was comply with the minimum standards with sufficient employee contract agreement. This discrimination-free was further strengthened by an employee representative during interviews at the 2<sup>nd</sup> stage of stakeholder consultation.

**Principle 5: Environment, natural resources, biodiversity and ecosystem services**

Sighted management establish Environmental Policy dated 14/03/2018 and approved by the Chairman, Mr Ong Chin Lam. Communication of the policy sighted done by display at the notice board, briefing during MSPO awareness training to employee dated 24/03/2018 and explain the policy to the stakeholder during the stakeholder meeting. CPOM has identified environmental objective in Environmental Management & Improvement Plan dated 31/03/2018, the plan improvement for below issue, it divided into 4 main Objectives such as To comply with Environmental Quality Act 1974, specifically in Scheduled waste regulation 2005 and Environmental Quality (Clean Air Regulation 1978. Other are to create clearer and cleaner environment by making continuous improvement, practice conservation of natural resources and promote environmental awareness among all employees & third parties for better working environment.

CPOM establish the Environmental Impact Assessment dated 10/04/2018 and identified the aspect & impact of mill operation to the environment. CPOM establish the comprehensive assessment report of water usage as per Water Management Plan for FY 2018.

**Principle 6: Best practices**

CPOM establish the SOP for mill operation were properly documented. Verified the CPOM year 2018 budget as per Capital Expenditure Budget For Year 2017/2018 consist of budget for buildings, electrical, plant & machinery, water supply, office equipment and furniture & fittings and Budget Mill Processing Cost Summary For Financial Year 2018 consist of maintenance & repair, general machinery etc. The price rate of the FFB was calculated consistently as per SPPOMA memo or minutes meeting by monthly basis which been verified with the payment voucher and pricing calculation of previous months.



## Stakeholder Consultation

Stake holder consultation conducted on 02/06/2018 and the venue is as per below:

- Coronation Palm Oil Mill,
- Meeting room.
- 10.00 am

List of attendance:

1. Tong Chee How – FFB Supplier
2. Neo Son aik – Spare and repair contractor
3. Aw Siow Fern – Maintenance and services contractor
4. Loh Hen Fui – FFB loader maintenance contractor
5. Savarimuthu – Mill Supervisor
6. Nur Amalina Natasha Rosli – Female representative
7. Lokendra Bahadur Gharti - Foreign workers
8. Sitarasu – Cleaning team supervisor

**Mr. Tong Chee How (FBB supplier)** - was a FFB supplier for this mill for the last 10 years. He has experience in dealing with smallholders to supply the crops to him. He can supply about 80 -90mt FFB per day to the mill. All this while he stays outside from the mill. He also knew about MSPO and its requirement. He had a very good business and income since he became the FFB supplier. In-term of payment, there is no issues on pending or holding payment. There is no social problem in the mill from his side. He also knows how to rise the complaint and grievances to the mill management.

**Neo Son Aik (Spare and repair contractor)** - was a machinery contractor. His service started since 10 years ago. He having a very good cooperation and communication with mill management. His staffs are from local people only. No issue of late payment until this time. No sexual harassment issues and having very good working environment. He had attended the MSPO briefing last month during stakeholder's consultation meeting. Sighted in the record. He always kept the integrity during his work as the first priority. No issue on safety procedure during repairing works.

**Aw Siow Fern (Maintenance and services contractor)** - was a supplier for labor and servicing machine maintenance. Her company service started since 10 years ago. She used only local people. No issue of on late payment until this time. She having a very good cooperation and communication with mill management. No sexual harassment issues and having very good working environment. She always makes sure her workers follow the safety work instruction. She had attended the MSPO briefing last month during stakeholder's consultations meeting. Sighted in the record. She always kept the integrity during her work as the first priority. No issue on safety procedure during repairing works.

**Loh Hen Fui (FFB loader machine maintenance contractor)** - was a contractor for machinery. He doing servicing for machinery FFB Loader since 20 years ago. No issue of on late payment until this time of review. He having a very good cooperation and communication with mill management. No sexual harassment issues and having very good working environment. He always makes sure he follows the safety work instruction. He had attended the MSPO briefing last month during stakeholder's consultation meeting. Sighted in the record.

**Sitarasu (Cleaning Team Supervisor)** - was a mill supervisor. He has worked in this mill for 37 years. He and his family was stayed in the staff quarters provided by the company. Water and electrical supply was paid by himself. He provided with comfortable accommodation and facilities. No issues on salary and the management sometimes offered him over time work. He also having a bright carrier development. He also received a good bonus for last year performance. There is no report from him on social and sexual harassment. He and his family felt safe while living and working in CPOM.

**Nur Amalina Natasha Rosli (Female representative)** – was a female representative for this company. According to her, this company has established the Female Committee since May 2018. It have 12 members and she was a secretary for the committee. From interview, she has informed that two female workers are working in the operation side and other 10 are working at main office. At operation side, one working at store and other one at lab. There is a possible risk for sexual harassment at the store because the lady working together with a man.

The working time is started from 8.00am until 4.00pm. The company had conducted a female committee meeting on 7<sup>th</sup> May 2018 chaired by Ms. Koh (Chief Clerk). Sighted the minutes meeting and attendant list.

The agenda as below;

1. Discussion and briefing on MSPO requirement.
2. Women rights, safety working area.
3. sexual harassment policy and SOP on complaints

The female workers know how to make a complaints and report if something bad happen to them. Seen the women committee org. chart for 2018 which is leader, secretary and members.

**Lokendra Bahadur Gharti (Foreign workers)** – was a foreign worker from Nepal and worked over 10 years. Working as an excavator driver for pond maintenance. He had no cases of accident even though he does not have a machinery license (driving license for heavy machinery). He stays at Mill quarters with his colleagues. The quarter provided with electricity and water from Syarikat Air Johor (SAJ). Until this time of review there is no social case had been recorded. He received very good salary and benefit from the company such as medical treatment etc.

**Savarimuthu (Mill supervisor)** - was a mill supervisor. He had worked in this mill over 38 years. Now his age is 67 and worked as yearly contract basis. He stays outside. No issues on salary, even the management sometimes offered him over time work. He also having a bright carrier development. He also had a good bonus for last year performance. Regarding social and sexual harassment issue, there is no report from him. He also understands MSPO requirement.

#### Introduction

##### 1. Location of the mill

NAME OF MILL	LOCATION	COORDINATE
Coronation Palm Oil Mill	PTD 59738, Batu 3, Jalan Batu Pahat, P.O Box 504, 86000 Kluang, Joor	2.030213N , 103.251951E

##### 2. Approximate tonnage certified

NAME OF MILL	CPO	PK
Coronation Palm Oil Mill	100,000 mt/year	30,000 mt/year

##### 3. Location of the supply base

NAME	LOCATION
Dealers	Nearby area / surrounding area of the mill.
Smallholders	Nearby area / surrounding area of the mill.
Coronation Estate	Batu 3, Jalan Batu Pahat, P.O box 504, 86009 Kluang , Johor.
Sayong Estate	Batu 3, Jalan Batu Pahat, P.O box 504, 86009 Kluang , Johor.
Chuan Hin Tobacco Factory S/B	P.O Box 10, 83007 Batu Pahat , Johor.
Chin Bee Plantations S/B	Ladang Niyor, K.B 502, 86009 Kluang, Johor.
KPPR Felcra Bt 67 Kluang Bhd	P.O Box 58, 86007 Kluang, Johor.
Kind Action (M) S/B	Ladang Mengkibol, Lot 6146 & 3385, Mukim Kluang, 86000 Kluang, Johor.
Kebun Renggam S/B	Karung Berkunci No 109, 86300 Rengam Johor.
Lian Giap Plantations Company	47A, Jalan Mohd Akti, 83000 Batu Pahat, Johor.

S/B	
Pineapple Cannery of Malaysia S/B	Ladang Fima Ayer Hitam, Lot 49, Jalan Felda Ayer Hitam, Batu 8, 86000 Kluang, Johor.
Rengo Malay Estate S/B	
The Batu Pahat Plantations Berhad	No.22 A, Jalan Kundang , Taman Bukit Pasir, 83000 Batu Pahat, Johor.
YPJ Plantations S/B	11-1, Jalan Padi Ria, Bandar Baru Uda, 81200 Johor Bahru, Johor.

#### 4. Statistic of the supply base

NAME	ESTIMATE TONNES FFB/YEAR
Dealers	434,441.77 - 82.61%
Smallholders	2,083.87 - 0.40%
Coronation Estate	21,349.42 - 4.06%
Sayong Estate	3, 299.36 - 0.63%
Chuan Hin Tobacco Factory S/B	1.897.92 - 0.36%
Chin Bee Plantations S/B	25,723.64 - 4.89%
KPPR Felcra Bt. 67 Kluang Bhd	4,092.20 - 0.78%
Kind Action (M) S/B	262.07 - 0.05%
Kebun Renggam S/B	11,299.38 - 2.15%
Lian Giap Plantations Company S/B	7,725.50 - 1.47%
Pineapple Cannery of Malaysia S/B	1,6133.33 - 0.31%
Renggo Malay Estate S/B	1,936.03 - 0.37%
The Batu Pahat Plantations Berhad	4,958.64 - 0.94%
YPJ Plantations S/B	5,200.04 - 0.99%

#### Audit Checklist

P1: Management Commitment & Responsibility		
Criterion 1	Malaysian Sustainable Palm Oil (MSPO) Policy	
Indicator	Requirement	Findings
4.1.1.1	A policy for the implementation of MSPO shall be established	Sighted management establish 7 policy as below: a) Sustainability Policy dated 14/03/2018 b) Sexual Harassment Policy dated 14/03/2018 c) Electrical Energy Management Policy dated 14/03/2018 d) Equal Opportunity Policy dated 14/03/2018 e) Environmental Policy dated 14/03/2018 f) Safety and Health Policy dated 14/03/2018 g) Social and Human Health Policy dated 14/03/2018  Communication of the policy sighted done by

		display at the notice board, briefing during MSPO Awareness training to the staff and workers dated on 24/3/2018 and explain the policy to the stakeholder during the stakeholder MSPO Awareness Training dated on 17/3/2018.
4.1.1.2	The policy shall also emphasize commitment to continual improvement with the objective of improving the milling operation.	<p>Verified the Continual Improvement Programme were stated inside the Budget Capex 2018. Below are the programme :</p> <ul style="list-style-type: none"> <li>i. Kernel Bunker 1000mt - status done on April 2018.</li> <li>ii. Effluent Project - Enzyme - status - onging</li> <li>iii. Effluent Project - submersible mixer - ongoing</li> <li>iv. Effluent Project - Aerator - ongoing</li> <li>v. Durag Dr-290 Dust Capacity monitor - ongoing</li> <li>vi. Fuel Conveyor 3A and 4A - ongoing</li> <li>vii. Ceramic Membrane Bioreactor - ongoing</li> <li>viii. Effluent Power House - ongoing</li> <li>x. Extension New Road - ongoing</li> </ul> <p>Verified, most all of the project is still ongoing only 1 project is already complete, Kernel Bunker 1000mt.</p> <p>Sighted the above project are to improving the milling operation.</p>
Criterion 2	Internal Audit	
Indicator	Requirement	Findings
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	<p>CPOM establish the procedure for internal audit as per Prosedur kerja Selamat - Audit Dalaman, Version 1, issue 1 date on 15/3/2018. Noted CPOM already done the Internal Audit on 7 April 2018 as per email Internal Audit notification dated 2/4/2018 and Internal Assessment report dated on 7<sup>th</sup> April 2018.</p> <p>Sighted the audit scheduled, audit planed and audit report were in place as per Internal audit procedure.</p>
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action	Sighted the internal audit procedure were documented inside Safe Operation Procedure/ Prosedur Kerja Selamat ver 01/2018, issue date 15/3/2018. Verified from the Internal assessment report dated on 7 <sup>th</sup> April 2018, there is 14 NC were rose during the Internal Audit. Verified with the auditee the corrective action is in progress and need to be close within 90 days as mention in their procedure.
4.1.2.3	Report shall be made available to the management for their review.	As per indicator 4.1.2.2. Sighted the report were done and the issue inside the report have been discussed during management review dated on 23 April 2018.
Criterion 3	Management Review	
Indicator	Requirement	Findings
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	CPOM conducted the 1 <sup>st</sup> MRM for MSPO on 23/04/2018 chaired by Chairman Mr. Ong Chin lam and attended by Executive Director, Marketing Manager, Mill Manager, Project Engineer, Maintenance Engineer, Quality Engineer, Process Controller, Chief Clerk, and other Account Head. Verified the MRM Report with the agenda is cover all the MSPO Principle matters such as Employee Safety & Environmental, Employee Condition,

		Continual Improvement, CAR Status etc.
<b>Criterion 4</b>	<b>Continual improvement</b>	
<b>Indicator</b>	<b>Requirement</b>	<b>Findings</b>
4.1.4.1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities for the company.	<p>CPOM establish the continual improvement plan as below:</p> <p>a) Continual Improvement Programme were stated inside the CAPEX budget Plan 2018.</p> <p>b) Environmental Management and Improvement Plan year: 1/2018 dated 31/03/2018 planned improvement for below issue:</p> <p>i) To Comply with all legal , regulation and law  ii) To Create Clearer and Cleaner environment by making continuous improvement  iii) Conservation of Natural resources  iv) Promote environmental awareness among all employees &amp; third parties for better working environment.</p> <p>c) Management Plan On Social Impact Assessment and sighted sample issue as below;</p> <p>i) Workers Housing Area :- Safety Health, allotment of land , and wild life  ii) NUPW - membership.  iii) Insufficient training on Safety and Health  iv) Cattle and dog problem  Verified total issued is 9.</p> <p>d) Sighted Occupational Safety and Health plan year 1 dated 10/04/2018.</p>
4.1.4.2	The company shall establish a system to improve practices in line with new information and techniques, and for disseminating this information throughout the workforce.	<p>CPOM decide to install a new practice as recommended by DOE for Effluent Treatment plant -</p> <p>i) Effluent project - enzyme, ii) Effluent Project Submersible mixer iii) Effluent project Aerator iv) Effluent Power v) Ceramic Membrane Bioreactor already included in the Capital Expenditure Budget For Year 2018 and will commence by this financial year.  The status of progress is still ongoing.</p>
<b>P2: Transparency</b>		
<b>Criterion 1</b>	<b>Transparency of information and documents relevant to MSPO requirements</b>	
<b>Indicator</b>	<b>Requirement</b>	<b>Findings</b>
4.2.1.1	The management shall communicate adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and form.	<p>Generally, Coronation Palm Oil Mill (CPOM) communicate the information with stakeholders and public through meeting with stakeholders. The mill management annually organize get together with local communities as part of promoting MSPO requirements as per SOP (Pihak Berkepentingan). The recent meeting was held on 17 - 18 March 2018. For every issue raised the Mill management has prepared management plan on social impact assessment. The SIA Plan were indicate inside the SIA report.</p>
4.2.1.2	Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	<p>During the audit, it was sighted that the company has no restriction towards the document published at the operating unit unless those prevented by the management confidentiality or disclosure information that may result negative outcomes towards the company. The workers level has been</p>

		trained by the management to deliver the information towards all level and workforce operation.
Criterion 2	Transparent method of communication and consultation	
Indicator	Requirement	Findings
4.2.2.1	Procedures shall be established for consultation and communication with the relevant stakeholders	CPOM has established procedure for stakeholder (SOP 44: Stakeholder) and procedure Complaints (SOP 30: Aduan/Complaint). This SOP has been communicated to all stakeholders during stakeholder meeting dated 17 - 18 March 2018. Records of complaints and grievances were implemented by Complaints Form for Stakeholder/supplier and Internal. So far there is no issue related to stakeholder and no complaint receive as at to date..
4.2.2.2	A management official shall nominated officials at the operating unit responsible for issues related to indicator 1 (4.2.2.1)	Noted that the management had appoint the official management representative responsible for issue related to stakeholder; 1. Chia Kok Houw - Appointment letter dated on 22/3/2018
4.2.2.3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.	Sighted all list, minute meeting during Stakeholder meeting, communication and record of action taken have been kept inside the Stakeholder file. Verified inside the file the list of attendance of participant for stakeholder meeting, MSPO Awareness training plan for stakeholder, SIA report and others document related to stakeholder were inside the file.
Criterion 3	Traceability	
Indicator	Requirement	Findings
4.2.3.1	The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operating procedure for traceability.	SOP for traceability has been established by CPOM version 1, year 2018 issue date 15/3/2018. A clear procedure and proper guideline to mill to comply with the supply chain certification under Malaysia sustainable palm oil
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system	Sample inspection on the weighbridge management system on the tickets number: 1. P555118 dated on 30/5/2018 2. P555419 dated on 1/6/2018  The amount of FFB processed was cross-checked against the amount received. Example, weighbridge tickets include Supplier. CPO delivery order weighbridge tickets include contract number. Sighted the management had done monthly inspection on the traceability system.  <b>CAR 001</b> <b>Sighted inside the FFB despatch Chit the particular inside the chit is not been fully fulfilled as per mention inside the Traceability procedure. This issue is not been highlighted inside the monthly inspection. Verified with the auditee , Ms Poh Geok said that she is not aware on the criteria to be checking as mention inside the procedure traceability</b>
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system	CPOM has appoint Ms Koh Poh Geok (CC) as personnel in charge for traceability effective from 13 March 2018. Function perform as per PIC Traceability stated in appointment letter.

4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil shall be maintained.	<p>All data recorded as per SOP such as Date, Name of Estate, Vehicle Number, Time In, Block, FFB Quality and Signature of Driver. The quality of product periodically monitored and recorded by lab personnel.</p> <p>PK contract number POM/36P1805/0018 volume 300Mt - PGE Oil Mill Sdn Bhd. Sample tickets S065200.</p> <p>CPO contract Number 6700011303 from Purchase Contract - IOI Pan Century Edible Oils Sdn Bhd - wb ticket no : S064949 date 11/5/2018</p>
<b>P3: Compliance to legal requirements</b>		
Criterion 1	Regulatory requirements	
Indicator	Requirement	Findings
4.3.1.1.	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations	<p>Governing procedure SOP - Legal Requirement Register dated on 15/3/2018 . As mention in procedure at least once a year assessment of compliance should be evaluate.</p> <p>List of license related to the mill :</p> <ul style="list-style-type: none"> <li>i. Permit barang Kawalan berjadual - Minyak diesel 16,000 Liter valid 15/4/18 until 4/4/18.</li> <li>ii. Fire Certificate - Akta Perkidmatan Bomba 1988 no Siri : 303365 valid from 2/4/2018 until 2/4/2018.</li> <li>iii. Lesen bagi Pepasangan - Akta bekalan Elektrik 1990 no siri: 27494, Lesen no : 2018/00679 valid from 5/4/2018 until 4/4/2019.</li> <li>iv. Lesen Jabatan Alam sekitar dated on 27/6/07</li> <li>v. MPOB license no : 500057504000</li> </ul> <p>Sighted inside the DOE visit comment most issue related to Environmental issue on Effluent treatment pond and Monitoring of BOD performance. Sighted CPOM had taken necessary action to control and prevent this issue by implement ETP project as approve in the CAPEX budget 2018.</p> <p><b>CAR 002</b> Sighted and verified with auditee, no assessment been done for legal requirement compliance. Noted the procedure of Legal Requirement Register stated at least once a year assessment of compliance should be evaluate</p>
4.3.1.2	The management shall list all laws applicable to their operations in a legal requirements register	<b>CAR 002</b> <b>There is no evidence of all applicable laws for their operation been list and updated.</b>
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	<b>CAR 002</b> <b>There is no evidence of all applicable laws for their operation been list and updated</b>
4.3.1.3	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	Lawrance Lim Chee Kheng has been appointed as personnel in charge for legal requirement register (PIC - LRR) from 22 March 2018. Function as follow; 1. Responsibility to review and update the List of legal Requirement Register, briefs, notices, memoranda, circulars, correspondence, orders, reports, and other legal requirement.

		2. To ensure compliance and correctness for operations 3. Perform other functions that maybe assigned by the supervisor from time to time.
Criterion 2	Land used right	
Indicator	Requirement	Findings
4.3.2.1	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users	Noted the mill land title is belong to Kian Hoe Plantations Bhd under the below lot# HSD no 48299 , Pelan Lot : PTD 59738 , Total hectare : 484 Ha  Verified the land title terms : i. Syarat-syarat nyata - Tiada ii. Sekatan -sekatan kepentingan - Tiada
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.	Verified the land title as an documents evidence as per below: a) Borang 11AK - HSD No : 48299 - No PTD 59738 - dated on 18/11/2003 b) Borang B2 - HSD No : 48299 - No PTD 59738 - dated on 18/11/2003 c) Receipt "Bayaran Cukai Tanah 2018" - No: A0808459 dated 3/4/2018.
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.	Sighted the mill boundary markers by the fencing surrounding the mill area.
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).	As to date, no land disputes issue been recorded.
Criterion 3	Customary rights	
Indicator	Requirement	Findings
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	No customary rights
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available	No customary rights
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.	No customary rights
<b>P4: Social responsibility, health, safety and employment condition</b>		
Criterion 1	Social impact Assessment (SIA)	
Indicator	Requirement	Findings



4.4.1.1	Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones	<ol style="list-style-type: none"> <li>1. Social impact assessment has been conducted by the Team lead by Ms Eza Nurain Abdullah, Sharma Hasrizal Mansor, Saizan Salleh.</li> <li>2. Assessment date 17-18 March 2018.</li> <li>3. There are sighted a few feedbacks from Local community's example as Cattle and Dog problem around the community area.</li> <li>4. Interview with Internal and External stakeholder has been conducted accordingly.</li> </ol> <p><b>CAR 003</b>  <b>Management plan has been establishing, with complete action plan. However, in the management plan sighted that there is significant issue should be classification and considered to include in the Management plan and action plan.</b>  Example  There are sighted Department of Environmental, has been issue a few letter to the mill with regard to the Environmental issue and legal requirement. This significant issue should be considering in the Action plan and management plan of SIA</p>
Criterion 2	Complaints and grievances	
Indicator	Requirement	Findings
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented	<ol style="list-style-type: none"> <li>1. Complaint and Grievance procedure, available in the Procedure Aduan,</li> <li>2. Complaint form that has been enforcement date on 15.03.2018.</li> </ol>
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	<p>Acknowledgement of the decision by both parties in Complaints and grievances procedure.</p> <p><b>CAR 004</b>  <b>There are sighted that in the procedure, no timeline has been establishing to respond for the complainer</b></p>
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.	<p>Complaint procedure are sighted in the guard house.</p> <p><b>OBS 001</b>  <b>As observation company should expanded the complaint procedure to the related partied and surrounding communities</b></p>
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time	<p>All stakeholder are freely to request the Complaint Form from the Mill Management and submit by insert to the Complaint Box in front of the guard house.</p> <p>The communities surrounding was aware with the complaint procedure and explanation was done during the stakeholder consultation and most of the mill workers are from the local communities.</p>
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.	<p><b>CAR 005</b>  <b>There are no procedure sighted mention record of complaint should keep in 24 Month.</b></p>
Criterion 3	Commitment to contribute to local sustainable development	

Indicator	Requirement	Findings
4.4.3.1	Palm oil mill should contribute to local development in consultation with the local communities. Where the mills in an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.	Sighted record of CSR activity for 2017 are available. Example; 1. Donation to temple, 2. Donation to the Dragon Dance community. <b>OBS 002</b> <b>Company should consider during the stakeholder consultation to identify of the local community development needs.</b>
Criterion 4	Employees safety and health	
Indicator	Requirement	Findings
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented	Occupational Safety Policy sighted in document date: Sign by Ong Chin Lam as Chairman. Date on 14.03.2018. - OSH Plan Version 1 date on 10/04/2018. That include in few area as example: 12 Area. 1. ESH Risk management. 2. ESH Structure. 3. Incident reporting 4. Health and Hygiene monitoring
4.4.4.2	The occupational safety and health plan shall cover the following:	
	a) A safety and health policy, which is communicated and implemented	<ul style="list-style-type: none"> <li>• OSH Policy date on 14.03.2018.</li> <li>• Communication on the Policy sighted in document Training plan and ESH Plan.</li> <li>• HIRARC has been conducted based working station example Loading Ramp.</li> <li>• Boiler use.</li> <li>• Operating machine</li> </ul> <p>There is no accident has been reported for last 2017. Internal audit, has been conducted date on 18.03.2018.</p> <p>OSH Meeting has been conducted every 3 month, Last conducted in 15/03/2018. PPE Distribution</p>
	b) The risks of all operations shall be assessed and documented	Verified the HIRARC for mill operation such as laboratory, loading ramp, sterilizer, threshing etc. The HIRARC was reviewed on 15/04/2018 for all stations.
	c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: i) all employees involved shall be adequately trained on safe working practices; and ii) all precautions attached to products shall be properly observed and applied.	<b>CAR 006</b> <b>There is no action plan identified for compliance with Safety and Health:</b> <b>1. Sighted there are no Medical surveillance has been conducted.</b> <b>2. There are no competent First Aider in the field as per FMA 1967.</b> <b>3. There is no signage of Flammable Chemical use</b>

		<p>in the Lab area.</p> <p><b>4. There are no Emergency Eye Wash and Emergency Shower available in the Lab area.</b></p>
	<p>d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p>	<p>Record for PPE Distribution are available.</p> <p>All potential area has been identified according to the HIRARC</p> <p>There are lack of Safety signage in the high risk area example in Boiler and Engine room area.</p>
	<p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p>	<p>Finding-</p> <p>There is no action plan to identified for compliance with the Safety and Health</p> <p>1. Sighted there are no Medical surveillance has been conducted.</p>
	<p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p>	<p>Verified the safety and health committee organisation chart and noted the secretary of the OSH Committee will responsible for any safety issue for the company.</p> <p><b>OBS 003</b>  <b>To provide the competent training on the safety matter to the Safety and health committee sectary.</b></p>
	<p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.</p>	<p>Safety and health committee are available. That has been conducted quarterly basis as per OSHA 1994.</p>
	<p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>	<p>Emergency procedure are available.</p>
	<p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite</p>	<p><b>CAR 006</b>  <b>There are no First aider that has been going through First aid.</b></p>

	j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.	There are no accident has been reported in 2017-2018.
Criterion 5	Employment conditions	
Indicator	Requirement	Findings
4.4.5.1	The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees	Sighted management establish the Social And Human Rights Policy dated 14/03/2018 and approved by Chairman. The policy content include below: a) comply with all labor law and regulation b) Implement fair and reasonable working contract and requirement c) to respect the employees rights to associate and join unions d) to provide reasonable wages that meet living requirement  Communication of the policy sighted done by display at the notice board, briefing on policy to the stakeholder during the stakeholder meeting.
4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.	1- Refer to Social And Human Rights Policy and mentioned no discrimination on race, gender, nationality, religion and political view. The company seek to maintain a workplace free from discrimination.  2- Verified the Employee Record Book as at May 2018 there is 101 local employee and foreign workers 7 from Myanmar and 38 from Nepal.
4.4.5.3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.	Verified the employee payslip and found the calculation of the OT and basic salary was comply with the minimum standards. Sample of pay slip as below: a) Norazmi Bin Misman: ID: 30-0053 Basic pay: RM1,770 Normal OT: 102.5 Hrs X RM13.50 = RM 1,383.75 Rest Day OT: 43 Hrs X RM17.996 = RM 773.83  b) Mis'har Bin Satijan: ID: 40-0672 Basic Pay: RM1000 Normal OT: 28.5 Hrs X RM7.531 = RM 214.63 Rest day OT: 26 Hrs X RM10.041 = RM 261.07  c) Bisun Dev Nonia, ID: F-062 Basic pay: RM1000.00 Normal OT: 72 Hrs X RM7.70 = RM 554.40
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee	Verified the contract agreement and found sufficient, sample as below: a) Bisun Dev Nonia agreement dated 26/05/2015 with current basic salary RM 1000  b) Mis'har bin Satijan agreement dated 21/03/2018 with basic salary RM 1000

4.4.5.5	The management shall establish records that provide an accurate overview of the employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	Verified the list of the employee data from Mill & Foreign Workers Particular record book dated May 2018 and sighted the data contain name, gender, date of birth, date of entry, job description and wage rate.
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records	As per 4.4.5.4
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.	Time records of employee is based on the Punch Card and the salary calculation by IAS System. Verified the salary calculation as per 4.4.5.3 and found accurate with the system calculation.
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement	Verified the punch card and sample as below: a) Norazmi bin Misman Date: 30/04/2018 - Time In: 6.55 Time Out: 21,00 Overtime: 6 Hour b) Mis'har binti Satijan Date: 30/04/2018 - Time In: 7.38 Time Out: 16.03 Overtime: NA c) Bisun Dev Nonia Date: 30/04/2018- Time In: 7.47 Time Out: 19.01 Overtime: 3 Hours
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements	Verified the pay slip and punch card working time records and found the calculation is sufficient as per legal regulation.
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions	Refer to employment contract as below: Section 5: Hostel provided free by employer. Section 12: Employer will provide the healthcare facility and provide medical benefit to the employee Section 11: Foreign Workers Compensation Scheme Policy provided by the Employer Deceased in the event of any employee dies in the cause of his employment

4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.	Site visit at the workers quarter and found all the basic amenities and facilities was provided sufficiently such as electricity and fresh water. Noted the employee quarters for mill and estate are located in same area. However the mill quarter managed by CPOM management itself.
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace	CPOM establish the Sexual Harassment Policy dated 14/03/2018 and the guideline are as per Arahan Tetap untuk Sexual Harassment di Tempat Kerja dated 15/03/2018.
4.4.5.13	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.	Coronation Palm Oil Mill show the respect the right of employees to join the trade union as per Social And Human Rights Policy dated 14/03/2018 and verified the list of the salary deduction for the NUPW fees for 38 employees. Sample of employee name are: a) Hashim bin Aman b) Mohd Safar bin Mamat c) Balachandran a/l Ponnusamy
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.	Verified the Employee name list and the youngest employee age is 20 years old.
<b>Criterion 6</b>	<b>Training and competency</b>	
<b>Indicator</b>	<b>Requirement</b>	<b>Findings</b>
4.4.6.1	All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.	Verified the Training Matrix for all employee for year 2018 and listed Training requirement for mill as below: a) OSH Act & regulations awareness b) SOP for all mill sections c) MSPO Awareness
4.4.6.2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	Verified the Training Record and attendance list as below: a) MSPO Awareness Training dated 28/05/2018 conducted Q&C Engineer. b) Effluent SOP Training dated 09/04/2018 conducted by Q&C Engineer. c) Mill Compound SOP Training dated 25/04/2018 conducted nu Q&C Engineer.

4.4.6.3	A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.	Verified the Training Plan for Year 2018 and listed 29 planned training such as Act & Regulation, SOP Training, MSPO Awareness etc.
<b>P5 Environment, natural resources, biodiversity and ecosystem services</b>		
Criterion 1	Environmental management plan	
Indicator	Requirement	Findings
4.5.1.1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.	Sighted management establish Environmental Policy dated 14/03/2018 and approved by the Chairman, Mr Ong Chin Lam.  Communication of the policy sighted done by display at the notice board, briefing during MSPO awareness training to employee dated 24/03/2018 and explain the policy to the stakeholder during the stakeholder meeting.
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives. b) The aspects and impacts analysis of all operations	Coronation POM has identified environmental objective in Environmental Management & Improvement Plan dated 31/03/2018 planned improvement for below issue, it divided into 4 main Objectives: i) To comply with Legal and Regulation a)EQA 1974, b) Scheduled waste regulation 2005 c) Environmental Quality (Clean Air) Regulation 1978 ii) To create clearer and cleaner environment by making continuous improvement. iii) Practice conservation of natural resources. iv) Promote environmental awareness among all employees & third parties for better working environment.  CPOM establish the Environmental Impact Assessment dated 10/04/2018 and identified the aspect & impact of mill operation to the environment. Sample of the impact as below: a) Station: Laboratory Activity: Operation laboratory Env. Aspect: Waste disposal Impact: Create land contamination and community impact, Reduce impact of business impact. b) Station: Effluent Treatment Plant Activity: Treatment of effluent. Env. Aspect: Release to air Impact: Create global warning, air pollution, unpleasant working environment impact. c) Station: Clarification Activity: Maintenance of sludge pit pumps and pipes Env. Aspect: spillage Impact: Create impact Land contamination and unpleasant working environment.
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.	CPOM establish the Continual Improvement in Environment Management & Improvement Plan dated 31/03/2018  sample of the program as below:  a) Objective : Environmental Quality Act 1974 target: No open burning allowed in premises/quarter Impact: Increase surrounding temperature & air pollution, affect human's health

		<p>Action plan: Briefing to worker and strictly comply to "Zero Burning". proposed started and completion date : 1/4/2018 - 31/12/2020</p> <p>b) Objective : Clean Air Regulation 1978 target: To strictly comply to air emission standard Impact: No emission of polluted air into the atmosphere. Action plan: Ensure license are valid and to be renewed as needed. proposed started and completion date : 1/4/2018 - 31/12/2020</p> <p>c) Objective: Practice conservation of natural resources impact: Reduce water usage/ conserve water Action plan: conservation of water campaign. proposed started and completion date : 1/4/2018 - 31/12/2020</p> <p><b>OBS 004</b> <b>The impact of the objective was not clearly identify of the impact to the environment. The status of completion was not update, i.e. MSPO, SHO, Social, Environmental training dated 07/05/2018, attended by staff &amp; workers - mention on zero burning at all area, scheduled waste. But not updated at status column.</b></p>
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan	As per 4.5.1.3
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.	<p>Refer to the Training Record and sighted sufficient training related to environment and sample as below:</p> <p>a) MSPO, SHO, Social, Environmental Training dated 28/05/2018, attended by staff and workers - mention on cleanliness at working area.</p> <p>b) SOP Training &amp; MSPO Awareness training dated 07/05/2018 attended by laboratory staff &amp; workers - Mention on empty drum, open burning not allowed, important of cleanliness &amp; environmental policy.</p> <p>c) MSPO, SHO, Social, Environmental training dated 07/05/2018, attended by staff &amp; workers - mention on zero burning at all area, scheduled waste.</p> <p>d) MSPO Awareness training dated 24/03/2018, attended by staff &amp; workers - mention on environmental policy.</p>
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed	<p>Observed CPOM has conducted few meeting related environmental meeting as per required by DOE for GSR (Guide-Self Regulation). Meeting such as:</p> <ol style="list-style-type: none"> <li>1. Environmental Performance Monitoring Committee (EPMC) meeting - 04/05/2018, 01/03/2018, 27/12/2017, 20/11/2017, etc.</li> <li>2. Environmental Regulatory Compliance Monitoring Committee (ERCMC) meeting - 15/03/2018, 04/01/2018, 12/09/2017, etc</li> </ol>
Criterion 2	Efficiency of energy use and use of renewable energy	
Indicator	Requirement	Findings



4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.	CPOM monitored the Diesel usage by record in Summary of Diesel Usage & Received for year 2017 & 2018 (till Apr18) - the usage of diesel is 2017 (210,367 liter), 2018 till Apr (70,826 Liter). The diesel budget vs actual available in budget procession expenditure.
4.5.2.2	Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.	The estimation of non-renewable energy use and efficiency of operation. Electricity recorded in supply TNB, for year 2017 759,375 kWh, 2018 till march - 215,311 kWh The estimation yearly has been budgeted in Budget Procession Expenditure for Mill electricity stated as budget vs actual.
4.5.2.3	The use of renewable energy should be applied where possible	Noted CPOM generated the electricity by genset and steam turbine. The generated as below: Electric by steam turbine: Year 2017 - 11,985, 800 kWh Year 2018 (till April) - 3,891,530 kWh  Electric by genset: Year 2017 - 5,268 kWh Year 2018 (Till April) - 2,521 kWh.
<b>Criterion 3</b>	<b>Waste management and disposal</b>	
<b>Indicator</b>	<b>Requirement</b>	<b>Findings</b>
4.5.3.1	All waste products and sources of pollution shall be identified and documented.	CPOM listed all the SW generated as per List Of Waste Produced By CPOM and listed the SW such as SW 305, SW 306, SW 409, SW 410 and domestic waste such as rubbish, Industrial waste such as POME, EFB, scrap metal. The SW been registered online into the eswiss.doe.gov.my.  <b>CAR 007</b> <b>Refer to Notification of SW in CPOM e-swis sytem, found the laboratory waste (IPA) was not been registered in Notification of e-swis system.</b>
4.5.3.2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.	CPOM establish the Waste Management Plan dated 31/03/2018, the detail of waste management plan such type of waste, S.W. code, item description, location, action to be taken, PIC.  Sample taken as below; a) Spent lubricant Oil and hydraulic oil location: scheduled waste store Action to be taken - collect & record amount of relevant scheduled waste, empty containers are stored and used for storage of waste oil, etc. PIC: Chua, Sitarasu, Subramaniam, Suppiah Unikkrisnan.  <b>OBS 005</b> <b>Waste plan should monitor for the waste source.</b>  b) Rubbish Location: linesite, office, workshop, store, shop. Action to be taken: Collect recyclable materials (paper, glass, plastic) PIC: Sitarasu

4.5.3.3	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.	<p>CPOM establish the SOP Scheduled waste dated 15/03/2018, ver 1, issues no 1.</p> <p>The SOP has stated handling procedure for container of lubricant/engine oil, waste oil at workshop.</p> <p><b>OBS 006</b>  <b>The SOP not stated on handling for laboratory's scheduled waste.</b></p> <p>last SW disposed:  SW 409 (boiler chemical) - 27/2/2018 by Transdrum Ent.  SW 409 (pesticide &amp; paint empty container) - 27/02/2018 by Transdrum Ent.  SW305 (Spent lubricant oil) - 15/01/2018 by saudara baru  SW410 (oil filter) - 15/01/2018 by saudara baru</p>
4.5.3.4	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	Domestic waste will be manage by Coronation POM and the waste will be taken and dispose on every 2 days.
Criterion 4	Reduction of pollution and emission	
Indicator	Requirement	Findings
4.5..4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent	<p>Refer to DOE letter dated 12/11/2017, Ref. no, AS(B) 31/152/000/071 Jld6 (13), Pergantungan Lesen Di Bawah Peraturan 4, Peraturan-Peraturan Kualiti Alam Sekeliling (Perlesenan) 1977, atas sebab (Gagal Untuk Menyelenggara Flatbed Dengan Baik Sehingga Menyebabkan Berlaku Limpahan Ke Kawasan Sekitar. The suspended of the license commencing from 19/11/2017.</p> <p>The withdrawal letter from DOE are as per AS(B) 31/152/000/071 Jld. 6(24) dated 14/12/2017.  -Penarikan Balik Notis Pengantungan Lesen Di Bawah Peraturan 4, Peraturan-Peraturan Kualiti Alam Sekeliling (Perlesenan) 1977. The withdrawal day is per letter date.</p> <p>POM do the assessment of the polluting by done the final discharge water quality analysis and analyzed by Eurofin Laboratory &amp; Mahamurni Plantation sdn bhd, the frequency are weekly basis, and the result as below:  a) Final Discharge Effluent dated 03/04/2018  b) Final Discharge Effluent dated 09/04/2018  c) Final Discharge Effluent dated 16/04/2018</p> <p>All the analysis result was below the limit as per Jadual Pematuhan Lesen No.: AS(B) J31/152/000/071 Jld.6 (SK06) for land discharged application license.</p>
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented	As per 4.5.3.2

4.5.4.3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.	As per 4.5.4.1
Criterion 5	Natural water resources	
Indicator	Requirement	Findings
4.5.7.1	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:	<p>The Water Treatment Plan has been established. The water source came from river from nearby estate. This water is used for mill and boiler. Sighted the records of Water Treatment Usage for the year 2018. The last record shown for the April usage is 71,720m3.</p> <p>Syarikat Air Johor (SAJ) supply the clean water the mill worker's quarters. Sighted the mill has recorded the monthly water usage. The last water usage on April is 3,380m3.</p> <p>CPOM establish the comprehensive assessment report of water usage as per Water Management Plan for FY 2018.</p>
	a) Assessment of water usage and sources of supply.	<p>POM has record 2 years of water consumption and has update monthly basis, sample as below:</p> <p>a) January 2018 - 100,060m3  b) February 2018 - 50,010m3  c) March 2018 - 69,300m3</p>
	b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities	<p>CPOM do the assessment of the polluting by done the final discharge water quality analysis and analyzed by Eurofins Laboratories and the result as below:</p> <p>a) Final Discharge Effluent dated 15/05/2018  b) Final Discharge Effluent dated 03/05/2018  c) Final Discharge Effluent dated 03/04/2018</p> <p>All the analysis result was below the limit as per Jadual Pematuhan Lesen No.: AS(B)J31/152/000/071Jld.6 (SK6)</p>
	c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).	Sighted the record of monthly monitoring of water usage for mill operation and at workers quarters. refer to clause 4.5.7.1
4.5.5.2	Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.	<p>Verified the evidence as per mention in clause 4.5.7.1 (b)</p> <p>All the analysis result was below the limit as per Jadual Pematuhan Lesen No.: AS(B)J31/152/000/071Jld.6 (SK6)</p>
<b>P6: Best Practices</b>		
Criterion 1	Mill management	
Indicator	Requirement	Findings

4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	CPOM establish the SOP for mill operation as per Safe Operation Procedure issue date 15/03/2018 and sighted 44 SOP as below: a) Arahan Tetap untuk Weighbridge b) Arahan Tetap untuk Tipper c) Arahan Tetap untuk Thresher d) Arahan Tetap untuk Press
4.6.1.2	All palm oil mills shall implement best practices.	Verified the work stations at MPOM and sample as below:  1) Boiler Station  a) Establish the Work Instruction: Arahan Tetap Untuk Dandang (Water Tube) dated 15/03/2018. b) Verified the Check Boiler Multicyclone Checklist and found sufficient with updated the check sheet for every day for Pressure Drop, Check Stack, Fan Amp etc. c) Verified the CeMS for Stack No. 3 dated month of April  Verified the practices in the operation are as per documented SOP.
Criterion 2	Economic and financial viability plan	
Indicator	Requirement	Findings
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	Verified the Coronation Palm Oil Mill year 2018 budget as below: a) Budget Processing Expenditure For Year 2018 consist of budget for fruit reception, threshing station, nut & kernel plant, boiler house etc.  b) Budget Capital Expenditure (CAPEX) consist budget for kernel bunker, effluent project, fuel conveyor etc.
Criterion 3	Transparent and fair price dealing	
Indicator	Requirement	Findings
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented.	The pricing mechanisms will be based on the MPOB Monthly Prices and the prices will be announce by issue the MEMO by monthly basis. Noted the prices will discuss during the Southern Peninsula Palm Oil Millers Association (SPPOMA). Verified the price for month of April as per memo is RM25.63 (Harga 1% Kadar Perahan Minyak) with OER= 20% X RM25.63 = RM 512.60/ ton OER= 19% X RM25.63 = RM 486. 97/ ton OER = 18% X RM25.63 = RM 461.34/ ton
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner	Noted no solid agreement between the suppliers with the mill. Sighted there is only one agreement been done with Pertubuhan Peladang Negeri Johor, (Ruj# PPNJ/©18/1.7 Jld.4(04) dated 31/12/2017.  However the price are fair due to the FFB price are as per SPPOMA memo by monthly basis.
Criterion 4	Contractor	
Indicator 1	Requirement	Findings

4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO	As to date, the briefing regarding the MSPO was done during the Stakeholder Meeting dated 17/03/2018 and among the contractors are as below: a) Seng Huat Welding and Construction b) Kam Sem Enterprise c) Lim Tractor Enterprise d) Yik Fatt Engineering Works
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor.	Verified the Work Order for any job awarded to the contractor and sample as below: a) Work Order: WO# 0541 dated 04/05/2018 for scope of work " To construct Schedule Waste Store" to Kang Sem Enterprise b) Work Order: WO#0534 dated 02/04/2018 for scope if work "To repair Boiler No. 3" to Kang Sem Enterprise.
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required	Not applicable

### Observation for Improvement

Details
<p>Ind: 4.4.2.3 OBS 001 As observation company should expanded the complaint procedure to the related parties and surrounding communities</p> <p>Ind: 4.4.3.1 OBS 002 Company should consider during the stakeholder consultation to identify of the local community development needs.</p> <p>Ind: 4.4.4.2 (f) OBS 003 To provide the competent training on the safety matter to the Safety and health committee secretary.</p> <p>Ind:4.5.1.3 OBS 004 The impact of the objective was not clearly identify of the impact to the environment. The status of completion was not update, i.e. MSPO, SHO, Social, Environmental training dated 07/05/2018, attended by staff &amp; workers - mention on zero burning at all area, scheduled waste. But not updated at status column.</p> <p>Ind: 4.5.3.2 OBS 005 Waste plan should monitor for the waste source.</p> <p>Ind: 4.5.3.2 OBS 006 The SOP not stated on handling for laboratories scheduled waste.</p>

During the assessment 7 nonconformities were identified.