



Assessment Report	6 <sup>th</sup> September - 6 <sup>th</sup> September
	2018

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[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	MHC Plantation - Estate Group
Address	P.O. Box 66, Jalan Sekolah, 36000 Teluk Intan.

Report No.	MS18FM0021
Status of Audit	First Assessment Audit (Document Review)

## Section A    General Information

General	
Standard Assessed	MSP0 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	<b>No</b>

Contact Details	
Management Representative	Mr. A. Ganesan
Alternate contacts	
Management Representative contact no.	012 - 545 0320
E-mail address	ganesan@mhc.com.my
Fax Number	
Phone Number	012 - 524 0320

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
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System Documentation Information	
Quality Manual Document Identification	NA
Last Management System revision date	NA
Previous Management System date	NA
Management Review Date	Will be review in the 2 <sup>nd</sup> stage Audit (in progress)
Internal audit Date	Will be review in the 2 <sup>nd</sup> stage Audit (in progress)

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</li> </ul>

	<p>information; thereby introducing an element of uncertainty</p> <p>b) the method and timeframe of reporting, including any grading of audit findings;</p> <p>c) the certification body's process for handling nonconformities including any consequences relating to the status of the client's certification;</p> <p>d) the timeframe for the client to present a plan for correction and corrective action for any nonconformities identified during the audit;</p> <p>e) the certification body's post audit activities;</p> <p>f) information about the complaint handling and appeal processes.</p> <p>g) Any diverging opinion that are not resolved.</p> <p>h) opportunity for the client to ask questions.</p>
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System requirements	Y / N	Document reference if select "Y" or comments if select "N"
<b>4.1 Management Commitment &amp; Responsibility</b>		
4.1.1 MSPO Policy	Y	<p>4.1.1.1 Sustainability Policy had been established</p> <ul style="list-style-type: none"> <li>• A written policy statement on the commitment towards sustainable production of palm oil. This policy shall be communicated to all levels of the workforce and stakeholders.</li> <li>- Will verified during stage 2.</li> <li>• Interview of personnel and stakeholders whether they are aware of the Policy and its implementation at the site.</li> <li>- Will verified during stage 2.</li> </ul> <p>4.1.1.2 Obs- Continues improvement statement on sustainability is not stated inside the Policy. The implementation will be verified during stage 2.</p>
4.1.2 Internal Audit	Y	<p>4.1.2.1 Internal Audit Procedure</p> <ul style="list-style-type: none"> <li>- The company not yet conduct the Internal Audit at this time of review. (OBS).</li> <li>- Will verify during stage 2.</li> </ul>
4.1.3 Management Review	Y	<p>4.1.3.1</p> <ul style="list-style-type: none"> <li>- Sighted there is no Management Review Meeting was conducted at this time of review. (OBS)</li> </ul>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
4.1.4 Continual Improvement	Y	<p>4.1.4.1</p> <ul style="list-style-type: none"> <li>- Sighted the training record at OSH file.</li> <li>- OBS -Sighted the training plan programme been created for the piscal year 2018 is not been updated.</li> <li>- Evaluation on effectiveness of training programme will be verified during 2nd stage audit.</li> <li>i)Social Impact Assessment was schedule middle of September 2018.</li> </ul> <p>Sighted the HIRARC register, dated on May 2018.</p> <p>4.1.4.2 To be verified during 2nd stage audit.</p> <p>4.1.4.3 To be verified during 2nd stage audit.</p>
<b>4.2 Transparency</b>		
4.2.1 Transparency of information and documents relevant to MSPO requirement	Y	4.2.1.1-The document related on MSPO can seen at notice board - eg Sustainability Policy. Sighted also the requirement of MSPO had been brief to the employees during muster row call . Others information will be verified during 2nd stage.
4.2.2 Transparent method of communication and consultation	Y	<p>4.2.1.2- The transparency method of communication had been brief during muster row call. For the stakeholder will be brief regarding complaint and gievances procedure and communication procedure on stakeholder meeting (will be held on 7/9/2018). Will be verified during 2nd stage</p> <p>4.2.2.1-Sighted procedure and verified document : Complaint and Grivances Procedure - Document no : MHC-SOP-11 rev 00 date 16/7/2018 ,Consultation and Communication Procedure - Document no : MHC-SOP-12 dated on 16/7/2018.</p> <p>Complaint form avaiable at the office and the procedure have been well brief to all employee during policy briefing as mention above.For stakeholder will be brief during stakeholder meeting (planning on 7/9/2018). Sichte the company had establish complaint book - complaint register , this log book will record all the complaint receive. Record complaint and action taken will be verified during 2nd stage. According the transparency of activities CSR can be verified and been seen by public in the mhc website.</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>.4.2.2.2-Nominated management-Appointment letter dated on 13/8/2018 - as Communication and Legal Compliance Officer , Mrs Logeswary Vasudevan.</p> <p>4.2.2.3-List of stakeholder -List of stakeholder of mill consist of supplier, contractor , government agencies and authorities , etc - total 34.</p> <p>Obs- Sighted inside the list stakeholder the management didn't include nearby village as their stakeholder, school etc . advice managemnt to update the list stakeholderand include all the relevant interested parties that contribute to the social impact in their business operation.</p>
4.2.3 Traceability	Y	<p>4.2.3.1</p> <ul style="list-style-type: none"> <li>- OBS -Sighted the company still in progress on the establishment of the SOP of traceability. Will be verified during 2<sup>nd</sup> stage.</li> <li>- Visual inspection on traceability will be verified during 2nd stage audit.</li> </ul> <p>4.2.3.2</p> <ul style="list-style-type: none"> <li>- To be verified during 2nd stage audit.</li> </ul> <p>4.2.3.3</p> <ul style="list-style-type: none"> <li>- Sighted the appointment letter for responsible person for traceability.</li> </ul> <p>4.2.3.3</p> <ul style="list-style-type: none"> <li>- Sighted the records of sales and delivery FFB</li> </ul>
<b>4.3 Compliance to legal requirements</b>		
4.3.1 Regulatory requirements	Y	<p>4.3.1.1</p> <p>Licenses and permit been listed and monitored in List of Licenses and Permits. The listed license as per sample below :</p> <p>i. MPOB license - ladang Yew Lee (license no : 501260302000) valid until 1/4/2018-31/3/2019.</p> <p>The date of validity been identified in the list as well. Will verified in 2nd stage of audit for the other estate.</p> <p>4.3.1.2</p>

System requirements	Y / N	Document reference if select “Y” or comments if select “N”
		<p>As per Master List of Standard, Legislation, and Other Requirements in MSPO manual. verified the assessment of legal register is in the midst of progress and will be verified during 2<sup>nd</sup> stage audit.</p> <p>Obs- sighted the legal register list had been establish however some of the legal which is not applicable were sighted . Advice management to include list which is applicable etc - Not applicable FMA 1987 ( steam boiler regulation 3).</p> <p>4.3.1.3 Tracking and updating the changes in regulatory requirements are been listed as function of regulatory officer appointed.</p> <p>4.3.1.4 Mrs Logeswary Vasudevan been nominated as Communication and Legal Compliance Officer to monitor compliance of regulatory requirement, track and update the changes in regulatory requirement, perform any further function that may be required by employer to enable the implementation of MSPO.</p> <p>Obs- The function and jobs description were not detail in the appointment letter. Advice management to include the job fuctions as attachment of the letter.</p>
4.3.2 Land use rights	<b>Y</b>	<p>4.3.2.1 As per land grant (Geran Tanah ). Sighted Grant for Yew Lee Holdings Sdn Bhd and the evidence as per below :</p> <p>4.3.2.2 The land title were verified as Pertanian for Yew Lee Holdings Sdn Bhd and the others group estates will be verified during 2<sup>nd</sup> stage.</p> <p>4.3.2.3 As per boundry drain- will verified during 2nd Stage.</p>
4.3.3 Customary rights	<b>Y</b>	Not Applicable
<b>4.4 Social responsibility, health, safety and employment condition</b>		

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
4.4.1 Social impact assessment (SIA)	Y	4.4.1.1 - Social Impact Assessment not yet conducted (OBS).
4.4.2 Complaints and grievances	Y	<p>4.4.2.1- As per Complaint and Grievance (MHCP-SOP-11) dated 16/07/2018.</p> <p>4.4.2.2- Will verified during 2nd Stage</p> <p>4.4.2.3- As per Complaint and Grievance form, verified the complaint available for last 23/07/18, 13/07/2018 and the action taken been completed.</p> <p>4.4.2.4- According to auditee, the complaint procedure has brief to employees, however no evidence of briefing (OBS)</p> <p>Stakeholder meeting is planned on 07/09/2018 as per Invitation memo to stakeholder.</p> <p>4.4.2.5- Refer from complaint book, oldest complaint made on 08/01/2017 and the record of the action taken recorded as well.</p>
4.4.3 Commitment to contribute to local sustainable development	Y	4.4.3.1 Contribution made by estate are recorded in company profile yearly summary report.
4.4.4 Employees safety and health	Y	<p>4.4.4.1- As per Occupational Safety and Health Policy dated 14/06/2018 signed by Group Managing Director (Tans Sri Mah King Thian).</p> <p>4.4.4.2- Safety plan</p> <p>a) Safety &amp; Health policy has been displayed at office but record of briefing not available.</p> <p>b) As per HIRARC date on 13/08/2018, verified has identified for process spraying, fertilizing, mixing and etc. However, no HIRARC for travelling by motorcycle from quarters to field. (OBS)</p> <p>Verified, CHRA conducted by CNL Consultants (northern) sdn bhd, however the complete report is not yet received.</p> <p>c) Training:</p> <p>i) Verified training record available for Spraying date 06/08/2018, manuring date 06/08/2018.</p> <p>ii) Safety Data Sheet (SDS) available document such as Agrobloben, Basta 15, Cypermethrin, A-Growbpb, &amp; etc.</p>



System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>d) As per PPE Assuance record, PPE issuance for individual employee has been recorded.</p> <p>e) As per Prosedur Kerja Selamat (SOP) MHCP-SOP-OPE date 01/08/2018, available SOP such Fertilizing, harvesting, sprayer &amp; etc.</p> <p>f) Appointment letter for Jawatan Kuasa Keselamatan dan Kesihatan dated 30/07/2018 for 8 persons signed by Pengurus</p> <p>g) As per safety committee minute meeting, last meeting conducted on 08/08/2018, 17/01/2017, 03/04/2017 and etc.</p> <p>h) Accident reporting flowchart available, but other emergency procedure such oil spillage, chemical spillage ant other not yet established (OBS)</p> <p>i) Trained in first aid not yet conducted (OBS)</p> <p>j) Verified with auditee, no accident happended. To verified during 2nd stage.</p>
4.4.5 Employment conditions	Y	<p>4.4.5.1 Sighted the Policy of Hak Asasi Manusia date 14/06/2018 signed by Group Managing Director.</p> <p>4.4.5.2 refer Polisi at 4.4.5.1</p> <p>4.4.5.3 Refer to employment card and kontrak pekerjaan for daily rated, for piece rated pay based on Harvesting contract agreement. Verified with the monthly payslip and check roll analysis available.</p> <p>4.4.5.4 Verified during 2nd stage audit</p> <p>4.4.5.5 The record and detail of employee has been stated in Kad Daftar Pekerja</p>

System requirements	Y / N	Document reference if select “Y” or comments if select “N”
		<p>4.4.5.6 Employment contract are available. To verified during 2nd stage audit on the copy provided to employees.</p> <p>4.4.5.7 The time recording recorded in checkroll record.</p> <p>4.4.5.8 Working hour and break has stated in Kontrak kerja.</p> <p>4.4.5.9 Verified during 2nd stage audit.</p> <p>4.4.5.10 stated Kontrak Kerja</p> <p>4.4.5.11 Verified during 2nd stage audit</p> <p>4.4.5.12 Policy and guideline for Sexual Harrasment available date 14/06/2018.</p> <p>4.4.5.13 Stated in policy of Hak Asasi Manusia.</p> <p>4.4.5.14 Verified with the Kontrak kerja, all employees not below than 18 year old. Verified during 2nd stage.</p>
4.4.6 Training and competency	Y	<p>4.4.6</p> <p>Obs- Sighted the training program were done however the whole year program plan is not been updated in the training program plan ( etc ;-safety program, environmental program, schedule waste program, chemical handling program) . Verified that the training need analysis is still in progress and need to be created to check the competency level and training equired based on the job description.</p>
<b>4.5 Environment, natural resources, biodiversity and ecosystem services</b>		
4.5.1 Environmental management plan	Y	<p>4.5.1.1</p> <p>-Environmental Policy signed by Chairman dated on 14/6/2018.</p> <p>- Environmental management plan dated on 27/7/2018 , the practices and control will be verified during stage 2<sup>nd</sup> audit. (OBS)</p>

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		<p>-4.5.1.2 - As per Environmental Aspect Impact assessment.</p> <p>-4.5.1.3 as per 4.5.1.1</p> <p>-4.5.1.4, 4.5.1.5 and 4.5.1.6 - as per Environmental Management Plan dated 27/7/2018. Will be verified during 2<sup>nd</sup> stage.</p> <p>Obs- To include the environmental program awareness and training inside the training plan program.</p>
4.5.2 Efficiency of energy use and use of renewable energy	Y	<p>4.5.2.1 -Consumption of non-renewable energy record 2018 sighted. Form of Monitoring of Diesel Consumption; a) Diesel usage were record in the Diesel usage book consumption.</p> <p>4.5.2.2 as per 4.5.2.1</p> <p>4.5.2.3 verified during audit no renewble energy been used by the estate during this stage of audit.</p>
4.5.3 Waste management and disposal	Y	<p>4.5.3.1 - As per Waste management plan. -Prosedur of Schedule Wastes Handling sand the implemetation will be verified the handling SW during 2<sup>nd</sup> stage audit..</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>
4.5.4 Reduction of pollution and emission	Y	<p>4.5.4.1 as per Environment Aspect and Impacts Assessment - The action plan and mitigation of pollution of prevention plan were sated inside the Environmental Management Plan dated on 27/7/2018 - Will be verified during 2<sup>nd</sup> stage audit.</p>

System requirements	Y / N	Document reference if select “Y” or comments if select “N”
		4.5.4.2 -Sighted the waste management plan and the status of mitigation plan will be verified during 2 <sup>nd</sup> stage audit..Verified that any pollution were identified in the EIA.
4.5.5 Natural water resource	Y	4.5.5.1 Water management plan not yet established (OBS) - The requirement of conduct of natural water will refer to Biodiversity assessment report that not yet received.  4.5.5.2 to be verifeid 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 OBS-Biodiversity Assessment is in progress , will be verified during 2 <sup>nd</sup> stage. 4.5.6.2 as per 4.5.6.1
4.5.7 Zero burning pracrices	Y	-No burning is allowed as mention by management, refer in : SOP Replanting. -Will be verified during 2 <sup>nd</sup> stage audit.
<b>4.6 Best Practices</b>		
4.6.1 Site management	Y	4.6.1.1 Sighted during this period of review currently the estate practices were as per MPOB guideline for best practice. Sighted the Certificate of Code of GAP issued dated on 21/12/2017-20/12/2020.  4.6.1.2 -Visual inspection block marking will be verified during 2nd stage audit.
4.6.2 Economic and financial viability plan	Y	4.6.2.1 - Sighted the budget plan for operational cost - evidence budget plan year 2018/19 . Will be verified during 2 <sup>nd</sup> stage audit.  - Refer to auditee, there is replanting program for 5 years - evidence in Long terms Replanting Record . 4.6.2.2 as per 4.6.2.1 4.6.2.3 as per 4.6.2.1

System requirements	Y / N	Document reference if select "Y" or comments if select "N"
		4.6.2.3 as per 4.6.2.1
4.6.3 Transparent and fair price dealing	Y	<p>4.6.3.1</p> <p>- Pricing mechanism for contractor work been agreed in contract agreement. Will be verified during 2<sup>nd</sup> stage.</p> <p>4.6.3.2</p> <p>Sighted the transparency of price dealing were verified through evidence of sign checking by the contractor on the supporting document for the contract work etc harvesting, transport. Will be verified the contract agreement during 2<sup>nd</sup> stage.</p>
4.6.4 Contractor	Y	<p>4.6.3.1</p> <p>Contractor been given the awareness information on MSPO requirement. The briefing had been scheduled during stakeholder meeting . Will be verified during 2<sup>nd</sup> stage audit.</p> <p>4.6.4.2</p> <p>The attendance list of briefing are recorded as evidence the contractor has been understand and agreed with the MSPO. The acknowledgement letter from contractor as evidence of their agreed on compliance with MSPO standard are available for all contractor. Verified the letter included the responsible of MSPO compliance by contractor and acceptance estate and MSPO auditor (CB) to verify the through assessment on physical inspection.</p>
4.7.1 High biodiversity value		NA
4.7.2 Peat land		NA
4.7.3 Social and Environmental Impact assessment (SEIA)		NA
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
HF	<p>1) 4.1.1.2 Obs- Continues improvement statement on sustainability is not stated inside the Policy. The implementation will be verified during stage 2.</p> <p>2) 4.1.2 &amp; 4.1.3 To ensure that the Internal Audit and management review is done before 2<sup>nd</sup> stage audit.</p> <p>3) 4.2.2.3 Obs- Sighted inside the list stakeholder the management didn't include nearby village as their stakeholder, school etc . advice management to update the list stakeholder and include all the relevant interested parties that contribute to the social impact in their business operation.</p> <p>4) 4.2.3.1 - OBS -Sighted the company still in progress on the establishment of the SOP of traceability. Will be verified during 2nd stage.</p> <p>5) 4.3.1.2 Obs- sighted the legal register list had been established however some of the legal which is not applicable were sighted . Advice management to include list which is applicable etc - Not applicable FMA 1987 ( steam boiler regulation 3).</p> <p>6) 4.3.1.4 Obs- The function and jobs description were not detail in the appointment letter. Advice management to include the job functions as attachment of the letter.</p> <p>7) 4.4.6 Obs- Sighted the training program were done however the whole year program plan is not been updated in the training program plan ( etc ;-safety program, environmental program, schedule waste program, chemical handling program) . Verified that the training need analysis is still in progress and need to be created to check the competency level and training required based on the job description.</p> <p>8) 4.5.6.1 OBS-Biodiversity Assessment is in progress , will be verified during 2nd stage.</p> <p>9) 4.4.1.1 - Social Impact Assessment not yet conducted (OBS).</p> <p>10) 4.4.2.4- According to auditee, the complaint procedure has brief to employees, however no evidence of briefing (OBS)</p>

MH	<p>4.4.4.2 -</p> <p>11) b) As per HIRARC date on 13/08/2018, verified has identified for process spraying, fertilizing, mixing and etc. However, no HIRARC for travelling by motorcycle from quarters to field. (OBS)</p> <p>12) h) Accident reporting flowchart available, but other emergency procedure such oil spillage, chemical spillage ant other not yet established (OBS)</p> <p>13) i) Trained in first aid not yet conducted (OBS)</p> <p>14) 4.5.5.1 Water management plan not yet established (OBS)</p>
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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)

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

Mohammad Hafizuddin Bin Rossley	Mr. A. Ganesan	Sr. Manager
Team member	Mr. Vigneswaran Nallaiah	Assistant Manager
Mohamad Hafis Mustafa	Mr. K. Perumar	Manager
Trainee auditor	Mr. Amirul Rijaluddin	Cadet
	Mrs Logeswary	Admin Staff
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	Mohammad Hafizuddin Bin Rossley	Mr. A. Ganesan
Date	06/09/2018	6/9/2018
E-mail	admin@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	