

MY05066

## Unique Palm Oil Mill Sdn Bhd Audit Summary Report

<b>Organization:</b>	Unique Palm Oil Mill Sdn Bhd		
<b>Address:</b>	Lot 11, Block 0, Mukah Land District 96400 Mukah, Sarawak Contact: Ms Iris Ling (MSPO In Charge) Tel: 014-592 5322 Fax: 084-319 033		
<b>Standard(s):</b>	MS2530-4 : Part 4 : General principles for Palm Oil Mills	Accreditation Body(DSM): DEPARTMENT STANDARDS MALAYSIA	
<b>Representative:</b>	Ms Iris Ling (MSPO In Charge)		
<b>Site(s) audited:</b>	Unique Palm Oil Mill Sdn Bhd	<b>Date(s) of audit(s):</b>	4 <sup>th</sup> December 2018
<b>Visit Type:</b>	MSPO Audit Stage 2	<b>Type of Certification Assessment</b>	Main Audit
<b>Lead auditor:</b>	Dickens Mambu (DM) (LA)	<b>Additional team member(s):</b> Audit Member (AM)	Abdul Khalik (AK) (AM)
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

### 1. Audit objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

### 2. Scope of certification

The audit covered one site performing certification scope:

**Processing of Fresh Fruit Bunches (FFB) and Production of Crude Palm Oil (CPO) and Palm Kernel (PK) in compliance to the MSPO Certification Standard MS2530-4:2013 Part 4 : General Principles For Palm Oil Mills**

Validation of processes for production and service provision

Has this scope been amended as a result of this audit?

Yes  No

This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client

Yes  No

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### 3. Current audit findings and conclusions

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan as annexes to this summary report.

The audit team concludes that the organization  has  has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified:   2   Major   0   Minor

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 /  Continued /  Withheld /  Suspended until satisfactory corrective action is completed.

### 4. Previous Audit Results

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

- Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

### 5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system.  Yes  No

The organization has demonstrated effective implementation and maintenance / improvement of its management system.  Yes  No

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement.  Yes  No

The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system.  Yes  No

The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system.  Yes  No

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Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.  Yes  No

Certification claims are accurate and in accordance with SGS guidance  N/A  Yes  No

## 6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

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<b>Address:</b>	<b>Lot 11, Block 0, Mukah Land District 96400 Mukah, Sarawak</b> Contact: Ms Iris Ling (MSPO In Charge) Tel: 014-592 5322 Fax: 084-319 033		
<b>MPOB License No.:</b>	<b>589809004000</b>	<b>Expiry date:</b>	<b>30/09/2019</b>
<b>Scope of Activity:</b>	<ol style="list-style-type: none"> <li>1. Menjual dan mengalih (FFB, PK, CPO, SPO)</li> <li>2. Membeli dan mengalih (FFB, PK, CPO)</li> <li>3. Menyimpan (PK, CPO, SPO)</li> <li>4. Mengilang (FFB)</li> </ol>		
<b>Date of certificate issued and validity</b>		<b>Nil (New application)</b>	
<b>Other Sustainability Certification</b>		<b>Nil</b>	
<b>Proposed date of next surveillance audit</b>		<b>October 2019</b>	
<b>Visit Number:</b>	<b>02 (Stage 2 )</b>	<b>Actual Visit Date:</b>	<b>6<sup>th</sup> December 2018</b>
<b>Visit Due by Date:</b>	<b>Nil</b>	<b>For auditor information only</b>	
<b>Lead Auditor:</b>	Dickens Mambu (DM)		
<b>Team Member(s):</b>	Abdul Khalik Arbi (AKA)		
<b>Additional Attendees and Roles</b>	Nil		
<b>Standard(s):</b>	<b>MS2530-4 : Part 4 : General principles for Palm Oil Mills</b>		
<b>Audit Language:</b>	English & Malay		
<b>Audit Scope:</b>	<p>1.The audit covered One (1) site performing the following scope: Operations, comprising of plantation management systems, production of Fresh Fruit bunches (FFB), Production of Crude Palm Oil (CPO) and Palm Kernel (PK), documentation and field assessment.</p> <p>2.The audit covered all the MS2530-4:2013 Part 4 requirements with no permissible exclusion of clause in compliance to the MSPO Certification Standard</p>		

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Date	Time	Auditor	Organizational and Functional Units/ Processes and activities	Key Contact
3 <sup>rd</sup> Dec 2018	4.50 p.m	DM, AKA	Depart to Sibuluan Town	Mill Personnel
4 <sup>th</sup> Dec 2018	7.00 a.m	DM, AKA	Depart to Unique Palm Oil Mill	Mill Personnel
	8.30 a.m		<u>Unique Palm Oil Mill</u> MSPO 2530:4: Part 4 Palm Oil Mills Opening Meeting Audit Process (Site Visit) <ul style="list-style-type: none"> <li>• Principal 1: Management commitment and responsibility</li> <li>• Principle 2: Transparency</li> <li>• Principle 3: Compliance to legal requirements</li> <li>• Principal 4: Social responsibility, health, safety and employment condition</li> <li>• Principal 5: Environment, natural resources, biodiversity and ecosystem services</li> <li>• Principal 6: Best Practice</li> </ul>	Mill Personnel
	12.30pm		Lunch	
	1.00 pm		Continue Audit Process (Document review, Policies, local law compliances, deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	4.00 pm		Auditor Meeting	
	5.00 pm		Closing Discussion	
	6.00 pm		End of Audit	

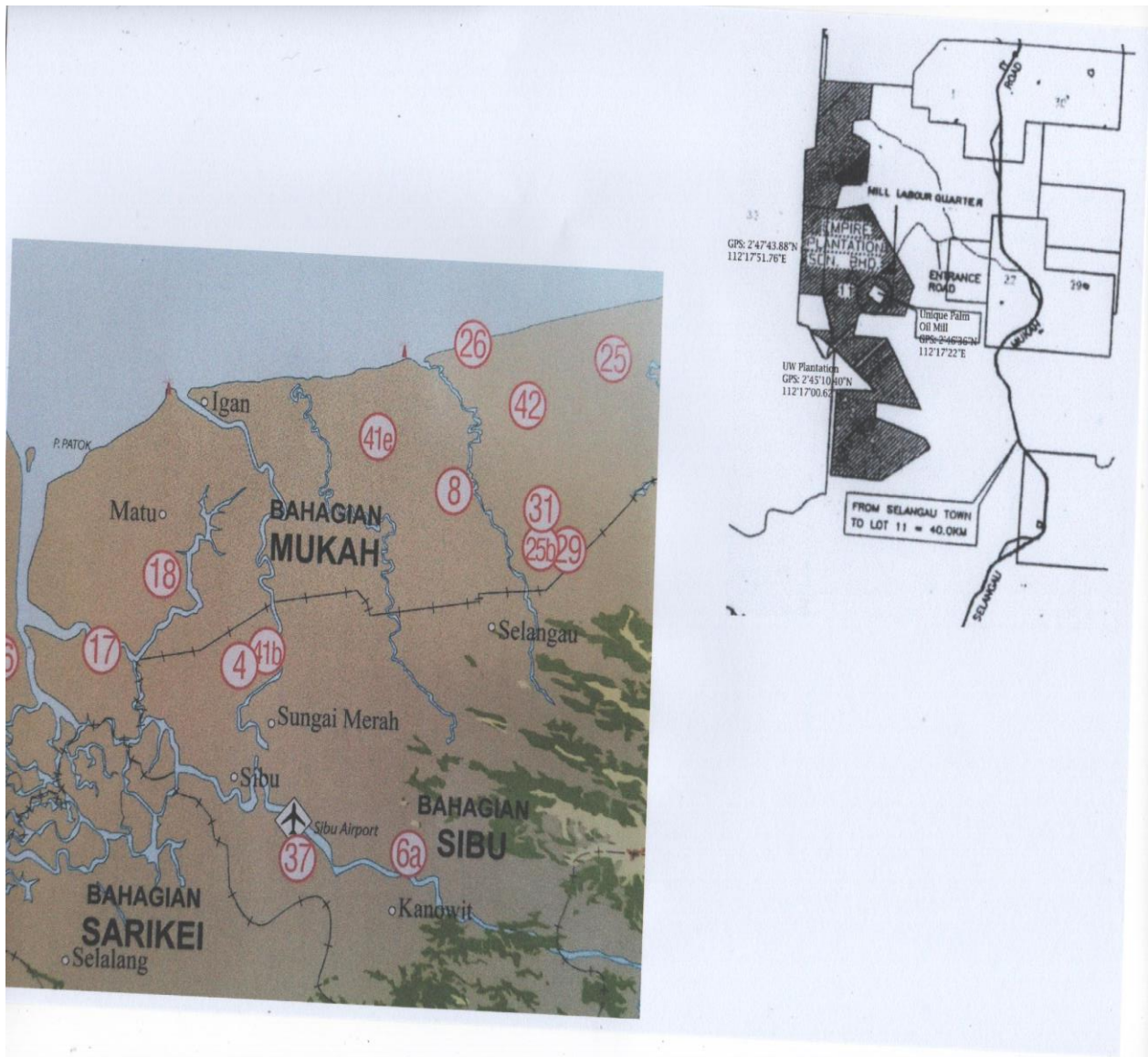
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## Location and Maps

Table 1:

Mill:	Location Address:	GPS Coordinate(s):	Mill Capacity:
Unique Palm Oil Mill Sdn Bhd	Lot 11, Block 0, Mukah Land District, Sarawak	2°46'36"N 112°17'22"E	60

### Unique Palm Oil Mill Locality Map



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### Description of FFB Production

The FFB are sourced from the estate which are directly managed by Unique Palm Oil Mill Sdn Bhd. The crop yield from the estate as mention in **Table 2** below.

**Table 2: FFB Production**

Mill	FFB Production (MT)	
	Jan – Dec 2018 (Actual)	Jan - Dec 2019(Projection)
Unique Palm Oil Mill	307,159.78	330,000
<b>Total</b>	307,159.78	330,000

**Table 3: Actual and Projected Mill Processing Data**

Name of Mill	Actual last FY 2018	Actual last FY		Estimated New FY	Estimated new FY	
	FFB Process (MT)	CPO	PK	FFB Process	CPO	PK
Unique Palm Oil Mill	307,483.65	Prod: MT	Prod: MT		Prod: MT	Prod: MT
		58,949.76	11,733.49		OER %	KER: %
		OER: %	KER: %		OER %	KER: %
		19.17%	3.82%			

### Stakeholder Consultation and List of Stakeholders Contacted

A public announcement was made 30 days prior to the audit,

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/-/media/effec1613db3423a977881ab559efd8c.ashx>

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the main assessment, meetings with stakeholders were held in the estate office. Detail can be referred to **Appendix 1**:

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Comment on MS2530-4 Compliance Status:

<p>Comment on Principle 1</p>	<p><u>Policy on Implementation of MSPO –</u>  It was observed the policy of MSPO was implemented, which sign by Mr Lu Muong Huat, Managing Director, dated 1<sup>st</sup> March 2018. The applicable policy was listed as below:</p> <ul style="list-style-type: none"> <li>a) Policy Statement for Zero Burning</li> <li>b) Respecting Human Rights Policy</li> <li>c) Policy Statement for No Child Labour</li> <li>d) Environmental &amp; Biodiversity Policy</li> <li>e) Malaysian Sustainable Palm Oil MS2530:2013 (MSPO Policy).</li> </ul> <p>Sign dated 1<sup>st</sup> January 2018</p> <ul style="list-style-type: none"> <li>f) Occupational Safety and Health Policy</li> </ul> <p>Interview between workers was conduct during audit section. List of personnel to interview list as below:</p> <ul style="list-style-type: none"> <li>1) Name: Bakit Anak Unggang  Supervisor mill operation  4 years working experience in the mill.</li> <li>2) Name: Francis Anak Egang  Laboratory Assistant  Most 4 years,</li> <li>3) Name: Aroan anak Ijau  Fitter Leader Workshop  2 years works experience</li> </ul> <p>Based on interview, it was observed they was aware regarding the mill policy.</p> <p><u>Internal audit</u>  Internal audit latest conducted: 29<sup>th</sup> June 2018.</p> <p>From mill internal audit, 16 findings was raised. Some of findings was closed in duration period 15<sup>th</sup> July to 15<sup>th</sup> August 2018. However, some issue still wait HQ verification. The management review of internal audit report was conducted on 3<sup>rd</sup> August 2018 at Unique Palm Oil Mill, time 11.00 am to 12.50pm.</p> <p>Among issues raised in the internal audit</p> <ul style="list-style-type: none"> <li>1. Complaint form and suggestion box</li> </ul>
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	<p>is not available.</p> <p>2. The chemical was not properly label.</p> <p>3. The fire extinguisher record and location were not found.</p> <p><u>Management Review –</u> The management review conducted on 7<sup>th</sup> July 2018 has the following ; discussed for the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification :</p> <ol style="list-style-type: none"> <li>1) Action from Internal Audit</li> <li>2) Suitability of existing MSPO Policy</li> <li>3) Information on the performance &amp; effectiveness of the MSPO management system</li> <li>4) The adequacy of current resources</li> <li>5) Opportunities for improvement</li> </ol> <p><u>Continual Improvement</u> The Management review report on continual improvement includes the following:</p> <ol style="list-style-type: none"> <li>1) Dust emission system to be installed. Due by June 2019. (following the Environmental Quality –Clean Air regulation 2014)</li> <li>2) Biogas plant to be built as per MPOB requirement by December 2020.</li> <li>3) MPOCC requirement that all Palm Oil Mills be MSPO certified.</li> <li>4) Fire Services (Fire Certificate) regulations 2001 – Obtain fire Cert</li> </ol>
<p>Comment on Principle 2</p>	<p><u>Transparency of documents relevant to MSPO requirements –</u> Ms Vanessa Kacah anak Jonathan Sunggoh was responsibility to records and respond of the request rise by stakeholders. The record of request will be made available in Complaint/ Grievance Logbook.</p> <p>It was observed the Unique Palm Oil Mill Sdn Bhd (1062101-D) land titles/ user rights was applicable at the mill office. The tenancy agreement was made between Empire Plantation Sdn Bhd (309526-V) and Unique Palm Oil Mill Sdn Bhd (1062102-D) dated on 19<sup>th</sup> September 2013.</p> <p>It was observed safety and health plan was made available on site. Year 2018 (Training Plan)</p> <p><u>Transparent method of communication and consultation</u> It was observed the Standard Operation Procedure (SOP) for consultation and communication with relevant stakeholders was made available in the mill office name “File B” Principle 04.</p>

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	<p>Appointment letter for person responsible for MSPO matters was made available in the mill record, dated 8<sup>th</sup> June 2018, name Mr Mathius Anak Nyaring and acceptance dated on 1<sup>st</sup> September 2019.</p> <p>It was observed the list of internal and external stakeholders was made available in the mill office. The stakeholder list contains of government, smallholder, supplier. Example of stakeholders list as below:</p> <ol style="list-style-type: none"> <li>a. PANSAR</li> <li>b. BEO</li> <li>c. MPOB</li> <li>d. DANAWA OFFICE</li> <li>e. PT Transport</li> </ol> <p><u>Traceability</u> In the Mill Manual, the document for the implementation and maintenance of the requirements for traceability is documented.</p> <p>Traceability and Mass Balance It include the following sections:</p> <ol style="list-style-type: none"> <li>1) Purpose</li> <li>2) Scope</li> <li>3) Responsibilities</li> <li>4) Definition</li> <li>5) Procedure</li> </ol> <p>They have a flowchart to show how to trace back a delivery form the FFB source.</p>
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<p>Comment on Principle 3</p>	<p><u>Regulatory requirements</u> – Compliance to Applicable local state and national laws.</p> <p>It was observed the machineries validity was up-to-date; Some of the validity list as below under Factories and Machineries Act Perakuan Kelayakan Dandang : FMA 1967 Regulations 10 (2) No Pendaftaran SW PMT 8226, Valid till: 31.05.2019</p> <p><u>MPOB License:</u> No Lesen: 589809004000 (01.10.2018 – 30.09.2019)</p> <p><u>Alat timbang dan sukat</u> Rujukan: MCM/ QSI/ ISO/ 2018-463 Tarikh pemeriksaan: 11.10.2018</p> <p><u>DOE Jadual Pematuhan</u> Rujukkan No: 003022 Rujukkan: AS(SWK)(B):31/152/000/078</p> <p>Mdm Agnes Tayah anak Randi was appointed as Legal Officer to monitor any update of laws and mechanism to track changes or new amendment via website which done weekly basis. Appointed was made on 8<sup>th</sup> June 2018 and acceptance date on 12<sup>th</sup> June 2018.</p>
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	<p><u>Legal land use rights –</u> It was observed the Unique Palm Oil Mill Sdn Bhd (1062101-D) land titles/ user rights was applicable at the mill office. The tenancy agreement was made between Empire Plantation Sdn Bhd (309526-V) and Unique Palm Oil Mill Sdn Bhd (1062102-D) dated on 19<sup>th</sup> September 2013.</p> <p><u>Mill Complex Area</u> Total Area: Approximately 40 ha Total Pond: 11 Water Treatment Plant: 1 Water Reservoir: 1 Housing Units: 30 units</p> <p><u>Customary rights –</u> The legal acquisition was proven via availability of land title from Land and Survey Sarawak.</p> <p>Dated : 17<sup>th</sup> September 1988 Registered Office : Sibul, Sarawak</p>
<p>Comment on Principle 4</p>	<p><u>Social Impact Assessment –</u> Unique Palm Oil Mill presented the stakeholders meeting minute, feedback and list of stakeholders attended.</p> <p>The stakeholders meeting has been conducted on 29<sup>th</sup> June 2018 with only attend by 32 persons. Noted that total stakeholders are 30.</p> <p>The meeting discussed on -MSPO certification introduction and briefing</p> <p><u>Complaints and grievances –</u> It was observed the Standards Operation Procedure for complains and grievances procedure was available, which can be referred in file Standard Operation Procedure (SOP). One record of complaint was available during the audit conduct</p> <p>Major 1 (4.4.4.1) Based on site inspection safety Practices was found still lacking.</p> <ol style="list-style-type: none"> <li>1. During site visit at the mill operation area, it was sighted obstacle object (pipe) was found not marked clearly which can lead to hazard especially during emergency.</li> <li>2. In the mill area, drain crossing was found not properly installed which can caused hazard for mill operators especially during night shift.</li> <li>3. Fire Hose was found not properly maintained and it was identified that some are damaged.</li> </ol>

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	<p>4. Cigarette butt was found at non-smoking area in the mill.</p> <p>Major 2 (4.4.4.2) It was sighted implementation of safety and health condition was found in adequate</p> <p>1. It was observed during site visit at mill general store the stacking of construction material was found unstable which can lead to hazard during handling Storage and handling of sodium hydroxide was improper which can lead hazard to health for the mil operators.</p> <p><u>Commitment to contribute to local sustainable developments</u> – It was observed the latest CSR was celebrate of Christmas day among the staffs and workers dated 8<sup>th</sup> December 2018 at the mill canteen.</p> <p><u>Employees health and safety</u> – Safety and health policy was incorporated within MSPO General policy.</p> <p>The Safety and health statement was signed by the Mr Lu Muong, the General Operation Manager dated 1<sup>st</sup> March 2018</p> <p>Inline to ensure the safety policy followed. Some of the training was conducted list as below:</p> <p>It was observed the training plan for year 2018 was made available in File T-01 Training Program Plan. List of training list as below:</p> <ul style="list-style-type: none"> <li>i. <i>Kursus pengendali makmal kilang sawit/ MPOB.</i></li> <li>ii. <i>Kursus dan peperiksaan penyelia kilang sawit</i></li> <li>iii. CEPPSWaM/ EIMAS</li> <li>iv. AESP/ NIOSH</li> <li>v. AGT NIOSH</li> <li>vi. Basic Occupational first Aid/ NIOSH</li> <li>vii. Understanding of SOP &amp; WI of Process reporting.</li> </ul> <p><u>Employment conditions</u> – In the Unique Palm Oil Mill policy on “Respecting Human Rights Policy” was made available and display at the site office and signed by Mr Lu Muong Huat (General Manager) dated 1<sup>st</sup> March 2018.</p> <p><u>Training and competency</u> – It was observed the training programmed and records was made available in File T – 01 Principle 04.</p> <p>Example training conduct:</p> <ul style="list-style-type: none"> <li>i. Taklimat persediaan &amp; pelaksanaan MSPO Dated: 27<sup>th</sup> Nov 2018 Time: 3.00 pm Attendant: 10 persons</li> <li>ii. Fire Dril Dated: 25<sup>th</sup> Nov 2018 Time: 8.40 am</li> </ul>
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	Attendant: 23 persons
Comment on Principle 5	<p><u>Environmental management plan</u> – The management has provided Environmental &amp; Biodiversity Policy, signed by Mr. Lu Muong Huat (General Manager) dated 1<sup>st</sup> March 2018.</p> <p>It was observed the Environmental Management Plan was made available in mill site office. It was includes:</p> <ul style="list-style-type: none"> <li>i. Soil erosion and sedimentations</li> <li>ii. Water quality degradation</li> <li>iii. Waste generation</li> <li>iv. Noise pollution</li> <li>v. Air quality</li> <li>vi. Occupational safety and health aspects</li> <li>vii. Socio-economic impacts</li> </ul> <p>It was sighted The mill manager had prepare the Environmental Budgeting for Unique Mill. It can be verified in Pembentangan Perlaksanaan Pematuhan Kendiri Terpimpin (Guided Self-Regulation, GSR) oleh Industri Tahun 2018.</p> <p><u>Efficiency of energy use and use of renewal energy</u> – The management has provided Improvement Plan which included biogas project to capture biogas for power generation and to reduce the release of methane gas into atmosphere (2018 Improvement plan)</p> <p>On the Energy Optimization Plan, the management has provides diesel consumption record that shows diesel usage</p> <p>Diesel Record: Latest November 2018 was sighted during audit.</p> <p><u>Waste management and disposal</u> –</p> <p>a)The management show record for its waste products in their 2018 inventories</p> <p>b)The identification of waste follow the definition within Environmental Management Plan:</p> <ul style="list-style-type: none"> <li>a) Vegetative wastes/ Biomass</li> <li>b) Solid wastes</li> <li>c) Sewage</li> <li>d) Oil and Grease</li> <li>e) Air quality Degradation and dust</li> </ul> <p><u>Reduction of pollution and emission</u> – The management has provided :</p> <p>1.Environmentnet Monitoring report (Boiler No.8 : July-December 2018)</p>

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	<p>Stack Emission Monitoring Report.</p> <p>Based on the summary conclusion by the consultant, overall throughout the sampling period was comply with the limit requirement by DoE.</p> <p>2.Environment Monitoring Report Incinerator: July – December 2018 Incinerator No.1 to No.4)</p> <p>Based on the summary conclusion by the consultant, overall throughout the sampling period, the Dust Load Recorded were complied with the required limit of 0.400 g/Nm<sup>3</sup>.</p> <p>The Green House Gas Emission Monitoring record was made available via SPOM-L3-ENO01/F01.</p> <p><u>Natural water resources –</u> It was observed water management plan report was made available in the mill site office. The report was integrated with Empire Plantation Sdn Bhd.</p> <p>From the analysis, it was noted that the domestic water quality was within permit limit for water consumption based on National Water Quality Standard (NWQS).</p>																												
<p>Comment on Principle 6</p>	<p><u>Mill management</u> The management has provided SOP on Mill Operations with regards to MSPO which includes:</p> <ul style="list-style-type: none"> <li>i. FFB Reception Station</li> <li>ii. FFB Grading Manual</li> <li>iii. Sterilization Station</li> <li>iv. Threshing Station</li> <li>v. Press and Depericarping Station</li> <li>vi. EB Press Station</li> <li>vii. Clarification Station</li> <li>viii. Kernel Station</li> <li>ix. Boiler Station</li> <li>x. Power Station</li> <li>xi. Laboratory</li> </ul> <p><u>Economic and financial viability plan</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>FFB</th> <th>CPO</th> <th>PK</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>360,000</td> <td>71,280</td> <td>12,960</td> </tr> <tr> <td>2019</td> <td>360,000</td> <td>72,000</td> <td>13,320</td> </tr> <tr> <td>2020</td> <td>360,000</td> <td>72,720</td> <td>13,680</td> </tr> <tr> <td>2021</td> <td>360,000</td> <td>73,080</td> <td>14,040</td> </tr> <tr> <td>2022</td> <td>360,000</td> <td>73,800</td> <td>14,400</td> </tr> <tr> <td>2023</td> <td>360,000</td> <td>74,160</td> <td>14,400</td> </tr> </tbody> </table>	Year	FFB	CPO	PK	2018	360,000	71,280	12,960	2019	360,000	72,000	13,320	2020	360,000	72,720	13,680	2021	360,000	73,080	14,040	2022	360,000	73,800	14,400	2023	360,000	74,160	14,400
Year	FFB	CPO	PK																										
2018	360,000	71,280	12,960																										
2019	360,000	72,000	13,320																										
2020	360,000	72,720	13,680																										
2021	360,000	73,080	14,040																										
2022	360,000	73,800	14,400																										
2023	360,000	74,160	14,400																										

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	<p>Review of 2 years production</p> <table border="0"> <tr> <td></td> <td>2017</td> <td>vs</td> <td>2016</td> </tr> <tr> <td>FFB Act</td> <td>349854</td> <td></td> <td>350,131</td> </tr> <tr> <td>FFB Bud</td> <td>296,174</td> <td></td> <td>300,483</td> </tr> <tr> <td>Oil Act</td> <td>69,712</td> <td></td> <td>70,543</td> </tr> <tr> <td>Oil Bud</td> <td>60,123</td> <td></td> <td>61,899</td> </tr> </table> <p>The projection of production versus actual production is monitored by Mr. Muhammad Azri (Mill Manager)</p> <p><u>Transparent and fair pricing dealing</u></p> <p>The mill management receives FFB from internal as well as from external suppliers. There are registered external suppliers including smallholders and internal suppliers comprise of Empire Plantation Sdn Bhd and UW Plantation Sdn Bhd.</p> <p>Total smallholder registered with Unique Palm Oil Mill is 12. smallholders.</p> <p>Pricing mechanism: According to Mr. Muhammad Azri, the pricing mechanism for Unique Palm Oil Mill for FFB purchase are spelt out in the Contract Agreement. Similarly for the sale of Crude Palm Oil and Palm Kernel Oil are spelt out in the Contract Agreement. However, they follow the pricing set by MPOB and any changes will be informed by MPOB.</p> <p><u>Contractor</u></p> <p>The management has provided list of contractors. Some of the lists as below:</p> <ol style="list-style-type: none"> <li>1. Sime Darby Industrial</li> <li>2. Pansar Company Sdn Bhd</li> <li>3. Utama Parts Trading</li> <li>4. Mackenzie Industries Sdn Bhd</li> <li>5. Sonique Engineering Sdn Bhd</li> </ol> <p>Contract agreement.</p> <p>Work completion certificate.</p> <p>Payment report.Kien San Metal</p>		2017	vs	2016	FFB Act	349854		350,131	FFB Bud	296,174		300,483	Oil Act	69,712		70,543	Oil Bud	60,123		61,899
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## 7. Nonconformities

### MS2530-3:2013 Part 4

<b>Non Conformity</b>	N° 1 of 2		Major 1			
	<b>Date Recorded&gt;</b>	6 <sup>th</sup> Dec 2018	<b>Due Date&gt;</b>	6 <sup>th</sup> Feb 2019	<b>Date Closed&gt;</b>	15 <sup>th</sup> January 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 4 4.4.4.1	
Document Ref.:	MSPO Part 3		Issue / Rev. Status:		Close	
Details of Nonconformity:	Safety Practices was found still lacking					
Objective Evidence:	<p>1. During site visit at the mill operation area, it was sighted obstacle object (pipe) was found not marked clearly which can lead to hazard especially during emergency.</p> <p>2. In the mill area, drain crossing was found not properly installed which can caused hazard for mill operators especially during night shift.</p> <p>3. Fire Hose was found not properly maintained and it was identified that some are damaged.</p> <p>4. Cigarette butt was found at non-smoking area in the mill.</p>					
Close-out evidence:	<p>The mill management, had taken necessary action to close the non-conformity during the audit. Please refer action taken as below:</p> <ol style="list-style-type: none"> <li>1. Minutes of Meeting (Appendix 1a and 1b)</li> <li>2. Attendance list of meeting (Appendix 2)</li> <li>3. Briefing Contents (Appendix 3)</li> <li>4. Attendance list of Briefing (Appendix 4)</li> <li>5. Photo of Briefing (Appendix 5)</li> <li>6. Firefighting Equipment List (Appendix 6)</li> <li>7. Photo of replaced fir hose after finding (Appendix 7 Page 3)</li> </ol>					

<b>Non Conformity</b>	N° 2 of 2		Major 2			
	<b>Date Recorded&gt;</b>	6 <sup>th</sup> Dec 2018	<b>Due Date&gt;</b>	6 <sup>th</sup> Feb 2019	<b>Date Closed&gt;</b>	15 <sup>th</sup> January 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MSPO 2350-Part 4 4.4.4.2	
Document Ref.:	Criterion 4: Employees Safety and Health		Issue / Rev. Status:		Close	
Details of Nonconformity:	Implementation of safety and health condition was found in adequate					
Objective Evidence:	<p>1. It was observed during site visit at mill general store the stacking of construction material was found unstable which can lead to hazard during handling.</p> <p>2. Storage and handling of sodium hydroxide was improper which can lead hazard to health for the mil operators.</p>					
Close-out evidence:	<p>The mill management, had taken necessary action to close the non-conformity during the audit. Please refer action taken as below:</p> <ol style="list-style-type: none"> <li>1. Briefing Contents (Appendix 8a)</li> <li>2. Attendance list of meeting (Appendix 8b – 8c)</li> <li>3. Photo of Briefing (Appendix 7- Page 6)</li> </ol>					

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Nonconformities detailed here shall be addressed through the organization's corrective action process, in accordance with the relevant corrective action requirements of the audit standard, including actions to analyse the cause of the nonconformity and prevent recurrence, and complete records maintained.

- Corrective actions to address identified major nonconformities shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 60 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- Corrective actions to address identified major nonconformities shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 60 days.
- Corrective Actions to address identified minor non conformities shall be documented on an action plan and sent by the client to the auditor within 60 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- Corrective Actions to address identified minor non-conformities have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- Appropriate immediate action taken in response to each non-conformance as required

Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.

Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

## 8. General Observations & Opportunities for Improvement

### Positive Observations:


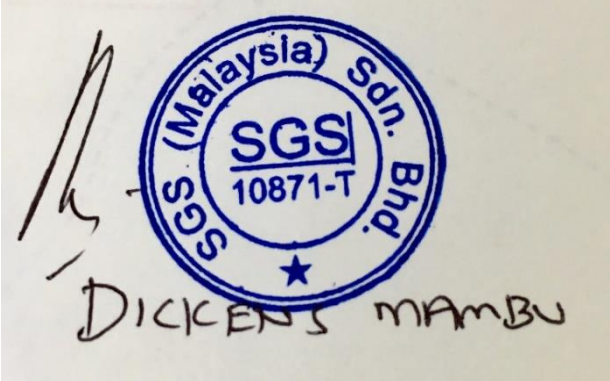
- The support from Palmlyn Sdn Bhd personnel, especially the ground staff contribute to the smoothness and successful of the audit process.
- The spirit of unity and enthusiasm of the personnel towards achieving MSPO certification is impressive.
- The unit has dedicated staffs who are assets to the company. Their cooperative, knowledgeable and hospitability are commendable
- Organised documentation & highly commitment towards certification.

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### Appendix 1: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
<b>Department of Environment (DoE), Cawangan Sib.</b>  (013 8687708) Via Phone Call Mr Hasmadi Bin Osman Enforcement officer	External (Government)	NIL	No issue
<b>Empire Plantation Sdn Bhd</b> (FFB Supplier) Mr. Ha Hau Ping Estate Manager	External (FFB Supplier)	NIL	No issue
<b>WWF</b> WWF-Malaysia (Sarawak Office) Via Phone Call Tel: 082-247420/ 257420 Ms Anna	External (NGO)	NIL	No issue
<b>Laboratory Staff</b> Mr. Dede Yusup (Indonesian) Laboratory Sampler	Internal (Staff)	NIL	Based on interview, the stakeholder aware regarding the MSPO.
<b>Mill Supervisor</b> Mr. Bakit Anak Unggang (4 Years)	Internal (Staff)	NIL	Awareness good
<b>PANSAR Aircorn</b> Mdm Josephine Chieng 013 8421863 Via Phone Call	External (Aircon Supplier)	NIL	No issue

Signed on behalf of <b>Unique Palm Oil Mill Sdn Bhd</b>	Signed on behalf of <b>SGS Malaysia Sdn Bhd</b>
 <p data-bbox="220 707 624 770">Mr Ling Kuok Hong (Estate Manager) 15<sup>th</sup> January 2019</p>	 <p data-bbox="826 707 1342 844">Mr. Dickens Mambu Certification and Business Enhancement (CBE) Regional Head Certification 15<sup>th</sup> January 2019</p>

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