

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

CERTIFICATION AUDIT REPORT

Part 4 : General Principles for Palm Oil Mills

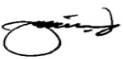
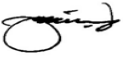
FELCRA Jaya Samarahan Sdn Bhd

Kilang Kelapa Sawit Samarahan

-Individual Certification-

MAIN ASSESSMENT

07th September 2018 - 08th September 2018

Revision History					
Rev	Date	Description	Done by	Role	Signature
A	21/10/18	Issued as Draft Report	Muhammad Syafiq	Lead Auditor	
B	25/10/18	Incorporated Peer Review Comments and Issued for Final Report	Muhammad Syafiq	Lead Auditor	



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1. Executive Summary

1.1. Objective, Audit Methodology, Certification Scope and Recommendation

Objective of Certification Assessment

Global Gateway Certifications Sdn. Bhd. [hereafter known as GGC] has conducted the Certification Assessment of FELCRA Jaya Samarahan Sdn Bhd, Kilang Kelapa Sawit Samarahan. During this Main Assessment (Stage 2) Audit, the audit team were briefed by Mill Manager, of the supply base disposition. The source of FFB supplies to Kilang Kelapa Sawit Samarahan are 100% from out-grower and other smallholders.

This assessment was conducted onsite on 07th September 2018 - 08th September 2018 by 2 auditors to assess the compliance of the certification unit against the MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills.

Audit Methodology

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, officers, review of documentation and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also taken into account in the assessment.

Certification Scope Methodology

The approach to the audit was to treat FELCRA Jaya Samarahan Sdn Bhd, Kilang Kelapa Sawit Samarahan as a MSPO Certification Unit. The assessment focused on documentation review, internal procedures, management system, mill inspection as well as identification of any significant issues for both environment or social issues, waste management and etc. Details of the actual assessment programme are given in Appendix A (Audit Plan). Some stakeholders were consulted randomly during the assessment to get their feedback on the management compliance and performance (Appendix C).

The assessment was conducted based on sampling approach as specified in MSPO Certification Requirement. The purpose of sampling audit, risk assessment of the certification unit was carried out prior to the assessment through the documentation (MSPO-Questionnaire Self-Assessment-RA). Result of the self-assessment is then considered when considering the sampling calculations. There is only Kilang Kelapa Sawit Samarahan in this complex. Thus, Kilang Kelapa Sawit Samarahan was selected in this audit.

Recommendation

The company has established Sustainability Policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of FELCRA Jaya Samarahan Sdn Bhd. Mill Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual.



The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this Main Assessment (Stage 2) Audit.

This report will be internally reviewed prior to certification decision by GGC and externally peer reviewed by independents panel reviewers (qualified and trained by MPOCC). During this Main Assessment (Stage 2) Audit (based on MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills), 1 major non-conformity and 1 minor non-conformity have been raised to the facilities that being audited. All the evidence submitted were found adequate and therefore the major non-conformity is closed. (Refer to Appendix B, non-conformity table for details).

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted with no major non-conformity findings. Therefore, the lead auditor recommends to award the certificate of compliance MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills to Kilang Kelapa Sawit Samarahan.

1.2. Company details and Contact information

Company Name	FELCRA Jaya Samarahan Sdn Bhd
Business Address	A-3A-1, Megan Avenue 1, 189, Jalan Tun Razak, 50400, Kuala Lumpur, Malaysia
Contact Person	Mr. Cham Tian Hoong
Office Telephone	+603 2166 0333/1666
E-Mail	fjsamarahan@gmail.com

1.3. Certification Unit

Name of the Certification Unit	Kilang Kelapa Sawit Samarahan
Mill Capacity (MT/HR)	60
Site Address	Lot 2028, Blok 5, Jalan Endap, 94300 Kota Samarahan, Sarawak.



GPS Reference of the site office	Longitude	E 110°27'16.2"	
	Latitude	N 1°23'29.60"	
MPOB Licence No	565558004000	Date Expired	31 st October 2019
Scope Activity	<ol style="list-style-type: none"> 1. Sell and distribute PK, CPO and SPO. 2. Purchase and distribute FFB. 3. Store PK, CPO and SPO. 4. Manufacture/Process FFB. 		
Others Certification	Nil		
Land Title	20.70 Ha		

1.4. Production Area, Actual and Projected FFB Production (MT)

Production for Certified Unit

Kilang Kelapa Sawit Samarahan	Projected from last audit	Actual Production for 12 Months [Sept 2017-Aug 2018]	Projected Production for next 12 Months [Sept 2018-Aug 2019]
FFB Summary (MT)	NIL	NIL	NIL
CPO Summary (MT)	NIL	NIL	NIL
PK Summary (MT)	NIL	NIL	NIL

Production for Un-Certified Unit

Kilang Kelapa Sawit Samarahan	Projected from last audit	Actual Production for 12 Months [Sept 2017-Aug 2018]	Projected Production for next 12 Months [Sept 2018-Aug 2019]
FFB Summary (MT)	NIL	251,535.49	295,000
CPO Summary (MT)	NIL	49,068.39	57,525
PK Summary (MT)	NIL	11,029.35	12,980



1.5. Certification Details

Certification body	Global Gateway Certifications Sdn. Bhd., No. 10 Jalan Rasmi 7, Taman Rasmi Jaya, 68000 Ampang, Selangor Darul Ehsan, Malaysia. Tel.: +603 4256 2689; Fax: +603 4256 2687 - www.ggc.my
Assessment standard	(MSPO) Part 4: General principles for palm oil mills
Certificate number	GGC-FJS001-MSPO-00-2018
Initial certificate issued date	26 th October 2018
Certificate expiry date	25 th October 2018
Stage 1 assessment date	07 th August 2018
Stage 2 / Main Assessment	07 th September 2018 – 08 th September 2018
Annual Surveillance 1 [ASA 1]	July 2019
Annual Surveillance 2 [ASA 2]	July 2020
Annual Surveillance 3 [ASA 3]	July 2021
Annual Surveillance 4 [ASA 4]	July 2022



2. Assessment Process

2.1. Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: **Muhammad Syafiq bin Abd Razak**

Graduate in plantation management with more than 7 years working experience in various plantation company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Fully trained in similar agriculture certification programs such as RSPO, SCCS, MSPO and etc. Qualified as Lead Auditor/Auditor in several certification programme. Involved in RSPO and MSPO assessment since 2014. Involved in audits conducted in for many different companies in Malaysia, Indonesia, Australia, Pakistan, Arab Saudi and Ivory Coast. Completed and certified MSPO Auditor course in 2014 (3rd Batch) held by MPOB. Member of GGC MSPO audit team.

Experienced in handling mineral and peat soil oil palm estate. Knowledgeable in chemical in control of weeds and pest & disease in Oil Palm Plantation sector. Understanding in Industrial relation and labour law. Attended OSH Act 1994 & Regulations and Factories & Machinery Act 1967 & Regulations Training. Participated in Workshop for Oil Palm Growers on Peat at Bogor, Indonesia. Completed and attended Social Impact Assessment Training at Bogor, Indonesia organized by Remark Asia. Also, has attended training for RSPO GHG calculation on year 2015 in Kuala Lumpur.

During this assessment, he assessed on the aspect of Transparency, Legal, Safety and Health, Social, Stakeholder's Consultation, Workers Welfare, Environment and etc. He is able to speak and understand Bahasa Malaysia and English.

Auditor

Name: **Mohamad Fitri bin Mustafa**

Graduate in degree of agribusiness with more than 8 years working experience in various plantation company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Involved in ISCC and MSPO auditing since September 2017. Qualified as Lead Auditor/Auditor for MSPO, RSPO and ISO 9001. Completed and certified MSPO Auditor course in 2018 held by SGS (M) Sdn Bhd. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Management Responsibility, Compliance to legal requirement, Best Practices, stakeholder's consultation and workers welfare. Able to speak and understand Bahasa Malaysia and English.

2.2. Stakeholder Consultation

GGC has published the public notification on 08th August 2018 and as to accommodate a stakeholders' consultation meeting for mill. Therefore, it was conducted on 07/09/2018-08/09/2018 in Kilang Kelapa Sawit Samarahan to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

During this Main Assessment (Stage 2) audit, the audit team has conducted stakeholder consultations involving both internal and external stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of estates management.

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the mill management before incorporating into the assessment findings. There was no complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. (Refer to part 4 table for details)

3. Issues Raised by Stakeholders and Findings with respect to each issue

In this stakeholders meeting, external and internal stakeholders were presented which came from local communities, government agencies, workers and etc. In overall, there are lots of positive issues highlighted by the stakeholders during the meeting. There are tremendous improvements either from environmental, social and safety aspect. There are also positive statements given by the participants required aspects in MSPO especially in social aspect. These statements were accepted by the management representative as a good feedback and will do the necessary. Salary for all workers is the same regardless of gender as per minimum wages stipulated in Employment Act. All stakeholder agree that with the MSPO implementation, tremendous improvement has been achieved from working agreement to community amnesties. Details, as per below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholder A (Mill worker)	<ul style="list-style-type: none"> MSPO awareness, company policy and SOP are briefed among workers during muster call. Personal Protective Equipment are distributed free of charged by management <p>He has good understanding about complaint and grievance mechanism</p>	No action requires	Positive findings
2.	Stakeholders B (Mill Workers)	<ul style="list-style-type: none"> Company well managing the welfare, health and safety of their workers 	No action requires	Positive findings



		<ul style="list-style-type: none"> Housing facilities is provided with water and electrical supply 		
3.	Stakeholders C (Mill Workers)	<ul style="list-style-type: none"> They have good understanding about MSPO. They have good understanding about complaint and grievance mechanism. PPE given by company – free. 	No action requires	Positive findings
4.	Stakeholders D (Mill Workers)	<ul style="list-style-type: none"> Good understanding about MSPO. They are very happy with the management and hopes to continue their contract for a long time. 	No action requires	Positive findings
5.	Stakeholders E (Mill workers)	<ul style="list-style-type: none"> They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2016. Free housing was provided to them with subsidized of water and electricity. 	No action requires	Positive findings
6.	Stakeholder F (Mill Workers)	<ul style="list-style-type: none"> The company has good relation with supplier and there is no issue with company's performance. Payment was done in timely manner to the contractors/suppliers. No other issues raised. 	No action requires	Positive findings
7.	Stakeholder G (Mill Workers)	<ul style="list-style-type: none"> They have been treated equally without any discrimination. No sexual harassment reported. 	No action requires	Positive findings
8.	Stakeholders H (Mill Contractors)	<ul style="list-style-type: none"> He informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work. 	No action requires	Positive findings
9.	Stakeholders I (Mill Contractors)	<ul style="list-style-type: none"> They were aware that any complaints or suggestions could be forwarded to the mill management. 	No action requires	Positive findings



10.	Stakeholders J (DOE)	<ul style="list-style-type: none"> • He aware and have good understanding about MSPO. • He explained that the Mill were comply with applicable legal and act related to environment. • He stress out that all the communities need to consistently being remind on the Open Burning. • No issues being reported to DOE 	Will keep informed all the Internal and External Stakeholders on the points highlighted.	Positive findings
11.	Stakeholders K (MPOB)	<ul style="list-style-type: none"> • They have good relationship with the management. • The management will provide assistance whenever they requested • No big case or issues reported to the MPOB. 	No action requires	Positive findings

4. Findings Identified for this audit

4.1. Summary Findings

Major Nonconformities	1
Minor Nonconformities	1
Area of Concern	0
Noteworthy / Positive Comments	3

4.2. Details Non-Conformity

- See Appendix B -

4.3. Details of Area of Concern

- See Appendix B -

4.4. Details of Noteworthy / Positive Findings

- 1) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 2) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 3) Good relationship being maintained with surrounding smallholder and villages.

5. Acknowledgement

5.1. Date of Next Surveillance Audit

The first annual surveillance assessment visit will be scheduled after 12 months of the MSPO Certificate being issued.

5.2. Confidentiality

GGC auditors will not discuss or reveal any of the confidential information seen during the audit to any third party. Any public summary of the main assessment will be approved by the client prior to publication.

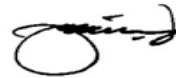
5.3. Signing of Report

Signed for on behalf of
FELCRA Jaya Samarahan Sdn Bhd



Name : **TOH TAU BOK**
Role : **DIRECTOR**
Date : **26/10/2018**

Signed for on behalf of
Global Gateway Certifications Sdn. Bhd



Name : **Muhammad Syafiq Abd Razak**
Role : **GGC Lead Auditor**
Date : **26th October 2018**

Appendix D : Location Map for this Certification Unit

