

# GLOBAL GATEWAY CERTIFICATIONS

## MALAYSIAN SUSTAINABLE PALM OIL (MSPO)



### CERTIFICATION AUDIT REPORT

#### Part 4 : General Principles for Palm Oil Mills

Sook Oil Mills Sdn Bhd

-Group Certification-

**MAIN ASSESSMENT**  
**26<sup>th</sup> September 2018**

Revision History					
Rev	Date	Description	Done by	Role	Signature
A	07/11/18	Issued as Draft Report	Muhammad Syafiq	Lead Auditor	
B	15/11/18	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 Chellam Plantations Group, Sook Oil Mills Sdn Bhd. 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 Sook Oil Mills Sdn Bhd are from their own estates [Sook Estate and Dalit Estate]. Sook Oil Mills also receiving FFB from out-grower and other smallholders.

This assessment was conducted onsite on 26<sup>th</sup> September 2018 by 3 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 Sook Oil Mills Sdn Bhd 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 Sook Oil Mills in this complex. Thus, Sook Oil Mills Sdn Bhd 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 Chellam Plantations Group especially for Sook Oil Mills 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 site also assist by Chellam Plantations Group, Safety & Sustainability Department.



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), 4 major non-conformities 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 Sook Oil Mills Sdn Bhd.

## 1.2. Company details and Contact information

<b>Company Name</b>	Chellam Plantations Group
<b>Business Address</b>	C4-2-3A, Office Suite, Block C4, Urbane Tower, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480, Kuala Lumpur., Malaysia
<b>Contact Person</b>	Ms. Rowena Peter
<b>Office Telephone</b>	+603 6205 3777
<b>E-Mail</b>	rowenapeter.cpg@gmail.com

## 1.3. Certification Unit

<b>Name of the Certification Unit</b>	Sook Oil Mills Sdn Bhd
<b>Mill Capacity (MT/HR)</b>	45
<b>Site Address</b>	Jalan Tulid, Block 1, Sook, 89008 Keningau, Sabah.



<b>GPS Reference of the site office</b>	<b>Longitude</b>	E 116°21'55.118"	
	<b>Latitude</b>	N 5°19'36.846"	
<b>MPOB Licence No</b>	565558004000	<b>Date Expired</b>	31 <sup>st</sup> October 2019
<b>Scope Activity</b>	<ol style="list-style-type: none"> <li>1. Sell and distribute PK, CPO and SPO.</li> <li>2. Purchase and distribute FFB.</li> <li>3. Store PK, CPO and SPO.</li> <li>4. Manufacture/Process FFB.</li> </ol>		
<b>Others Certification</b>	ISCC EU & ISCC PLUS		

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

##### Production for Certified Unit

Sook Oil Mills	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	62,525.21	64,147.00
CPO Summary (MT)	NIL	14,024.06	14,212.83
PK Summary (MT)	NIL	2,702.95	2,739.33

# FFB's Own Estates

##### Production for Un-Certified Unit

Sook Oil Mills	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	246,898.46	241,220.00
CPO Summary (MT)	NIL	54,704.43	53,446.27
PK Summary (MT)	NIL	10,543.56	10,301.06

## 1.5. Certification Details

<b>Certification body</b>	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 - <a href="http://www.ggc.my">www.ggc.my</a>
<b>Assessment standard</b>	(MSPO) Part 4: General principles for palm oil mills
<b>Certificate number</b>	GGC-CPG002-MSPO-00-2018
<b>Initial certificate issued date</b>	16 <sup>th</sup> November 2018
<b>Certificate expiry date</b>	15 <sup>th</sup> November 2023
<b>Stage 1 assessment date</b>	Not applicable as client certified for ISCC
<b>Stage 2 / Main Assessment</b>	26 <sup>th</sup> September 2018
<b>Annual Surveillance 1 [ASA 1]</b>	August 2019
<b>Annual Surveillance 2 [ASA 2]</b>	August 2020
<b>Annual Surveillance 3 [ASA 3]</b>	August 2021
<b>Annual Surveillance 4 [ASA 4]</b>	August 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:** **Ismadi bin Hj. Ismail**

He holds Diploma in Planting Industry Management from MARA Institute of Technology, Kuantan Pahang. 24 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in CoP, MSPO and OSHAS. Qualified as Lead Auditor/Auditor for MSPO and CoP. Involved in MSPO assessment since 2017. Completed and certified MSPO Auditor course in 2017 held by SGS (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Safety and Health, Employment Condition, Social and community engagements, stakeholder's consultation and workers welfare. Able to speak and understand Bahasa Malaysia and English.

#### Auditor

**Name:** **Hj. Ahmad bin Sukiman**

He holds MSc Plantation Management from Universiti Putra Malaysia (UPM). Above 30 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in MSPO and qualified as Lead Auditor/Auditor for MSPO. Involved in MSPO assessment since 2015. Completed and certified MSPO Auditor course in 2015 held by DQS Certification (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Legal, 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 24<sup>th</sup> August 2018 and as to accommodate a stakeholders' consultation meeting for mill and estates. Therefore, it was conducted on 26/09/2018-28/09/2018 in Chellam Plantations Group, Sabah Complex (Mill & Estates) 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)

## 4. 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.	Assessment team findings [Outcome]
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			[What we did]	
1.	Stakeholders A (Mill Workers)	<ul style="list-style-type: none"> <li>• They have good understanding about MSPO.</li> <li>• They have good understanding about complaint and grievance mechanism.</li> <li>• PPE given by company – free.</li> <li>• They were aware that any complaints or suggestions could be forwarded to the mill management.</li> </ul>	No action requires	Positive findings
2.	Stakeholders B (Mill Workers)	<ul style="list-style-type: none"> <li>• Good understanding about MSPO.</li> <li>• They are very happy with the management and hopes to continue their contract for a long time.</li> </ul>	No action requires	Positive findings
3.	Stakeholder C (Mill worker)	<ul style="list-style-type: none"> <li>• MSPO awareness, company policy and SOP are briefed among workers during muster call.</li> <li>• Personal Protective Equipment are distributed free of charged by management.</li> <li>• He has good understanding about complaint and grievance mechanism</li> </ul>	No action requires	Positive findings
4.	Stakeholder D (Mill Workers)	<ul style="list-style-type: none"> <li>• They have been treated equally without any discrimination.</li> <li>• No sexual harassment reported.</li> </ul>	No action requires	Positive findings
5.	Stakeholders E (Mill Staffs)	<ul style="list-style-type: none"> <li>• Company well managing the welfare, health and safety of their workers.</li> <li>• Housing facilities is provided with water and electrical supply.</li> </ul>	No action requires	Positive findings
6.	Stakeholders F (Mill workers)	<ul style="list-style-type: none"> <li>• They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2016.</li> <li>• Free housing was provided to them with subsidized of water and electricity.</li> </ul>	No action requires	Positive findings



7.	Stakeholder G (Mill Contractors)	<ul style="list-style-type: none"> <li>The company has good relation with supplier and there is no issue with company's performance.</li> <li>Payment was done in timely manner to the contractors/suppliers.</li> <li>No other issues raised.</li> </ul>	No action requires	Positive findings
8.	Stakeholders H (Estate Contractors)	<ul style="list-style-type: none"> <li>They informed that the payments were made promptly without any delay.</li> <li>Contract agreement were signed prior commencement of work.</li> </ul>	No action requires	Positive findings
9.	Stakeholders I (Mill Contractors)	<ul style="list-style-type: none"> <li>They were aware that any complaints or suggestions could be forwarded to the mill management.</li> </ul>	No action requires	Positive findings
10.	Stakeholders J (Government)	<ul style="list-style-type: none"> <li>He aware and have good understanding about MSPO.</li> <li>He explained that the Mill were comply with applicable legal and act related to environment.</li> </ul>	No action requires	Positive findings

## 5. Findings Identified for this audit

### 5.1. Summary Findings

<b>Major Nonconformities</b>	<b>4</b>
<b>Minor Nonconformities</b>	<b>1</b>
<b>Area of Concern</b>	<b>0</b>
<b>Noteworthy /Positive Comments</b>	<b>3</b>

### 5.2. Details Non-Conformity

- See Appendix B -

### 5.3. Details of Area of Concern

- See Appendix B -



#### 5.4. 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.

## 6. Acknowledgement

### 6.1. Date of Next Surveillance Audit

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

### 6.2. 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.

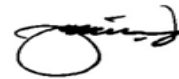
### 6.3. Signing of Report

*Signed for on behalf of*  
**Sook Oil Mills Sdn Bhd**



Name : Rowena Peter  
Role : Commercial Manager  
Date : 15<sup>th</sup> November 2018

*Signed for on behalf of*  
**Global Gateway Certifications Sdn. Bhd**



Name : Muhammad Syafiq Abd Razak  
Role : GGC Lead Auditor  
Date : 15<sup>th</sup> November 2018



## **Appendix D : Location Map for this Certification Unit**

### **1) Sook Oil Mills Sdn Bhd**



