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MSPPO Summary Report for Certification Assessment

Keresia Plantations Sdn Bhd

Keresia Mill Sdn Bhd

Report prepared by:

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Report Number: BSI/MSPPO/2015- Keresia Palm Oil Mill-IAV

Assessment Conducted by:

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1.0 EXECUTIVE SUMMARY

1.1 Details of Initial Certification Assessment Scope and Certification Recommendation:

BSI has conducted Certification Assessment of Keresia Palm Oil Mill located in Bintulu, Sarawak, Malaysia comprising one palm oil mill, support services and infrastructure. As per Malaysian Sustainable Palm Oil (MSPO) Certification Scheme (Doc. No. MPOB/MSPO/CS/01 dated 19 Nov 2013), Keresia Palm Oil Mill was exempted from stage I assessment because of having at least one internationally recognised sustainable scheme certificate. Keresia Palm Oil Mill belongs to Keresia Plantations Sdn Bhd. The palm oil mill is already certified with Roundtable on Sustainable Palm Oil (RSPO) and International Sustainable Carbon Certification (ISCC).

The assessment was conducted onsite 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 and MSPO Guidance - Part 4_ Audit Guidance.

The onsite assessment was conducted on 22 & 25 July 2015. (MSPO assessment at the company own estates was conducted on 23 – 24 July 2015).

Based on the assessment result, BSI recommends Keresia Palm Oil Mill for certificate of compliance with the MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills and MSPO Guidance - Part 4_ Audit Guidance.

1.2 Identity of Certification Unit

Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Keresia Palm Oil Mill	Lot 1, Block 17, Lavang Land District, 97000 Bintulu, Sarawak, Malaysia.	113° 35' 59.1"	03° 09' 49.6"

1.3 Production Volume (tonnage).

Name of mill	Projected from last audit (MT).		Actual production in 2014 (MT)		Projected production for next 12 months in 2015 (MT)	
	CPO	PK	CPO	PK	CPO	PK
Keresia POM	N/A	N/A	28,745	5,206	28,690	6,276

NOTE: During the assessment there were no MSPO certified FFB processed at Keresia Mill.

1.4 Certification Details

Number	(will be assigned upon MPOB Approval)
Issued Date	(will be assigned upon MPOB Approval)
Expiry Date	(will be assigned upon MPOB Approval)
Stage 1 Date	Not Applicable. Having at least one internationally recognised sustainable scheme certificate (i.e. RSPO)
Stage 2 / Initial Assessment Visit Date (IAV)	Initial Certification Assessment: 22 & 25 July 2015
Continuous Assessment Visit Date (CAV) 1	Not Applicable
Continuous Assessment Visit Date (CAV) 2	Not Applicable
Continuous Assessment Visit Date (CAV) 3	Not Applicable
Continuous Assessment Visit Date (CAV) 4	Not Applicable

1.5 Description of Fruit Supply Base and Traceability			
The FFB supply base is from two (2) company owned estates, one (1) Keresia Smallholder Group Scheme (KSGS) and out growers with their FFB production listed below. During the audit all the supply base are not certified with MSPO. Own estate and KSGS are certified with RSPO and ISCC. Own estates (Jiba estate and Sujan estate are going through the MSPO certification process.			
FFB Source	Actual (2014)	Projected (2015)	
Jiba Estate (undergoing MSPO audit)	77,521	79,611	
Sujan Estate (undergoing MSPO audit)	56,603	54,452	
Company owned Estates	134,124	134,063	
Smallholder (KSGS) (Excluded from MSPO)	9,102	8,889	
Out growers (Excluded from MSPO)	71,221	75,740	
Grand Total	214,447	218,692	
1.6 Detail of Other Certification Held			
No.	Type of Certification	Certificate #	Expiry Date
1	RSPO	SPO 559278	20/10/2015
2	SCC	EU-ISCC-Cert-DE104-11421401	8/9/2015
1.7 Organizational Information and Contact Person			
Company name:	Keresia Plantations Sdn Bhd/ Keresia Mill Sdn Bhd		
Business address:	Lot 1, Block 17, Lavang Land District, 97000 Bintulu, Sarawak, Malaysia.		
Group name if applicable:	N/A		
Contact person:	Abdul Aziz Bin Zainal Abidin		
Tel.:	+6086-981105		
Fax:	+6086-981106		
e-mail:	aziz@keresia.com.my		
Web site:	www.keresia.com.my		
MPOB License Number:	510557004000		

2.0 ASSESSMENT PROCESS

2.1 Certification Body
<p>BSI Services Malaysia Sdn Bhd (Co.Reg. 804473 A) B-08-01 (East), Level 8 Block B, PJ8, No. 23, Jalan Barat, Seksyen 8 46050 Petaling Jaya, Selangor, Malaysia. Tel.: +603 7960 7801; Fax: +603 7960 5801 www.bsigroup.com.my</p> <p>BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is approved by Malaysian Palm Oil Board (MPOB) to provide MSPO Certification and activities.</p>

2.2 Qualification of the Lead Assessor and Assessment Team	
Mohamed Hidhir Lead Assessor	He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers and stakeholders consultation.
Kelvin Lim Kok Wei Team member	Kelvin Lim Kok Wei is a fulltime employee with BSI Services Malaysia. He graduated from University Tunku Abdul Rahman, Malaysia. He has attended MSPO awareness training conducted by MPOB. He has completed ISO 9001:2008 Quality Management System Lead Auditor training in February 2014 and MSPO training on 14 March 2014. Currently he is an ISO 9001:2008 and Medical Device auditor with BSI. He has involved in MSPO audits since May 2014 covering legal and social aspects. Recently he is involved as Social Auditor during the RSPO Assessment to assess the social aspects and legal issues.
2.3 Assessment Methodology, Programme and Site Visits	
<p>The Initial Certification Assessment was conducted on 22 & 25 July 2015. The audit programme is included as Appendix A.</p> <p>The approach to the audit was to treat the mill as a MSPO Certification Unit. Mill was audited together with its support services and infrastructure. A range of safety & health, environmental and social factors were covered. These included consideration of safe working practice, environmental issues and local communities' issues as part of stakeholder consultation.</p> <p>The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.</p>	
2.4 Stakeholder Consultation	
<p>Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to discuss the operating unit's practices in relation to environmental and social performance. Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSPO requirements and aspects where they considered that improvements could be made.</p> <p>The meeting was conducted without the present of management members of the company. At the start of each meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions continued. The auditor recorded comments made by stakeholders and verified with the management before incorporating into the assessment findings. Employee interviews with male and female workers and staff were held in private at the workplace in the mill. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Company officials were not present at any of the internal or external stakeholder interviews which were appreciated by the stakeholders. A list of Stakeholders contacted is included as Appendix B.</p> <p>The comments made by external stakeholders were taken into account in the assessment and these have been incorporated into the assessment findings.</p>	

3.0 ASSESSMENT FINDINGS

3.1 Summary of the Findings		
Principle 1: Management commitment and responsibility		
Criterion 1: MSPO Policy		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Policy for the implementation of MSPO shall be established.	The company has initiated the implementations of MSPO requirements. MSPO Policy has been established and signed by Senior Group General Manager on April 2015.	Yes
Indicator 2: The policy shall also emphasize on the commitment to continual Improvement with the objective of improving the milling operation.	The established policy has emphasized on the commitment to continual Improvement with the objective of improving the milling operation.	Yes
Criterion 2: Internal audit		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.	As to date there was no internal audit conducted to ensure compliance with MSPO requirements. Thus major NC was issued. <i>NC Ref. No.: 1211918M1 – refer section 3.2 for details.</i>	No
Indicator 2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.	This indicator could not be assessed as the current Internal Audit was not conducted as to date. <i>NC Ref. No.: 1211918M1 – refer section 3.2 for details.</i>	No
Indicator 3: Reports shall be made available to the management for their review.	This indicator could not be assessed as the current Internal Audit was not conducted as to date. <i>NC Ref. No.: 1211918M1 – refer section 3.2 for details.</i>	No

Criterion 3: Management review		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	Management review was not conducted as to date. Thus, major NC was issued. <i>NC Ref. No.: 1211918M2 – refer section 3.2 for details.</i>	No
Criterion 4: Continual improvement		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: The action plan for continual improvement shall be based on a Consideration of the main social and environmental impact and opportunities for the company.	TQM has worked with Mill to review and update the social and environmental aspects and impacts risk registers and to develop improvement plans. The Mill has been working with the Estates and outside suppliers to improve FFB quality and the OER which is an important indicator of processing efficiency.	Yes
Indicator 2: The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.	The Mill has optimised the use of steam turbines for generating electricity, which has reduced the dependence on the usage of non-renewable fossil fuel. Biogas plant will be constructed and expected to be completed by 2017.	Yes

Principle 2: Transparency		
Criterion 1: Transparency of information and documents relevant to MSPO requirements		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: The management shall communicate adequate information to other Stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.	Keresa Plantations & Mill has maintained records of requests and responses, Land titles/user rights, Safety and health plans, Plans and impact assessments relating to environmental and social impact, Plans for pollution prevention, Records of complaints and grievances, Plans for continuous improvement and make available upon request.	Yes

<p>Indicator 2: Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p>	<p>Keresa mill holds copies of each of the management documents that are required to be publicly available. Copies of the document such as Plans and impact assessments relating to environmental and social impact, Plans for pollution prevention, records of complaints and grievances were available on request. Keresa policy is to make documents and copies of the document publicly available on request, except those relating to commercial confidentiality.</p>	<p>Yes</p>
<p>Criterion 2: Transparent method of communication and consultation</p>		
<p>Indicator</p>	<p>Summary</p>	<p>Compliance (Yes / No)</p>
<p>Indicator 1: Procedures shall be established for consultation and communication with the relevant stakeholders.</p>	<p>Keresa Plantations & Mill has established and implemented Complaints & Grievances Procedure (Ref. SOC 3.2, Version 1) that define the responsibilities and actions required for receiving, recording and responding to enquiries and requests from internal and external stakeholders. The Mill has implemented the "Communication and Consultation Management guidelines" as evidenced by the maintenance of filing systems for recording written requests for assistance and information. Inspection of a sample of records found that requests for information were received only from Government Departments (DOE, DOSH, MPOB) and complaint form from the local communities</p>	<p>Yes</p>
<p>Indicator 2: The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).</p>	<p>The TQM Executive (Alicesa Anak Ramba) has been appointed as Social Management Representative for internal and external stakeholders. The responsibilities have been stated in the appointment letter dated 29/7/2013. Interviews with Stakeholders confirmed that Keresa Mill has an open approach to communication with staff, workers and local communities.</p>	<p>Yes</p>
<p>Indicator 3: A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.</p>	<p>Stakeholder list available that include the supplier, contractor, smallholders, external stakeholders plantation, villagers & government agency such as DOSH, MPOB, DOE, Labour department & etc. For internal stakeholder, JCC meeting was used to collect feedback. The action request has been recorded and track by Ms Winnie. Request from government agency was by visit log book such as MPOB, DOE and DOSH. The action has been taken accordingly and recorded. Joint consultative committee (JCC) meeting, internal stakeholder meeting that involve worker representative and chaired by mill manager. Last meeting was conducted on 11/7/15. All issued has been discussed with</p>	<p>Yes</p>

	current action plan has been established.	
Criterion 3: Traceability		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.	Procedures are controlled documents and controlled and updated by TQM Department. These procedures are current and include all elements of the traceability for controlling the receipt, sale and dispatch of palm products.	Yes
Indicator 2: The management shall conduct regular inspections on compliance with the established traceability system.	TQM has conducted internal inspections on compliance with the traceability system.	Yes
Indicator 3: The management shall identify and assign suitable employees to implement and maintain the traceability system.	The Marketing Manager has overall responsibility for the traceability activities – planning and executing sales of CPO & PK, aspects of FFB receipts, processing and shipping of palm products. Interview with the Marketing Manager confirmed his knowledge of the MSPO traceability requirements.	Yes
Indicator 4: Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.	Inspection of records confirmed these were updated daily. There were procedures on the record keeping which applicable to MSPO in the future.	Yes

Principle 3: Compliance to legal requirements		
Criterion 1: Regulatory requirements		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: All operations shall be in compliance with applicable local, national and ratified international laws and regulations.	<p>Keresa Mill has maintained the systems for documentation, checking and assessment of legal compliance with applicable laws and regulations. Inspection of records showed that the Keresa Palm Oil Mill has maintained legal compliance with statutory requirements.</p> <p>Sample of Permit and license sighted were :</p> <p>i)MPOB licence – 510557004000 (valid until 31/3/16)</p> <p>ii)DOE license @ “Jadual Pematuhan”- JPKKS000709A (1/7/15 -30/6/16) – 60 mt/hr (waterways) – BOD 50 mg/l.</p> <p>iii)Petrol License - Bintulu Development Authority (BDA) SLP000174 (31/12/15)</p> <p>Diesel/petrol KPDNKK (BTU.P.02/10(D, Serial number Q007439) valid until 3/4/16. Quantity</p>	Yes

	<p>(28,135 litre)</p> <p>iv) Trading License – The Business, Professions and Trading License Ordinance. (Borang I, Seksyen 5, 23 dan 24(2)) – No. 719725 valid until 13/2/16.</p> <p>v) DOSH inspection – Boiler (SW PMD 1131) on 25/6/15, mill inspection on 9/6/15. CF has yet to be obtained after inspection for : SW PMT 1944 (sand filter), SW PMT 1957 (vacumn dryer), Str.1 SW PMT 1954, Str.2 SW PMT 1955, Str.3 SW PMT 1956, Str.4 PMT 3665.</p> <p>Competent person :</p> <p>i) Steam engineer – Ahmad Fauzi Bin Ismail (150/2004)</p> <p>ii) Engine driver – Suring Anak Laroh SW/12/EIP/02/108 Grade 2, James Tapui (SW/06//EIP/02/10) Grade 2,</p> <p>iii) Safety Officer – Raymond Anak Elah (JKKP IS 127/438/2/7007)</p> <p>iii) ICE driver – SW/12/EI/02/109 (Grade 2)</p> <p>For the other competent person requirements, observation was raised pertaining to competent person for environmental, safety and health at Keresia Mill. This will be further verified in the next assessment. The said competent person were:</p> <p>i) Electrical installation – requirement of electrical charge man and electrical visiting engineer under Sarawak Electricity Ordinance 1999. Mill in the process of getting competent person at the installation during the visit and will seek for further clarification with Ministry of Public Utility and SESCO.</p> <p>ii) Environmental – Referring to Environmental Quality Act 1974 (amendment 2012), Section 49A for the environmental competent person namely CePPOME and CePSWaP, the organization have action plan to register and train the nominated person for ETP and scheduled waste as per new requirement.</p> <p>iii) Confined space entry programme (Industrial Code of Practice for Working in Confined Space 2010) – Mill in the process of training confined space competent person (AESP & AGT) for the confined space entry programme at Keresia Mill. There is a plan to send the selected mill personnel for confined space training.</p>	
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Indicator 2: The management shall list all relevant laws related to their operations in a legal requirements register.	A Legal Compliance procedure has been established (KP 16 mechanism for ensuring legal compliance dated 15 Mar 2010). All operating units have Legal & Other Requirements Register (LORR) covering all the necessary regulatory requirements. TQM sustainability department have reviewed and updated the LORR at both mil and estates on 30/6/2015.	Yes
Indicator 3: The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA seculars.	Yes
Indicator 4: The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.	Administration executive, Agatha is the person responsible to monitor compliance and to track and update the changes in regulatory requirements.	Yes
Criterion 2 : Land use rights		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.	Keresia Mill is on "State Lease" land under Keresia plantations Sdn Bhd. Total hectarage 6023 ha. Lease until Jan 2080.	Yes
Indicator 2: The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.	Keresia Mill is on "State Lease" land under Keresia plantations Sdn Bhd. Total hectarage 6023 ha. Lease until Jan 2080.	Yes
Indicator 3: Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.	Keresia mill was within the perimeter of Keresia estate. The boundary of the mill and the estate was clearly separated using the perimeter fencing.	Yes
Indicator 4: Where there are, or have been disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to	There was no land disputes noted during the audit at Keresia Mill as the mill has the legal ownership documents which was under the Keresia Plantations Sdn. Bhd.	Yes

previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).		
Criterion 3 : Customary land rights		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.	There is no customary land or negotiated agreements within the Keresa Mill land area.	Yes
Indicator 2: Maps of an appropriate scale showing extent of recognized customary rights shall be made available.	The right to use the land is not disputed and there were no customary land within the Keresa mill land area.	Yes
Indicator 3: Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.	Not applicable for Keresa Mill as there were no negotiation has occurred.	Yes

Principle 4: Social responsibility, health, safety and employment condition		
Criterion 1: Social impact assessment (SIA)		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.	TQM department has conduct social impact identification with the internal stakeholder on the 31/7/2014 using survey that includes the criteria of term & condition of work, social provision and safety & health. A summary report has been compiled and analysed. Action plan has been established and implemented to ensure the satisfaction of the workers in term of work condition, social provision and safety & Health. The monitoring of the action plan was by TQM team documented in the 'management action request record'. The JCC meeting and smallholder meeting were conducted at least once a year to gather the feedback from the stakeholder. The last meeting was conducted on the 11/7/15, all the issues raised were recorded and action plan has been established. Some has been completed such as house repairing and some was still in the progress.	Yes

Criterion 2: Complaints and grievances		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: A system for dealing with complaints and grievances shall be established and documented.	The Mill has established the procedure to deal with complaints and grievances by using the complaint form.	Yes
Indicator 2: The system shall be able to resolve disputes in an effective, timely and appropriate manner, which is accepted by all parties.	Inspection of records at Mill indicated that written communications were replied promptly and the correspondence kept in file.	Yes
Indicator 3: A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.	The Mill maintains 'complaint form' and 'maintenance and repairing report' for receiving and responding to requests and complaints from employees. No external stakeholders were received related on complaint and grievances. Review of the registers found there was no outstanding or unresolved grievance.	Yes
Indicator 4: Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.	Interview with stakeholders found that they are aware of the procedure and no pending issues.	Yes
Indicator 5: Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.	Record review found that previous complaints and requests from 2012 were still available.	Yes
Criterion 3: Commitment to contribute to local sustainable development		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.	Keresa Plantations Sdn. Bhd. has taken the initiative to assist the smallholders such as providing technical assistant to obtain the RSPO certification. Apart from that, the plantation allows the local villagers to have the access of the road.	Yes

Criterion 4: Employees safety and health		
Indicator	Summary	Compliance (Yes / No)
<p>Indicator 1: An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated and implemented.</p>	<p>Keresia Mill has implemented an OSH Management Plan for improvement of safety of employees that was updated in January 2015 for the calendar year.</p>	Yes
<p>Indicator 2: The occupational safety and health plan shall cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risks of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <p>i) all employees involved are adequately trained on safe working practices; and</p> <p>ii) All precautions attached to products should be properly observed and applied.</p> <p>d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p>	<p>a) The Keresia Mill has safety and health policy that has been communicated to the staff and workers. On site supervisors and Mill assistant managers ensure the implementation of it. Sample of OSH activities carried out were:</p> <p>Global Green OSH Services Sdn Bhd –</p> <p>i) Baseline & subsequent monitoring - 25 November 2014, for 15 employees. Reported 1 standard threshold shift, STS case and 8 hearing impairment, HI cases.</p> <p>ii) Baseline & subsequent monitoring (RETEST) (ref: PUA-Keresia/2014/02), dated March 2015 by OHD (JKKP HQ/08/DOC/00/427) 9 numbers of employees sent for audiometric testing. No permanent STS and Noise Induced Hearing Loss , NIHL recorded.</p> <p>b) The Mill reviewed the Safety Risk Assessment (HIRAC) for the main tasks on March 2014. HIRARC register dated May 2014 was sighted. All activities has been identified and documented.</p> <p>c) In addition to specific training courses, safety briefings are given during muster to reinforce awareness, such as correct wearing of PPE.</p> <p>SDS for all the chemicals used are available at the store in Dual-language (Bahasa Malaysia and English). Sample of SDS sighted – IPA, N-hexane, Acetic Acid, POLIMERO-20S.</p> <p>d) Records were available of PPE issued to individual workers and contractors, including signatures to confirm receipt. Standard of PPE used for lab analyst :</p> <p>i)Nitrile glove – (37-176-9)</p> <p>ii)Respirator – 3M 8210 (N95), 3M (6200/07025) cartridge type (3M 6003)</p> <p>iii) Anti-fog goggle</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>

<p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p>	<p>SOP established for laboratory – SSOP on Chemical Handling, TQM 1/KMSB</p> <p>e) Keresa Mill follows the Keresa Plantations SOP for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>CHRA dated July 2012 (JKKP HIE 127/171/2(71))</p> <p>Recommendation :</p> <p>i) Medical Surveillance (Lab, workshop)</p> <p>ii) PCEM (Personal Chemical Exposure Monitoring, welding fume(manganese, n-hexane))</p> <p>iii) LEV monitoring</p> <p>iv) Training (Chemical Safe Handling)</p> <p>Noted additional CHRA for process area specifically for clay bath operation. Refer to ESIS/PQ/OH-CHRA/KERESAMILL/2015/01 dated 5/6/15. Verified chemical register dated 2/7/15 has included (Calcium Carbonate), chemical used for clay bath operation.</p> <p>Baseline LEV monitoring conducted on 11/5/15 by registered assessor, JKKP HIE 127/171-3/2(1093). Face velocity – 15 fpm (recommended 80-125 fpm) non-compliance to ACGIH requirements. Recommended for LEV retrofitting by assessor. Remedial action by mill – Quotation (GGOSH/ECE-KPOM/2015/1 dated 5/6/15. Status will be verified in the next audit.</p> <p>Personal Chemical Exposure Monitoring (PCEM) – conducted on 20/1/15 by JKKP HIE 127/171-3/1(192) for n-Hexane, welding fumes, Chlorine. Results found below permissible exposure limit.</p> <p>f) At the Mill, there is a designated OSH Coordinator who is responsible for organising safety training, meetings and investigation and reporting of accidents and Incidents.</p> <p>SHC Chairman & OSH secretary - Appointed OSH secretary: Raymond Elah (SHO) 14/4/13. SHC Chairman – Fauzi Ismail (appointment – 12/9/14)</p> <p>g) Records were available confirming that quarterly OSH meetings had been held at the</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
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	<p>Mill.</p> <p>SHC meeting : Latest – 15/6/15 (ref: HSE/BU-SHC/MOM-02/15) 26/3/15 (ref : HSE/BU-SHC/MOM-02/15)</p> <p>h) The Mill has site specific Plans including maps showing assembly areas and up-to-date lists of emergency contacts with training conducted to communicate the Plan. Interviews of Mill staff and workers confirmed understanding of emergency response procedures.</p> <p>ERP –</p> <p>i) First Aid Kits are installed at various work stations at the Mill and inspection confirmed these had been appropriately stocked.</p> <p>j) All accidents are investigated and reported to Head Office. Last LTI occurred on 8/2/14. Total man-hours without LTI as at July 2015 are 297024 hours (476) days.</p>	
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Criterion 5: Employment conditions

Indicator	Summary	Compliance (Yes / No)
<p>Indicator 1: The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p>	<p>The management has established a policy on good social ethics regarding human rights such as Equal Rights Policy, Prevention of sexual harassment & domestic violence in the workplace policy, freedom of association policy, etc. has been signed off by Managing Director of the group. The policy was communicated by displayed at the strategic location, induction & training, memo and meeting.</p>	<p>Yes</p>
<p>Indicator 2: The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p>	<p>Keresa Plantations Sdn. Bhd. has established Equal Rights Policy to ensure equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. Inspection of a sample of pay records and interviews of staff and workers at the Mill did not identify any issues related to discrimination.</p>	<p>Yes</p>
<p>Indicator 3: Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per</p>	<p>There is a contract and agreement for staff and workers including foreign workers and pay and conditions are documented and are above the industry minimum standard. Inspection of a</p>	<p>Yes</p>

<p>Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p>	<p>sample of employee contracts confirmed that terms and conditions are clearly outlined and have been signed by the worker. Staff and Workers confirmed this during interview. Sampled Workers checked Ransang Prasetyo Aji (E0606), Edment Terrence (E0346)</p> <p>For Foreign workers, the worker agreement stated the payment of Medical leave was not meeting the Minimum Wage Order 2012 requirement but further verified that the actual payment was according to the minimum wage requirement. Refer to the observation.</p>	
<p>Indicator 4: Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p>	<p>Keresa Finance Department arranges contracts for the purchase of goods and services, including those with FFB suppliers. The contract clearly stated that the contractor must strictly follow all applicable national and ratified international laws.</p> <p>Interviews of contractors indicated that they understand their contracts. Further interview with the contractor’s workers found that they were paid at least meeting the minimum wages requirement</p>	Yes
<p>Indicator 5: The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, and date of birth, date of entry, a job description, wage and the period of employment.</p>	<p>Keresa Mill has a register of all staff and workers at the premise. The detail includes the date of join, job title; basic wages and etc were documented and maintained in the employee personnel file.</p>	Yes
<p>Indicator 6: All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p>	<p>There is a contract and agreement for staff and workers including foreign workers and pay and conditions are documented and are above the industry minimum standard. Inspection of a sample of employee contracts confirmed that terms and conditions are clearly outlined and have been signed by the worker.</p>	Yes
<p>Indicator 7: The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p>	<p>The Keresa Mill has a “Punch Card” time recording system to monitor the working hours of its workers and staffs.</p>	Yes
<p>Indicator 8: The working hours</p>	<p>The Keresa Mill has obtained the overtime permit from labour department. License #</p>	Yes

and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable.	JTKSWK/HKLM/003/12/(Bakun) dated 17/8/2012. Payslip of the workers and staff have been checked and verified that was within the allowed limit by labour department.	
Indicator 9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	Sample payslips checked found the wages and overtime payments are documented in line with the employee contract & agreement and complies with Minimum Wage Order 2012 requirement.	Yes
Indicator 10: Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, payment, support of professional development, medical care provisions and improvement of social surroundings.	Interviews of local and foreign workers indicated satisfaction with the standard of housing and facilities. Electricity and water are provided without charges. Keresa provide transport for children to school.	Yes
Indicator 11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.	Residents at all company housing have access to facilities established by the company, such as health clinic, sports field, crèche, and places of worship.	Yes
Indicator 12: The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.	Keresa Plantations Sdn. Bhd. has established prevention of sexual harassment & domestic violence in the workplace policy and displayed at strategic location. Interviews of internal and external stakeholders confirmed awareness and understanding of the Policy.	Yes
Indicator 13: The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees	Interviews of staff and workers confirmed Keresa Plantations Sdn. Bhd. supports freedom of association. Policy on Freedom of Association dated August 2010. Although there were no Labour Unions, workers and staff are represented in Joint Consultative Committee (JCC) which was established since September 2010. Members are elected from representatives of every division including foreign workers. Regular meetings are held every three months. Latest meeting was held on 11/7/2015.	Yes

exercising this right should not be discriminated against or suffer repercussions.		
Indicator 14: Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.	Inspection of a sample of personnel files at the Mill confirmed recruits ages were checked against their Malaysian Identity Card or their passport in the case of foreign workers. Under-age persons were not observed at any of the work locations visited.	Yes
Criterion 6: Training and competency		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.	<p>Keresa Mill has prepared an Annual Training Plan 2015 for workers and contractors that lists the internal and external training courses scheduled for the year.</p> <p>Training plan for 2015 for Keresa Mill as follows:</p> <ul style="list-style-type: none"> i) Foot Drill Training (15/1/15) ii) Grievance Training (27/1/15) iii) Schedule Waste Awareness Training (28/1/15) iv) PPE Training (26/2/15) v) Company Policy briefing (26/3/15) vi) Chemical Handling (1/4/15) vii) First Aider Training (4/4/15) <p>SOP training for mill work unit</p> <ul style="list-style-type: none"> i) SOP boiler training – 6/4/15 ii) MSPO and RSPO awareness training (mill and estate) – 28/4/15 	Yes
Indicator 2: Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	Keresa Mill has prepared an Annual Training Plan 2015 based on the training needs. This includes the internal and external training courses scheduled for the year.	Yes
Indicator 3: A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.	Continuous training programme is planned and implemented covering all employees and contractors as per the documented training procedure.	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Criterion 1: Environmental management plan		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.	Keresa Plantations Sdn. Bhd. has an Environmental policy that has been signed by the top management and environmental management plan with relevant to the applicable laws and regulations. Interviews of staff and workers found that the policy has been communicated and implemented.	Yes
Indicator 2: The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations.	The established environmental management plan has covered the environmental aspects and impacts based on Keresa Plantations & Mill – TQM Management System entitled Environmental Management System (Chapter 4; Ref. # E4.2; issue date Nov 2009; version1.0), an environmental impact assessment (KM 4-1 Baseline EIA 2009) was documented as following: i) Mill Environmental Significant Aspect (E 4.3.3 .1 Env. Aspect Register V2; dated May 2010) – amended Sep 2011 – latest reviewed on Sep 2014 ii) Mill Environmental Significant Aspect (E 4.3.3 .2 Env. Aspect Register V4; dated May 2010) – amended Sep 2011 – latest reviewed on Sep 2014	Yes
Indicator 3: An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.	The continuous monitoring as per initial implementation was implemented on timely basis where for each operating unit the planned programs were included in annual budgeting. Results of the programs that were monitored will determine operational changes whether have positive or negative environmental impacts. The visit confirmed that programs gave continuous improvement accordingly to the company.	Yes
Indicator 4: A programme to promote the positive impacts should be included in the continual improvement plan.	Keresa Mill's environmental improvement programme also includes continual improvement plans. For example, reduction of water usage through elimination of leaks in the system and automating water supply to the hot water tank.	Yes
Indicator 5: An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives and management plans and are	Annual training programme of the mill includes environmental awareness and compliance related trainings to the executives, staffs and workers.	Yes

working towards achieving the objectives.		
Indicator 6: Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.	Environmental related matters were discussed during morning briefing and safety meeting. Workers interview reveal that they are encouraged to discuss environmental issues with the management.	Yes
Criterion 2 : Efficiency of energy use and use of renewable energy		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.	The Mill maintains records of energy usage, which is reported monthly to head office. The use of the steam turbine for electricity generation has been optimised in order to reduce the dependence on diesel fossil fuel. Keresa Mill processed a larger quantity of crop in 2014 requiring extended processing hours. This is reflected in the increase in the rate of renewable energy usage between 2013 and 2014. However this reduced the need to run the diesel genset to produce standby power.	Yes
Indicator 2: Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.	Keresa mill has estimation of total energy required. This estimation was compared to the actual usage by monthly and reported to the head office for monitoring. For example, average of 0.61Ltr/ Mt FFB was used as at April 2014 which is within the estimated usage.	Yes
Indicator 3: The use of renewable energy should be applied where possible.	Utilization of fossil fuels (diesel for genset) was monitored and control through stores stocks and materials checking reported on monthly basis. Effective maintenance plan and productive operation plan for genset including regular servicing of gensets as well as efficient operation of FFB process to fully utilize the free source of fuel i.e. biomass (fiber and shell) were implemented. The quantity of biomass also monitored to achieve the expected percentage of fiber (60 – 70%) and shell (3%) quantities being consumed.	Yes
Criterion 3 : Waste management and disposal		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: All waste products and sources of pollution shall be identified and documented.	Based on documented pollution prevention plan (KM 4-1 Waste Register), among the waste products identified and documented including general waste and scheduled waste. Sources of	Yes

	waste were from the mill and housing area. Common waste identified including domestic waste and scheduled waste. Other specific type of waste generated by the mill is organic (biomass) waste which is also a source of renewable energy consists of fibres, shells, empty fruit bunches, boiler ashes and decanter solids. Other specific activities such as mill maintenance and estate vehicle workshop generate few categories of scheduled waste such as SW 305, SW 306, SW 409 and SW 410. Clinic operation generated clinical waste.	
Indicator 2: A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.	Documented pollution prevention plan (KM 4-1) was emphasized in the pollution prevention plan where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the company mill and estates.	Yes
Indicator 3: The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005.	For scheduled wastes, the handling was done according to the legal requirement where a scheduled waste store was constructed for storage. A company registered with DOE, Wasteway (M) Sdn. Bhd. Was appointed to collect the scheduled waste from all the scheduled waste storage facilities within the company. Clinical waste from the clinic was collected by Medan Central Clinic as the authorised clinical waste collection and disposal contractor appointed by the company.	Yes
Indicator 4: Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.	Method of handling the domestic/general wastes are segregation at the collection point from offices and housing area before being disposed through landfill.	Yes

Criterion 4 : Reduction of pollution and emission including greenhouse gas		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.	Based on the assessment of all polluting activities as of the Environment Aspect and Impact assessment (KM 4-1 Baseline Waste ID), identified source was boiler chimney. Current monitoring was through online boiler smoke density and alarm and six-monthly boiler stack monitoring of dust particulate. Sampled monitoring report done on 5 May 2015 by ESI Sampling Sdn. Bhd. (Report ref. # KMSB/ST-B2/2015/1; dated 18 May 2015) for boiler chimney no. 2. Result shown the stack emissions are within limit at 0.386 g/Nm ³	Yes
Indicator 2: An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	Keresa mill's pollution prevention plan has been integrated into environmental improvement plan which is being reviewed on yearly basis. Based on KM 4-1 Baseline Waste ID, main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH ₄) emission through POME treatment. The company are in process of obtaining proposals to construct methane capture facilities in POME treatment pond. Received one proposal from Konpro Consultant. Expected to complete the construction of the biogas plant by 2017. Other less significant GHG emissions identified including CO _x , SO _x and NO from various sources including fossil fuel, chemical and fertilizer consumptions.	Yes
Indicator 3: Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.	Palm Oil Mill Effluent (POME) treated through anaerobic pond treatment system where the licensed limit for final discharge BOD is 50mg/l for latest issued licensed. Regular monitoring was conducted by the mill by taking the sample of waste water in final discharge point and water at the upstream and downstream of the river. Latest sample analyses results for the month of April, May and June 2015 shown that the mill has consistently met the requirement for BOD limit (Sample: ESI Laboratory Sdn. Bhd. Certificate of analysis ref. # KMSB/12-06/207 dated 12 June 2015) Result: BOD final discharge = 14mg/l BOD ₃ , river (Sungai Sujan) upstream = <2mg/l BOD ₃ , river (Sungai Sujan) downstream = <2mg/l	Yes
Criterion 5 : Natural water resources		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: The management shall establish water management	Water management plan (KP 2-201 dated June 2010) involved water consumption management	Yes

<p>plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p>a) Assessment of water usage and sources.</p> <p>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</p> <p>c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc).</p>	<p>and quality monitoring which inclusive of drinking water monitoring and discharge water monitoring. Drinking water monitoring was done as per Interim National Water Quality Standard Malaysia (INWQSM) by Kementerian Kesihatan Malaysia through its Pejabat Kesihatan Bahagian Bintulu. Monitoring was done on annual basis where the latest sample analysis done on 25 June 2015 still not received its results. Previous analysis done on 25 June 2014 shown the treated water quality comply with the INWIQS requirements.</p> <p>Water consumption were monitored and measured individually for mill processing, boiler, firefighting and housing. Consumption for the month of June 2015 = 0.95 m³/FFB processed. Consumption for 2014 = 1.92 m³/FFB processed - due to overflowing of water for domestic use which has been rectified accordingly.</p>	
<p>Indicator 2: Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.</p>	<p>Based on DOE license, ref: JPKKS 000709A; validity 1-Jul-2015 to 30-Jun-2016, method of POME discharge is water course and the BOD limit is below 50 ppm. Keresa Mill gradually has to reduce the BOD from 50 ppm to 20 ppm to be in line with National Resources Environmental Board (NREB), Sarawak. There is a plan for methane capture expecting to be completed by 2017.</p>	<p>Yes</p>

Principle 6: Best practices		
Criterion 1: Mill management		
Indicator	Summary	Compliance (Yes / No)
<p>Indicator 1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p>	<p>Keresa Mill has established a system for monitoring and control of best practice implementation. This includes the programme of regular internal audits by Mill Advisory, TQM and Inspectors for maintaining and improving the production.</p> <p>SSOP for Keresa Plantation – January 2011(KP 2-5) & Safe Working Procedure for mill operation – established 17/10/12, rev1/2012. Consist of</p> <ul style="list-style-type: none"> i) CPO & PK despatch ii) ETP iii) EFB management iv) Security and safety v) Store and offices 	<p>Yes</p>

	<p>vi) Workshop vii) Tractor/shovel and forklift viii) Hydrant pump ix) Electrical work</p> <p>SOP (Standard Operating Procedure) for mill operation – boiler station, ERP (chemical & oil spillage:rev1/2011 dated 19/8/11)</p> <p>New established Permit To Work Procedure dated April 2015 was sighted. In progress of approval form top management and will be further verified in the next audit.</p> <p>Mill advisory report by G. Balachandran dated 22-26/2/15 was sighted. The report is mainly on mill efficiency, performance, utilization, legal compliance as well as overall safety and health requirements. Latest visit on 21/7/15, Mr Lazib and still pending for the full report.</p>	
Indicator 2: All palm oil mills shall implement best practices.	External Mill Advisor and TQM department inspect and report on the operations on annual basis. The on-site managers develop Action Plans from the Advisory Reports for improvement of the operations. Review of Advisory Reports, Action Plans and site inspections confirmed consistent records of implementation of SOPs. This to ensure that performance is on track and best practices being consistently implemented.	Yes
Criterion 2 : Economic and financial viability plan		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	<p>Annual business plan in the form of annual budget and the projection for 5 years prepared as guidance for future planning. The business plan contains FFB yield, CPO, OER, and KER, costs of production, etc. It also includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure for improvement of smallholder schemes.</p> <p>Sample of CAPEX for 2015 i) Plant and machinery – 1.8 MW steam turbine ii) Furniture, fitting and equipment – palm oil mill fire protection system.</p>	Yes
Criterion 3 : Transparent and fair price dealing		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: Pricing mechanisms for the products and other services	Keresa mill offers FFB pricing as per MPOB guidelines and mills average OER. The pricing	Yes

shall be documented and effectively implemented.	method has been clearly stated in the contract and agreed by the FFB supplier.	
Indicator 2: All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.	Sample contract and payment record verification together with interviews of suppliers and contractor found the payments has been made as per contract. Eg. FFB Sales & Purchase Agreement Jendela Padu Sdn Bhd dated 1/10/2011. Payment for June 2015, it was divided into half monthly. End of the month the price will be revised again and any different of price will be recalculated. The payment was paid as per the agreement.	Yes
Criterion 4 : Contractor		
Indicator	Summary	Compliance (Yes / No)
Indicator 1: In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.	Keresa Plantations Sdn. Bhd. has initiated the MSPO awareness to all its contractors. Interview with the contractors found that they have limited information on the MSPO requirements even though the mill has conducted awareness training. This will be followed up for further details during next assessment.	Yes
Indicator 2: The management shall provide evidence of agreed contracts with the contractor.	Keresa Plantations Sdn. Bhd. has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill.	Yes
Indicator 3: The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.	Keresa Plantations Sdn. Bhd. has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Yes

3.2 Details of Nonconformities and Observations

Major Nonconformities:

Ref	Area/Process	Clause
1211918M1	Keresa Mill	Criteria 4.1.2
Details:	Internal audit for MSPO was not effectively implemented.	
Requirements:	4.1.2.1 Indicator 1: Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. 4.1.2.2 Indicator 2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. 4.1.2.3 Indicator 3: Reports shall be made available to the management for their review.	

Objective Evidence:	Keresia Mill : i) As to date there was no internal audit conducted to ensure compliance with MSPO requirements. ii) There was no internal audit procedure for documented for MSPO. iii) There was no MSPO internal audit report generated to the management for review.
Close Out Evidence:	i) Internal audit was planned on 30/8/15 for Keresia Mill. Verified internal audit plan, TQM/MSPO(IA)/KMSB-01/20115 prepared prior to audit. ii) Internal audit procedure was established; refer to Internal Audit Procedure dated 5/8/15. iii) Verified internal audit conducted on 30/8/15 for Keresia Mill. Refer to internal audit report, MSPO KMSB(IA)/TQM-01/2015. iv) Verified nominated management representatives to be sent for MSPO awareness training on 23/10/15 in Kuching.
Audit team conclusion:	Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Effectiveness of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 17/9/15

Ref	Area/Process	Clause
1211918M2	Keresia Mill	Criteria 4.1.3
Details:	Management review was not effectively implemented for MSPO	
Requirements:	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.	
Objective Evidence:	There was no management review meeting carried out as to date to review effective implementation of MSPO.	
Close Out Evidence:	Management review was conducted on 4/9/15 for Keresia Mill. Adequate input review has been discussed as per established procedure, version 1 September 2015.	
Audit team conclusion:	Audit team have reviewed the evidence submitted and the major NC has been satisfactorily closed provided with the adequate supporting evidence for NC closure. Effectiveness of corrective action taken will be further verified in the next assessment visit. The major NC was closed out on 17/9/2015	

Observations / Opportunity for improvements:

Indicator 4.4.5.3: For foreign workers, the worker agreement stated the payment of Medical leave was not meeting the minimum wage order 2012 requirement but further verified that the actual payment was according to the minimum wage requirement.

Indicator 4.3.1.1:

Competent Person

i) Electrical installation – requirement of electrical charge man and electrical visiting engineer under Sarawak Electricity Ordinance 1999. Mill in the process of getting competent person at the installation

during the visit and will seek for further clarification with Ministry of Public Utility and SESCO.

ii) Environmental – Referring to Environmental Quality Act 1974 (amendment 2012), Section 49A for the environmental competent person namely CePPOME and CePSWaP, the organization have action plan to register and train the nominated person for ETP and scheduled waste as per new requirement.

iii) Confined space entry programme (Industrial Code of Practice for Working in Confined Space 2010) – Mill in the process of training confined space competent person (AESP & AGT) for the confined space entry programme at Keres a Mill. There is a plan to send the selected mill personnel for confined space training.

3.3 Status of Nonconformities (Major and Minor) Previously Identified

Not Applicable. This is an initial certification assessment.

3.4 Issues Raised by Stakeholders

During this certification assessment, stakeholders were contacted through phone calls as well as private meeting conducted without the present of management team. The majority of stakeholders had positive comments about Keres a Palm Oil Mill. Issues raised by stakeholders were discussed with the management and the company's response is obtained. The detail of stakeholders comment is provided in each criterion as part of this summary report.

Local and foreign workers: There are no any issues or disputes were raised.

Union representative: Confirmed that no any unresolved disputes or grievance.

Contractors and suppliers: Confirm that payment is made promptly and no any disputes. Contracts are transparent and legal.

Labour Department: Informed that there is no issue on legal compliance.

DOSH Department: No non-compliance issue against occupational health and safety regulations by Keres a mill.

DOE Department: No non-compliance issue against environmental regulations by Keres a mill.

Panel clinic doctor: The estate following the recommendation to conduct medical check-up, medical surveillance and health inspection for chemical handling workers according to occupational health requirements

MPOB, Bintulu: Keres a mill complying with its licensing requirement well.

3.5 Noteworthy Positive Components

Safety signs are continuously maintained well and clearly marked with walkways. Mill maintain good relationship with stakeholders.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Assessment Visit

The next Assessment visit will be scheduled within 12 – 18 months of Keresia Mill's MSPO Certificate being issued.

4.2 Date of Closing Nonconformities (Major and Minor)

NC Ref.	CLASS	ISSUED	STATUS
1211918M1	Major	25/7/2015	Closed out on 17/9/15
1211918M2	Major	25/7/2015	Closed out on 17/9/15

4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

Signed for on behalf of
Keresa Plantation Sdn Bhd



ABDUL AZIZ
18/09/2015

KERESA MILL SDN BHD
(691760-W)
Lot 1, Block 17, Lavang Land District
LBI Box 466
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Tel: 086-981105
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Signed for on behalf of
BSI Services Malaysia Sdn. Bhd



Mohamed Hidhir Zainal Abidin
BSI Lead Auditor

Date : 17th September 2015

Appendix A: MSPO Initial Certification Assessment Plan

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	Kelvin
Tuesday 21/7/2015	PM	Audit Team travelling to the site.	√	√
Wednesday 22/7/2015	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation). 	√	√
	09.00 – 12.30	Keresia Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√
	10.00 – 12.30	Meeting with stakeholders (Government, village rep, smallholders, Workers Leader, contractor etc.)	-	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Document Review P1 – P6 (part 4), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement, P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√
23-24/7/15	-	Keresia Plantations Sdn. Bhd's Estate (Jiba Estate and Sujana Estate) MSPO Assessment conducted due to facilitate logistic arrangement.		
Saturday 25/7/2015	8.00 - 10.00	Keresia Palm Oil Mill Document audit continues for Keresia Palm Oil Mill.	√	√
	10.00 - 11.30	Verify any outstanding issues & Preparation for closing meeting.	√	√
	11.30 - 12.30	Combined Closing Meeting for Keresia Mill, Jiba Estate and Sujana Estate.	√	√

Appendix B: List of Stakeholders Contacted

Internal Stakeholders	External Stakeholders
Keresa Certification Unit Management team and Staff	Government School
Assistant General Manager	Department of Safety and Health
Representatives from TQM Department	Department of Environment
On site compliance executives	Labour Department
Mill Manager and Assistants	Malaysian Palm Oil Board
Estate Managers and Assistants	General Contractor
Facility Administrators	FFB Supplier
Gender Committee Representatives	FFB Transport contractor
Hospital / Medical Assistants	Occupational Health Doctor (Panel Clinic)
Clinic Assistants	MPOB Representative, Bintulu
Male and Female workers	
Workers Representatives	
Foreign Workers Representatives	