

MSPO SUPPLY CHAIN CERTIFICATIONS AUDIT REPORT RECERTIFICATION ASSESSMENT (2024)

**FGV PALM INDUSTRIES SDN BHD
(KILANG SAWIT PALONG TIMUR)
KILANG SAWIT PALONG TIMUR, PALONG TIMUR 3,
BATU ANAM, 85100 SEGAMAT, JOHOR**

**023-2024-SCCS-FGV PALM INDUSTRIES –
KILANG SAWIT PALONG TIMUR**

| | | |
|----------------------------|-----------------------------|-----------------|
| Audit date: | 16 OCTOBER 2024 | |
| Report prepared by: | MOHD RIZAL MD KASSIM | (Lead Assessor) |
| Report prepared on: | 16 OCTOBER 2024 | |
| Certification decision by: | ATIKA BINTI BAKAR | (Certifier) |
| Certification decision on: | 27 JANUARY 2025 | |

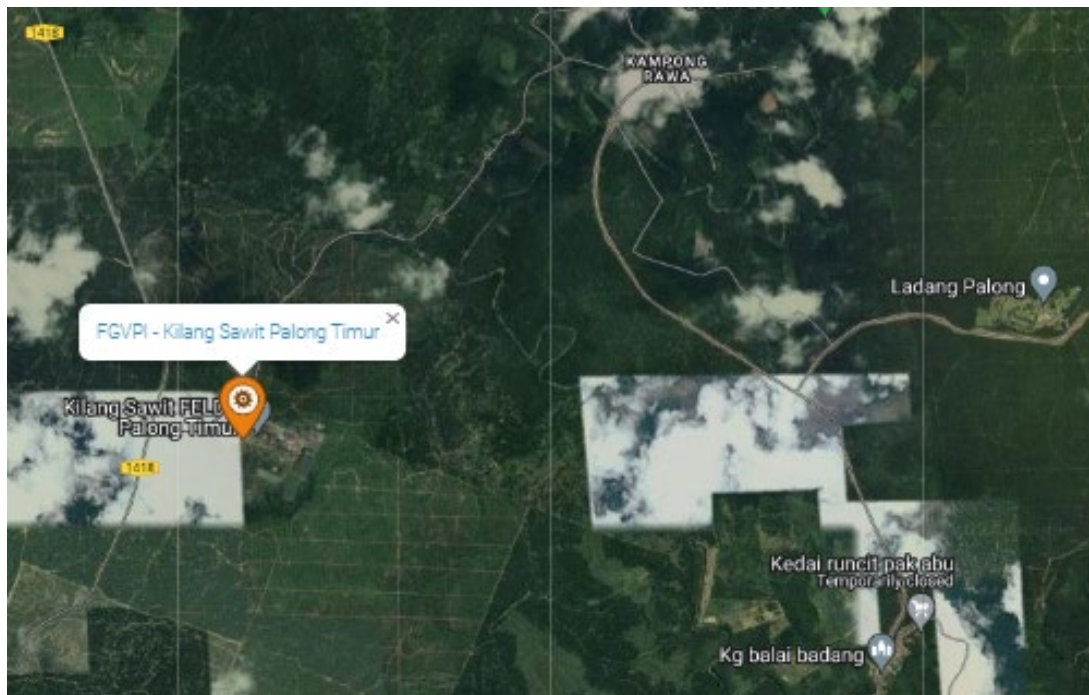
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PART 1: CERTIFIED COMPANY DETAILS

| 1.1 Company Details | |
|--|---|
| Name of Company: | FGV PALM INDUSTRIES SDN BHD - KILANG SAWIT PALONG TIMUR |
| Main Address : | FGV Palm Industries Sdn Bhd, Wisma FGV, Jalan Raja Laut, 50350, Kuala Lumpur. |
| Management’s Representative Details | |
| Name: | Mr. Mohd Shazwan Sharif |
| Email Address: | shazwan.s@fgvholdings.com |
| MPOB License Details | |
| MPOB License’s No.: | 500173304000 |
| Expiry Date: | 31.03.2025 |
| Date of Certificate Issued and Validity: | 27.03.2025 – 26.03.2030 |
| Scope of Audit: | Production of MSPO SCCS Certified Crude Palm Oil and Palm Kernel, by using Mass Balance Model |
| Supply Chain Model: | Mass Balance (Continuous Accounting System) |
| Type of Facilities: | Palm Oil Mill |
| Product(s) included in Certification: | Crude Palm Oil and Palm Kernel |
| Other Sustainability Certifications: | RSPO SCCS, MSPO Part 4 |

| 1.2 Certified Unit Details | | |
|----------------------------|--|----------------------------|
| Name of Certified Unit: | FGVPI - KILANG SAWIT PALONG TIMUR | |
| Address of Certified Unit: | Kilang Sawit Palong Timur, Palong Timur 3, Batu Anam, 85100 Segamat, Johor | |
| Processing Capacity: | 60 MT/H | |
| GPS Coordinate: | Longitude: E 102° 42' 14.4" | Longitude: N 2° 44' 26" |

Map Showing the Location of Certified Unit

1.3 Facilities included in the Scope of the Audit

Changes since previous audit: Yes ☐ No ☒

Outsourced companies included in the scope of the audit.

☐ Yes. Please list down in the below table.

☒ N/A. (if no outsourcing activity)

| Name of company | Location address | Type of Outsourced Activity | Visited |
|-----------------|------------------|-----------------------------|--------------------------|
| N/A | N/A | N/A | <input type="checkbox"/> |

1.4 Audit Program

List out the planning of the audit cycle for 5-years certification

| Audit Type | Year | Executed Audit date |
|-----------------|------|---------------------|
| Main Assessment | 2020 | 14.02.2020 |
| ASA1 | 2021 | 19.01.2021 |
| ASA2 | 2022 | 14.03.2022 |
| ASA3 | 2023 | 11.05.2023 |
| ASA4 | 2024 | 28.02.2024 |
| Re-assessment | 2024 | 16.10.2024 |

PART 2: SUMMARY OF THE REPORT AND SCOPE OF THE AUDIT

2.1 MSPO SCCS Summary Report

Summary report of the audit including a brief description of the scope of certification and supply chain model(s) used

At FGVPI KS Palong Timur, the mill operates with a processing capacity of 60 metric tons per hour, converting Fresh Fruit Bunches (FFB) into Crude Palm Oil (CPO) and Palm Kernel (PK). The facility is equipped with four CPO storage tanks, each with a capacity of 1800 metric tons, and one PK storage unit. No external storage facilities are utilized. Supplier and buyer lists for FFB, CPO, and PK are meticulously managed and kept up to date.

A Standard Operating Procedure (SOP) for MSPO SCCS procedures was implemented since January 7, 2021, under the supervision of Mr. Faiz Hakimi Mukhtar, who is responsible for overseeing compliance.

The MSPO Trace system data confirms the mill's declarations regarding certified and non-certified FFB suppliers, along with potential buyers of CPO and PK. However, no certified sustainable product transactions were recorded in 2024 up to September. Sustainable FFB is sourced from suppliers such as FGVPM Palong Timur 05 and FGVPM Palong Timur 06. Mass balance records are accurately maintained by the weighbridge clerk using the IPM system, ensuring daily updates and adherence to the established inventory period. The mill's complaint log is well-maintained, with no quality-related complaints reported over the past year.

The surveillance audit revealed no non-conformities, confirming that the MSPO SCCS system is effectively implemented and fully operational.

PART 3: MSPO CERTIFIED PRODUCTS / MASS BALANCE SAMPLE

3.1 MSPO SCCS Certified Volumes

Confirmation of the company's summary of annual certified volume of MSPO certified Palm Oil Products or Palm Derivatives over a specified period (not applicable for the first certification)

Month Sampled: (Jun - Aug 2024)

Purchased

| Month | Supplier | Product | Volume (Mt) |
|-------------|-----------------------|---------|-------------|
| June 2024 | FGVPM Palong Timur 06 | FFB | 2693.87 |
| July 2024 | FGVPM Palong Timur 06 | FFB | 3479.69 |
| August 2024 | FGVPM Palong Timur 06 | FFB | 3453.22 |
| June 2024 | FGVPM Palong Timur 05 | FFB | 4672.70 |
| July 2024 | FGVPM Palong Timur 05 | FFB | 5106.00 |
| August 2024 | FGVPM Palong Timur 05 | FFB | 4879.66 |

Sold

| Month | Buyer | Product | Volume (Mt) |
|-------------|-------|---------|-------------|
| June 2024 | N/A | N/A | N/A |
| July 2024 | N/A | N/A | N/A |
| August 2024 | N/A | N/A | N/A |

PART 4: BACKGROUND TO THE REPORT

4.1 MSPO Supply Chain Standard

MSPO Supply Chain Certification Standard, (MSPO SCCS-01) 2018

4.2 Certification Body

TRANS CERTIFICATION & INSPECTION SDN. BHD.

4.3 The Lead Auditor

| Name | Qualifications |
|--------------------------|--|
| MOHD RIZAL BIN MD KASSIM | Graduated in Forestry with 5 years working experience in manufacturing and forestry. Involved in RSPO auditing since July 2012. Fully trained in similar agriculture certification programmes such as RSPO SCCS, ISCC, INS. Member of GGC audit team. Involved in audits conducted in Malaysia, Indonesia and Ghana. Completed ISO 9001:2008 lead auditor course in January 2013. Qualified as Lead Auditor/Auditor in several certification programme such as RSPO, ISCC, MSPO and etc. Able to speak and understand Bahasa Malaysia and English. |

4.4 The Certification Decision Management Team

| Name | Qualifications |
|-------------------|--|
| ATIKA BINTI BAKAR | Graduate qualification in Bachelor of Forestry Science Majoring in Forest Plantation and Agroforestry at University Malaysia Sabah (UMS). Attended TRANS internal trainings Lead Auditor ISO 9001 Course, ISO/IEC 17065, ISO/IEC 17021, MS2530:2013, and OCB OPMC 1-4. Attended Lead Auditor MS2530:2022 Course (MAA Training & Consultancy). Successfully passed International Organics Standard USDA/NOP, EU and JAS Awareness and Implementation Training (Global Sustainable Solution (Thailand) Co., LTD.). Experience in Forest Management Unit and MSPO since 2019. Able to communicate in Bahasa Malaysia and English. |

4.5 Summary of previous certification assessments and conclusion, with recommendations or non-conformances

(Not applicable for main assessment reports)

At FGVPI KS Palong Timur, with a processing capacity of 60 metric tonnes per hour, Fresh Fruit Bunches are transformed into Crude Palm Oil (CPO) and Palm Kernel (PK) solely for local export. The mill boasts four CPO storage units, each capable of holding 1800 metric tonnes, and one PK storage unit, all managed without external storage. FFB supplier and buyer lists are meticulously maintained. Implemented on January 7th, 2021, an SOP for MSPO SCCS procedures is overseen by Mr. Abdul Rahman B. Hassan.

Data from the MSPO Trace system confirms declarations of certified and non-certified FFB suppliers and potential CPO and PK buyers, yet no certified sustainable product transactions occurred in the previous audit year. While incoming sustainable FFB originates from sources like FGVPM Palong Timur 05 and FGVPM Palong Timur 6. Mass balance records, managed by the weighbridge clerk and MPR/IPM System, are diligently updated daily, adhering to a fixed inventory period. Complaint records are maintained, with no product quality-related grievances reported in the past year.

During the surveillance audit, no non-conformities were identified, indicating that the MSPO SCCS system is effectively implemented and operational.

| 4.6 Audit Agenda | | |
|---|--|---------|
| Proposed Assessment Agenda for this Audit | | |
| Prepared by | MOHD RIZAL MD KASSIM [MRK] | |
| Approved by | PUTRI HANI NABILAH BT MEGAT ABD AZIZ [PHN] | |
| Time | Activity | Auditor |
| 09.30-10.30 | Opening Meeting | MRK |
| 10.30-11.30 | Document Review – MSPO SCCS 1 Requirements for Supply Chain Management 1.1 Sustainability Policy 1.2 Management Representative 1.3 Record Keeping 1.4 Procedures 1.5 Internal Audit 1.6 Management Review | MRK |
| 11.30-12.00 | 2. Resource Management 2.1 Competency and Training | MRK |
| 12.00-12.30 | 3. Traceability | MRK |
| 12.30-14.00 | Lunch Break | MRK |
| 14.00-15.30 | 4. Supply Chain Models 4.1 Segregation 4.1.1 General 4.1.2 Requirements 4.2 Mass balance 4.2.1 General 4.2.2 Requirements 4.2.3 Continuous accounting system 5. Outsourced Activities 6. Claim 7. Complaints and Grievances 8. IT Platform | MRK |
| 15.30-16.00 | Verify outstanding issue if applicable | MRK |
| 16.00-17.00 | Closing Meeting | MRK |

PART 5: CLOSING MEETING

The purpose of the closing meeting is to allow the audit team to present their findings to the client, to agree dates for the completion of any corrective action required, and to establish any subsequent follow up action. The meeting is chaired by the audit team leader and wherever possible involve the same people who were present at the opening meeting.

| | |
|--------------------------|------------|
| Date of closing meeting: | 16.10.2024 |
|--------------------------|------------|

5.1 Actions that a need to be completed prior before certification can proceed

- a) If any non-compliance was noted, then a certification decision is not possible until the client has taken steps to close out the non-compliances noted in the certification checklist.
- b) If full compliance was noted during the audit, the next step is for the checklist and audit report and any associated documentation, to be sent to the TRANS MSPO SCCS Certifier, by the lead auditor. The certifier will review the documents and may refer back to either the lead auditor or to the client for further information or clarification.
- c) Once the certifier is satisfied, a positive certification will be made, and a certificate is awarded and sent to the client. The MSPO SCCS Certificate is also publish within 14 days of the issuing of the certificate.

5.2 Confidentiality

TRANS 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. The Audit Report and Awarded Certificate is a remains Confidential between Client and TRANS, and the ownership is belonging to TRANS.

PART 6: CONCLUSIONS OF THE AUDIT DETAILS

6.1 Summary of Non-Compliance (if applicable)

| | |
|--|----|
| NC Number: | NA |
| Date: | NA |
| Reference to standard: | NA |
| Standard requirement: | NA |
| Evidence of non-compliance: | NA |
| Corrective action (to be filled by client) | NA |
| Evidence of compliance: (to be filled in by certifier) | NA |
| Status (closed if applicable) | NA |

6.2 Certification Status of Client

Please select the applicable box, do not remove the others:

☒ Main Evaluation: All facilities included in the scope of this audit demonstrated full compliance with the MSPO SCCS.

With effect from the certification date given below, this company and all facilities mentioned in the scope of this report are considered to be certified in accordance with the MSPO SCCS.

☐ Main Evaluation: Full compliance of all facilities in the scope of this audit with the MSPO SCCS is not yet demonstrated. Identified Non-conformities need to be closed prior to certification.

☐ Surveillance audit: All facilities included in the scope of this audit demonstrated full compliance with the MSPO SCCS. The certified status is maintained.

☐ Surveillance audit: Not all facilities included in the scope of this audit demonstrated continued compliance with the MSPO SCCS. Outstanding NC's need to be closed within 3 months from the audit date.

6.3 Certificate Details and Scope

| | |
|------------------------------|--|
| Client number: | 023-2024-FGV Palm Industries – Kilang Sawit Palong Timur |
| Certificate number: | MSPO SCCS-TCI-023-2024-01 |
| Start date of certificate: | 27.03.2025 |
| End date of certificate: | 26.03.2030 |
| Date of first certification: | 27.03.2020 |
| Duration of certificate: | 5 Years from date of certification |

PART 7: FORMAL SIGN OFF OF AUDIT FINDINGS

7.1 Signing by the Client

I the undersigned, being the most senior relevant management representative of the operation seeking or holding certification, agree with the contents and audit findings as presented in document (MSPO SCCS Report and Checklist).

I also confirm:

- Acceptance of liability in execution of the instructions given in the document and at the closing meeting.
- That this company was made aware that the findings of the audit team are tentative; pending review and decision making by the duly designated representatives of Trans Certification & Inspection's Certifications.
- That this company was informed that until they receive written confirmation of their MSPO Supply Chain certification registration and its expiry date that they are not certified and cannot make any claims concerning certification.
- That the formal record of the closing meeting is accurate and that all agenda items were covered by the lead auditor.
- I understand the implications of non-compliance as laid out above.

Acknowledged by:

| | |
|-----------|---------------------------------------|
| Name: | MUHAMAD SHAFIQ ARIFFIN BIN MUHD ARIFF |
| Position: | SUSTAINABILITY MANAGER |
| Date: | 05 NOVEMBER 2024 |



Signature

7.2 Signing by the Lead Auditor

I the undersigned, being the Lead Auditor, confirm that this report is an accurate record of the findings and of the closing meeting. I further confirm that the summary of the findings as presented in this report are a true representation of the actual findings of the audit team.

Based on the findings during the assessment, I recommended the certification unit is:

Complies ☒

Not Complies ☐

With the MSPO SCCS, I the undersigned, being the Lead Auditor, recommend that:

Granting Certificate ☐

Continue Certification ☐

Suspend Certificate ☐

Withdraw Certificate ☐

Re-certificate ☒

For **FGV PALM INDUSTRIES SDN BHD - KILANG SAWIT PALONG TIMUR**

Acknowledged by:

Name: MOHD RIZAL MD KASSIM

Position: LEAD AUDITOR

Date: 29 FEBRUARY 2023



Signature

7.3 Signing by the Certifier

I, the undersigned Certifier, hereby confirm that I have conducted review as below:

- ☒ the information provided by the audit team is sufficient with respect to certification requirements and the scope for certification
- ☐ The correction, corrective action plan, and evidence for any major non-conformities has been reviewed, and accepted. The effectiveness of implementation shall be reviewed in the next year audit.
- ☐ The correction and corrective action plan, for any minor non-conformities has been reviewed and accepted.
- ☒ Audit Report has been sufficiently prepared by the audit team
- ☐ Audit team has commented on the non-conformities, where applicable, the correction and corrective actions taken by client.
- ☐ Audit team had performed evaluation for effectiveness of corrective action plan for pervious audit findings
- ☒ Has performed confirmation of the information provided to TRANS in the Application Form
- ☒ Has performed confirmation that the audit objectives have been achieved
- ☒ Has reviewed the result of recertification audit, the result of the review of system over the period of certification and complaints received from users of certification (*applicable for granting recertification only*).

Based on all the above confirmation, I the undersign Certifier recommended:

- ☐ Granting Certificate
- ☐ Maintaining Certificate
- ☒ Re-certify
- ☐ Suspend Certificate

For **FGV PALM INDUSTRIES SDN BHD - KILANG SAWIT PALONG TIMUR** certification unit.

For Certification Suspension Action (Only applicable for suspended client)

Suspension date: _____

Reason for suspension: _____

Date of uplift suspension: _____

Reason for uplift suspension: _____

Recommendation after suspension:

- ☐ Maintaining Certificate
- ☐ Re-certify

For _____ (Client's name) _____ certification unit.

Acknowledged by:

Name: ATIKA BINTI BAKAR

Position: CERTIFIER

Date: 27 JANUARY


Signature