



# PLATINUM SHAUFFMANTZ VERITAS

Reliable And Practical Certification

## PUBLIC SUMMARY REPORT

MS 2530-4 : 2013

Malaysian Sustainable Palm Oil (MSPO)

Part 3: General Principles For Oil Palm Plantations And Organised Smallholders

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**NAME OF CLIENT** : **KILANG SAWIT LCSB LEPAR**  
**LKPP Corporation Sdn Bhd**

**STANDARD** : **MS 2530-4:2013**

**DATE OF -**

**INITIAL AUDIT STAGE 1** : **07<sup>th</sup> MARCH 2019**

**INITIAL AUDIT STAGE 2** : **17<sup>th</sup> & 18<sup>th</sup> APRIL 2019**

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**PLATINUM SHAUFFMANTZ VERITAS**  
**Management System Certification**  
**Public Summary Report**

**Standard:**  
MS 2530-4:2013

**File No.:**  
MASMSPO101014

**Client:**  
KILANG SAWIT LCSB LEPAR

**Page**  
1

<b>Table of Contents</b>	<b>Page</b>
<b>1.0 Audit Process</b>	
1.1 Objective	2
1.2 Scope	2
1.3 Appointment of team members and reviewer	2
1.4 Audit Plan	2
<b>2.0 Methodology</b>	
2.1 Description of the certification unit	3
2.2 Description of the supply base (including planting profile)	3
<b>3.0 Organisation Information</b>	
3.1 Organisation Information / Contact Person(s)	3
3.2 Production volume	3
3.3 Planting Program for Each Estate	3
3.4 Replanting program for each estate	4
3.5 Maps of Company Location, Plantations and Organised Smallholders	4
<b>4.0 Certification Assessment</b>	
4.1 Stage 1 Audit	5
4.1.1 Stage 2 – Certification audit:	5
4.1.2 Status of Non-Conformities Previously Identified	5
4.2 Stakeholders' Consultation	6
4.3 Status of Non-Conformities Previously Identified	6
<b>5.0 Conclusion</b>	
5.1 Detail List of Audit Finding	7
<b>6.0 Recommendation</b>	7
<b>7.0 References (List of Attachments)</b>	
<b>8.0 Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities</b>	



**PLATINUM SHAUFFMANTZ VERITAS**  
**Management System Certification**  
**Public Summary Report**

**Standard:**  
MS 2530-4:2013

**File No.:**  
MASMSPO10101014

**Client:**  
KILANG SAWIT LCSB LEPAR

**Page**  
2

### 1.0 Audit Process

#### 1.1 Objective

The objectives of this audit are:

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

#### 1.2 Scope of Certification

- Management of Sustainable Oil Palm Plantations from Cultivation, Planting and Production of Fresh Fruit Bunches

#### 1.3 Appointment of team members and reviewer (Qualification of audit team)

No.	Member of Audit Team	Role / area of MSPO Requirements	Qualification
1.	Hairulnizam Ramlan	Lead Auditor	MSPO, ISO, IMS, OHSAS 19001
2.	Badrul Hisham Hj Baharin	Lead Auditor	MSPO, ISO, IMS

#### 1.4 Audit Plan

The audit approach consists of the following steps:

- Contract review;
- Appointment of team members and technical reviewer;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- On-Site assessment, inspections, interviews with operational personnel, stakeholders and its contractors; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review
- Address Peer Review Comments (if any)
- Final approval and issuance of certificate



**PLATINUM SHAUFFMANTZ VERITAS**  
**Management System Certification**  
**Public Summary Report**

**Standard:**  
**MS 2530-4:2013**

**File No.:**  
MASMSPO10101014

**Client:**  
KILANG SAWIT LCSB LEPAR

**Page**  
3

## 2.0 Methodology (Scope of Certification Audit)

### 2.1 Description of the certification unit

Reference for Audit Criteria:

Part 4: General principles for palm oil mill.

Assessing past implementation from quality records that are required by the standard. (PAPER)

Assessing current implementation from observing current practices. (PRACTICE)

Assessing future maintenance from interviewing personnel on understanding and assessing competencies. (PEOPLE)

### 2.2 Description of the supply base

No	Name of Estate(s)	Planted Area (Ha)
1	LADANG PENOR PERDANA	2,053.59
2	LADANG PENOR LAGENDA	2,433.92
3	LADANG SRI MERANTI	611.06
4	LADANG SRI PAHLAWAN	65.41
5	LADANG SRI GELAM	839.01
6	LADANG SRI RAMIN	836.00
7	LADANG SRI KERUING	2,062.89
8	LADANG PENOR IDAMAN	1,938.53
9	LADANG SRI MEDANG	60.00
10	LADANG PENOR MAKMUR	2,132.83
11	LADANG SG SEMUJI	26.00
	<b>Total</b>	<b>13,059.24</b>

## 3.0 Organisation Information

### 3.1 Mill background

LCSB Lepar Palm Oil Mill is a subsidiary of LKPP Corporation Sdn Bhd (LCSB) which is the largest shareholder of 85% and the remaining holding of LKPP Pahang Berhad Cooperative of 15%. DSSB commenced operations in 2002. DSSB was established to provide processing services to cater for the increase in BTS as a result of the opening of new farms by the LKPP Group especially at the Sri Meranti LKPP Farm Complex.

LCSB is a wholly-owned subsidiary of the Pahang State Agricultural Development Corporation which commenced operations on March 1, 1994. The main activities of the LCSB are in the plantation and agriculture sector including oil palm, crude palm oil processing, beef and dairy farming, organic fertilizer processing, agricultural tourism and aquaculture.



**PLATINUM SHAUFFMANTZ VERITAS**  
**Management System Certification**  
**Public Summary Report**

Standard:  
MS 2530-4:2013

File No.:  
MASMSPO10101014

Client:  
KILANG SAWIT LCSB LEPAR

Page  
4

**3.2 Description of the supply base (including planting profile)**

- The certified estate is owned by LKPP Dominion Square Palm Oil Mill
- The details of estates:

No	Name of Supply Base	Coordinate	
		Latitude (N)	Longitude (E)
1	LADANG PENOR PERDANA	3.7507593,	103.2621226
2	LADANG PENOR LAGENDA	3.7510583,	103.2622049
3	LADANG SRI MERANTI	3.6230676,	103.1381206
4	LADANG SRI PAHLAWAN	3.6230676,	103.1381206
5	LADANG SRI GELAM	3.6230676,	103.1381206
6	LADANG SRI RAMIN	3.385064,	103.121263
7	LADANG SRI KERUING	3.62324,	103.138194
8	LADANG PENOR IDAMAN	410178,	103.579278
9	LADANG SRI MEDANG	3.62324,	103.138194
10	LADANG PENOR MAKMUR	3.623,	103.1379
11	LADANG SG SEMUJI	3.3742737,	103.0739819



**PLATINUM SHAUFFMANTZ VERITAS**  
**Management System Certification**  
**Public Summary Report**

**Standard:**  
MS 2530-4:2013

**File No.:**  
MASMSPO10101014

**Client:**  
KILANG SAWIT LCSB LEPAR

**Page**  
5

**3.3 Production Volume**

No.	Supply Base	FFB Received 2018 (Mt/Ha)	FFB Budget 2019
1	LADANG PENOR PERDANA	34,900.33	41,330.00
2	LADANG PENOR LAGENDA	31,852.16	39,359.00
3	LADANG SRI MERANTI	10,879.55	12,201.00
4	LADANG SRI PAHLAWAN	2,487.70	1,259.00
5	LADANG SRI GELAM	11,379.89	13,710.00
6	LADANG SRI RAMIN	305.07	600.00
7	LADANG SRI KERUING	25,167.82	28,613.00
8	LADANG PENOR IDAMAN	31,000.24	41,650.00
9	LADANG SRI MEDANG	3,205.87	4,921.00
10	LADANG PENOR MAKMUR	27,746.43	35,406.00
11	LADANG SG SEMUJI	468.85	600.00



# PLATINUM SHAUFFMANTZ VERITAS Management System Certification Public Summary Report

Standard:  
MS 2530-4:2013

File No.:  
MASMSPO10101014

Client:  
KILANG SAWIT LCSB LEPAR

Page  
6

## 3.4 Mill Production

YEAR	FFB Process Mt/ Hr	CSP0 Mt/Year	CSPK Mt/Year	OER %
2017				19.15
2018				19.43
2019 (todate July)	60	19,425.38	5,958.84	<b>21.00</b>

## 3.5 Maps of Mill





**PLATINUM SHAUFFMANTZ VERITAS**  
**Management System Certification**  
**Public Summary Report**

**Standard:**  
**MS 2530-4:2013**

**File No.:**  
MASMSPO10101014

**Client:**  
KILANG SAWIT LCSB LEPAR

**Page**  
7

#### 4.0 Certification Assessment

##### 4.1 Stage 1 Audit

- The Stage 1 audit was conducted on 7<sup>th</sup> March 2019.
- The objective of the Stage 1 is to assess the readiness of the documentation established and implemented in accordance to MSPO 2530-3:2013 Part 4 (General Principal for Palm Oil Mill)
- According to the Certification Scheme, an initial due-diligence audit for operators which are entering into the MSPO system, and which do not have any certification or those having management system certification e.g. ISO, COP.
- These organizations shall undergo both Stage 1 and Stage 2 audit
- The audit team has applied the Malaysian Sustainable Palm Oil Part 3
- The Stage 1 audit was conducted on 7<sup>th</sup> March 2019 at Dominion Square Palm Oil Mill and covering the following activities:
  - Onsite interviews and inspections;
  - Review of documentation for compliance to relevant P & C requirements for plantation
  - Reporting of issues concern during Stage 1 audit

##### 4.1.1. Stage 2 – Certification audit:

- The Stage 2 audit was conducted on 17<sup>th</sup> & 18<sup>th</sup> April 2019.
- The objective of the Stage 2 is to assess the documentation established and implemented in accordance to MSPO 2530-3:2013 Part 4 (General Principal for Palm Oil Mill)
- According to the Certification Scheme, an initial due-diligence audit for operators which are entering into the MSPO system, and which do not have any certification or those having management system certification e.g. ISO, COP.
- These organizations has done Audit Stage 1 and 2 audit
- The audit team has applied the Malaysian Sustainable Palm Oil Part 3
- The Stage 1 audit was conducted on 17<sup>th</sup> & 18<sup>th</sup> April 2019 and covering the following activities:
  - On site interviews and inspections;
  - Review of documentation for compliance to relevant P & C requirements for plantation
  - Reporting of issues concern during Stage 2 audit





**PLATINUM SHAUFFMANTZ VERITAS**  
**Management System Certification**  
**Public Summary Report**

**Standard:**  
**MS 2530-4:2013**

**File No.:**  
MASMSPO10101014

**Client:**  
KILANG SAWIT LCSB LEPAR

**Page**  
8

#### 4.2 Stakeholders' Consultation

4.2.1 A stakeholders' consultation meeting was conducted on 17<sup>th</sup> April 2019 to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

The topics of discussion are as below:

- a. Introduction
- b. Development of oil palm plantations
- c. Community service and support provided wildlife management and wildlife corridor
- d. Type of wildlife sighted.
- e. Local communities' development.

4.2.2 The following relevant Principles & Criteria of the applied standard have discussed during the stakeholders' consultation:

Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
1.	Security post	Strengthen the security pos by auxiliary police.	Action is taken and implemented with the supervision of assistant manager and all actions are recorded in the CAR form and closed with evidence of action taken.
2	Housing	To maintain the workers quarters house.	
3.	FFB Quality	To update FFB grader competencies.	



**PLATINUM SHAUFFMANTZ VERITAS**  
**Management System Certification**  
**Public Summary Report**

**Standard:**  
**MS 2530-4:2013**

**File No.:**  
 MASMSPO10101014

**Client:**  
 KILANG SAWIT LCSB LEPAR

**Page**  
 9

**4.3. Status of Non-Conformities Previously Identified :**

Kindly tick (/) to the related information / non-conformance

/	The Stage 1 audit findings of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address identified audit findings.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented effectively. Non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.
<p><i>Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major nonconformity.</i></p> <p><i>Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.</i></p>	

**5.0 Conclusion**

Detail of Audit Findings Identified During This Audit

Audit Outcome	
Major NCR	-
Minor NCR	1
Area of Concern (AOC)	-
Opportunity for Improvement (OFI)	5
Observation (OBS)	-

**6.0 Recommendation**

- The audit team conducted a process-based audit focussing on significant aspects/risks and objectives required by the standard(s). The audit methods used were interviews, observations, sampling of activities and review of documentation and records.
- The structure of the audit was in accordance with the audit plan included in to this summary report.
- The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard(s) and demonstrated the ability of the system to achieve requirements for products and/or services within the scope and the organisation's policy and objectives. Therefore, the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity that this management system certification be :

	No NCR recorded. Recommended to continue certification
/	Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next audit
	Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out.
	Recommended to continue certification
	Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s) ..... have not been satisfactorily closed out within 60 days of the audit. Recommended for suspension of the certificate.



**PLATINUM SHAUFFMANTZ VERITAS**  
**Management System Certification**  
**Public Summary Report**

**Standard:**  
**MS 2530-4:2013**

**File No.:**  
MASMSPO10101014

**Client:**  
KILANG SAWIT LCSB LEPAR

**Page**  
**10**

Prepared by:

**Badrul Hisham Hj Baharin**  
Lead Auditor

**17<sup>th</sup> & 18<sup>th</sup> April 2019**  
Date