DOCUMENT AUTHORIZATION & REVISION HISTORY

Revision No.	Description of Change	Date of Release	Prepared By	Approved By
00	Initial Document	01/03/2024		
01	Changes the company name to UGG Certification Sdn Bhd	01/04/2025		

1 PURPOSE

1.1 To establish a system for carrying out Risk Management activities for ISO 17021-1:2015 and to implement opportunities for improvement associated with risk management planning.

2 SCOPE

2.1 This procedure is applicable to related UGG ISO 17021-1:2015 certification activities

3 RESPONSIBILITY

3.1 General Manager (GM)

3.2 Operation Manager (OM)

3.3 Impartiality Committe

4 REFERENCE

4.1 ISO 17021-1:2015- Conformity assessment- Requirements for bodies providing audit and certification of management systems

4.2 ISO17065:2012 - Conformity assessment- Requirements for bodies certifying products, processes and services

4.3 MSPO Certification Scheme Document- Date: 5 January 2023

5 PROCEDURE

5.1 General

5.1.1 UGG shall demonstrate their commitment to managing risk by means of the following:

a) Establishing and periodically reviewing the risk management framework as well as risk management activities.

b) Ensure the availability of resources to ensure risk management activities are effectively implemented and enforced.

c) Communicating to audit staff and non-audit staff the importance of meeting customer requirements, regulatory requirements and related risk management activities.

d) Conducting ISO 17021-1:2015 management review meetings to ensure effective review of risk management activities.

5.1.2 UGG shall ensure that UGG does not certify other certification bodies for their management system certification activities.

5.1.3 UGG shall have adequate arrangements to cover liabilities arising from its operations in its fields of activities and the geographic areas in which it operates by undertaking Professional Indemnity Liability Insurance annually for the sum determined by the GM/OM.

5.2 Provision of Management System Consultancy

5.2.1 UGG does not offer or provide management system consultancy.

5.2.2 UGG and any part of the same legal entity and any entity under the organizational control of UGG shall not offer or provide management system consultancy.

5.2.3 Additionally, the GM and OM shall be responsible to ensure that UGG employees do not perform management system consultancy on behalf of UGG.

5.3 Risk Management Implementation

5.3.1 General business risks include reviewing the context of the organization, performing strategic management and planning, identifying external and internal stakeholders/interested parties.

5.3.2 The risk categories for business risk can include political risk, technological risk, socio-economic risk, and financial risk, among others.

5.3.3 The operational risk can include reviewing the quality, process, health, and safety risks related to operational activities.

5.3.4 The GM/OM of UGG shall be responsible to identify general business and operational risks. These are identified accordingly in the ***Risk Management Plans ((UGG-FM(MSPO)-02).***

5.3.5 The initial risk identification review may be conducted with the help of external consultants/technical specialists.

5.3.6 These risks shall be included in a risk register which shall include different risk categories.

5.3.7 The risks identified shall be analyzed by using suitable risk analysis methods which can include quantitative and qualitative assessments. This is done to prioritize these risks according to the magnitude/significance of these risks towards UGG's operations.

5.3.8 Risks identified shall have a PIC to ensure effective monitoring and control of identified risks.

5.3.9 The risk assessment process shall include identification and consultation with appropriate interested parties/stakeholders to advise on matters affecting risks including openness and public perception.

5.3.10 The risk will rated as below:

Based from identification of internal issues, external issues and interested parties requirements, OM will carry out the risks and opportunities assessment. The first consideration is identifying current risk treatment available or control measures implemented. Then the likelihood (refer Table 1) and consequences (refer Table 2) of the issues or requirements.

Table 1: Likelihood table

Likelihood	Example	Rate
Very likely	Could happen any time almost every month	5
Likely	Have occurred almost every year	4
Occasional/ moderate	Possible to occur in company history few times in the last 5 year	3
Unlikely	Could happen, but very rarely (in exceptional situation)	2
Very unlikely/ rare	Could happen, but probably never. No such Occurrence	1

Table 2: Severity Table

Severity	Example	Rate
Catastrophic	Viral in the internet, business threatening & irrevocable company image and reputation Global OHS risk, disaster or pandemic Federal Government attention Loss of operating license or termination of contract Cost: Very High (>RM100,000)	5
Major	Viral in the internet, Serious damage to company image and reputation Regional/ASEAN OHS risk, disaster or pandemic State Government attention Suspended of services pending investigation or Major CAR report Cost: High (<RM100,000)	4
Serious	Issue cover by the Television/Newspaper National/Local industry OHS risk, disaster or endemic CEO/BOD attention required	3

	Temporary services interrupted/suspended (NOI/NOP/CAR) Cost: Medium (<RM50,000)	
Minor	Issue among O&G and chemicals and engineering companies in Pengerang Company/Local OHS risk, disaster or disease Management attention required Issued reminder or verbal warning Cost: Low (<RM10,000)	2
Negligible	Issue among Departmental levels in MST Departmental OHS Risk, emergency or disease HOD attention required Received verbal complaint Cost: Very low (<RM1,000)	1

b) The assessment of significant risks will be conducted with the following guidelines:

Risk Assessment, Risk can be calculated by using the following formula:

Risk = Likelihood (L) X Severity (S)

Score Risk Level

13 – 25 High (H)

5 – 10 Medium (M)

1 – 4 Low (L)

Table 3: Explanation of the risk

Risk	Explaination of the risk
L- Low	The risk was currently not effect the management performance and all certification activities
M- Medium	The risk was currenly was affected the management performance however by current existance control measure the risk was still under control
H- High	The risk was give a nagetive impact to the certification activities and management required to review the current control measure

5.4 Risk Management Periodic Reviews

5.4.1 Risk Management Plans shall be reviewed at least once every 6 months or whenever there are significant changes to the organization processes.

5.4.2 Reviews of ***Risk Management Plans (UGG-FM(MSPO)-02)*** shall be participated by GM/OM and related personnel such as Impartiality Committee.

5.4.3 Risk Management Plans shall be documented for reference for all UGG personnel.

5.4.4 Risk Management Plans shall be maintained by the GM/OM for a retention period as specified in the Master List of Records.

5.5 Risk Management for MSPO Scheme

5.5.1 The MSPO risk management planning approach is designed to identify and to address the respective risks that may arise from the implementation of the MSPO certification scheme. The Risk Management process comprises 4 stages; risk identification, risk analysis, risk assessment, and risk mitigation.

5.5.2 It considers the external and internal risk factors in the MSPO scheme at each particular activity, and which could result in damages to the certification activities process if not addressed comprehensively, effectively and consistently.

5.5.3 The MSPO risk management approach applies to all applicants for certification who participate in the MSPO certification scheme, including the entire supply chain of palm oil industry in Malaysia (Smallholders, Estates, Mills, Refineries, Palm Kernel Crushers, Oleochemical, End Product Manufacturer, Biofuel and Bulking) facilities.

5.5.4 The risk assessment is based on the outcomes of the risk identification and the risk analysis. It consists of the self-assessment of the applicants for certification which are then verified by the accredited certification body.

5.5.5 UGG carrying out MSPO Certification audits shall require to formulate and conduct a risk assessment in order to determine the representative sample of group members and/or sites. The risk assessment shall take into account the following factors (not limited to):

a) presence of HCV

b) landscape setting & geographic locations

c) nature of the labour force

d) stakeholder concerns

e) known land conflicts and/or legality issue

f) possession of other sustainability certification, etc.

g) numbers of smallholders (where applicable)

h) complaints & grievances received by scheme owner which has been escalated to the UGG

5.5.6 UGG shall classify the applicant for certification under one of the three risk categories:

a) Low risk (risk factor 1.0):

Low risk category refers to groups are those where the Group is relatively homogeneous and socioeconomically, and where there are no current replanting and/or new planting activities and no new members, and where the Group and its manager are well-established and, in the case of subsequent audit, have no history of Major non-conformance. Groups that certified against other recognized sustainable certification scheme such as RSPO, ISCC, etc, may consider as a low-risk category.

b) Medium risk (risk factor 1.5):

Medium risk category refers to Groups are those where there is some geographical and socioeconomic homogeneity, but it is not uniform across the Group. There is no replanting and/or new planting activities, but the Group management has a history of Major non-conformance in the previous audit. Groups that certified against MPOB Code of Practice or GMP, QMS/EMS/OSHA or Food Safety Management System may consider as medium risk category.

c) High risk (risk factor 2.0):

High risk category refers to Groups are those where there is considerable range of terrains, varying levels of experience of oil palm cultivation among members, diverse sizes of plantations, a range of socioeconomic situations among members, etc., where there is recent new planting and/or replanting, and/ or where the Group management has recently undergone changes. Groups that have no management or sustainable system or adjacent to High Conservation Value (HCV) (e.g. natural forest, wetland, etc.) may be consider as high risk category.

Determining risk class Level

Score is 8 or below: **Low Risk**	Score between 9-14: **Medium Risk**	Score 15 and above: **High Risk**

Guidance: *This risk class calculated by the applicants for certification is a self-estimation and gives an indication of the conditions in which you are operating and the required efforts to bring your operations to compliance with MSPO Standard. A high-risk class means that the conditions of your operations are more challenging. UGG assesses the risk classification and the inputs by the applicant for certification and determines the audit duration and the sample size as appropriate*.

5.5.7 For any audits carried out remotely, the risk category shall be classified as medium risk and above regardless of the audit type; i.e. surveillance or re-certification.

Reference Record:

1) Risk Management Plans ((UGG-FM(MSPO)-02).