# MSPO
# CERTIFICATION SUMMARY REPORT

## ABEDON OIL MILL SDN. BHD.

SURVEILLANCE 01

Date: 16/04/2019

TUV NORD (Malaysia) Sdn Bhd
No. 9F-1A, 9th Floor, Tower 2 @ PFCC
Jalan Puteri ½, Bandar Puteri Puchong
47100 Puchong, Selangor.
Phone: +603 8600 4031/4032
Fax: +603 8600 4550

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## Abbreviations

| | |
|---|---|
| **CHRA** | Chemical Health Risk Assessment |
| **CPO** | Crude Palm Oil |
| **CSR** | Corporate Social Responsibility |
| **DOE** | Department of Environment |
| **EFB** | Empty Fruit Bunch |
| **EIA** | Environment Impact Assessment |
| **FFB** | Fresh Fruit Bunch |
| **GMP** | Good Milling Practices |
| **GPS** | Global Positioning System |
| **ISO** | International Standard Organisation |
| **MPOB** | Malaysian Palm Oil Board |
| **MPOCC** | Malaysia Palm Oil Certification Council |
| **MSPO** | Malaysia Sustainable Palm Oil |
| **NC** | Non Conformity |
| **OSH** | Occupational Safety and Health |
| **P&C** | Principle and Criteria |
| **PK** | Palm Kernel |
| **POME** | Palm Oil Mill Effluent |
| **PPE** | Personal Protective Equipment |
| **RSPO** | Roundtable Sustainable Palm Oil |
| **RTE** | Rare, Threatened and Endangered Species |
| **SA8000** | Social Accountability 8000 |
| **SDS** | Safety Data Sheet |
| **SIA** | Social Impact Assessment |
| **SOP** | Standard Operating Procedure |
| **WHO** | World Health Organization |

## 1. INTRODUCTION

Kretam Holidngs Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct ASA 01 for its Abedon Oil Mill Sdn Bhd according to MS 2530-4:2013 Part 4 General principles for palm oil mills.

### 1.1. Objective

The objective of this surveillance audit is to assess Palm Oil Mill by an independent certification body with the aim for compliance of the standards.

### 1.2. Scope

The surveillance audit is based on the documentation established by the Abedon Oil Mill Sdn, Bhd.

The supporting documents provided to the audit team as well as information received by means of interviews and background investigation.

The documents and information are reviewed against the requirements and criteria based on MS 2530-4:2013 Part 4 General principles for palm oil mills. TUV NORD Malaysia has employed a risk-based approach in the audit, focusing on the identification of significant risks and reliability of the assessment and reporting.

In addition, the following reference was used as part of the assessment; the compliance of the requirements of the guidelines applied are checked.

1. Malaysian Sustainable Palm Oil Part 4: General Principles for Palm Oil Mill audit guidance;
2. Issuance of MSPO Logo Usage Licence by MPOCC under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme.

### 1.3. Appointment and Qualification of team members

The audit team consists of one team leader and three team members are appointed. The team members contribute to the review of documents, assessment of the project activity and preparation of this report.

**Qualification of the Lead Auditor: Mohamad Norhisham Bin Mohd Salleh**

| Requirement | Qualifications |
|---|---|
| Post-secondary education, college or university diploma / degree in one of the following<br>i) Agriculture;<br>ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,);<br>iii) Engineering, Process Technology;<br>iv) Energy Management, Quality Management;<br>v) Social Sciences and/or Anthropology;<br>vi) Business Management; or<br>vii) Other relevant related fields | Graduate in Applied Science (Major In Agrobiology). |

| Requirement | Qualifications |
|---|---|
| At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science) | 5 years working experience in palm oil estates. |
| Attended the MS 2530 series of standards training | Successfully completed MS2530 series training, |
| Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years. | Qualified as lead auditor for MSPO scheme. |
| A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and / or any other local language. | Able to communicate in Bahasa Malaysia and English. |
| Field working experience in the palm oil sector, or demonstrable equivalent | 5 years working experience in palm oil estates. |
| Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use | 5 years working experience in palm oil estates. |
| Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System | Auditor for RSPO and MSPO scheme. |
| Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes | Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes. |
| Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV) | Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme. |
| Good Milling Practices for example palm oil milling working experience or demonstrate equivalent. | Auditor for RSPO SCC scheme. |

## Qualification of Team Members

| Requirement | Assessor | Qualification | Compliance |
|---|---|---|---|
| Post-secondary education, college or university diploma / degree in one of the following | Muhammad Khairul Anuar Bin Azizul Hasan | Graduate in Applied Science (Major in Plantation and management) | Yes |

| Requirement | Assessor | Qualification | Compliance |
|---|---|---|---|
| i) Agriculture;<br>ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,);<br>iii) Engineering, Process Technology;<br>iv) Energy Management, Quality Management;<br>v) Social Sciences and/or Anthropology;<br>vi) Business Management; or<br>vii) Other relevant related fields | Sheron Pui Ling Wui | Graduate in Medical Science (Life Science) | Yes |
| | Ariff Bin Lokman | Graduate in Plantation industry management. | Yes |
| At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science) | Muhammad Khairul Anuar Bin Azizul Hasan | Qualified MSPO auditor. Have conducted audits for MSPO and scheme. | Yes |
| | Sheron Pui Ling Wui | Qualified MSPO auditor. Have conducted audits for MSPO scheme. | Yes |
| | Ariff Bin Lokman | Qualified MSPO auditor. Have conducted audits for MSPO audit. | Yes |
| Successfully completed MS 2530 series of standards training | Muhammad Khairul Anuar Bin Azizul Hasan | Successfully completed MSPO Lead auditor training course. | Yes |
| | Sheron Pui Ling Wui | Successfully completed MSPO Lead auditor training course. | Yes |
| | Ariff Bin Lokman | Successfully completed MSPO Lead auditor training course. | Yes |
| Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes. | Muhammad Khairul Anuar Bin Azizul Hasan | Qualified as auditor base on audit log. | Yes |
| | Sheron Pui Ling Wui | Qualified as auditor base on audit log. | Yes |
| | Ariff Bin Lokman | Qualified as auditor base on audit log. | Yes |
| A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and / or any other local language. | Muhammad Khairul Anuar Bin Azizul Hasan | Able to communicate in Bahasa Malaysia and English. | Yes |
| | Sheron Pui Ling Wui | Able to communicate in Bahasa Malaysia and English. | Yes |

| Requirement | Assessor | Qualification | Compliance |
|---|---|---|---|
| | Ariff Bin Lokman | Able to communicate in Bahasa Malaysia and English. | Yes |
| Field working experience in the palm oil sector, or demonstrable equivalent | Muhammad Khairul Anuar Bin Azizul Hasan | 7 years working experience in oil palm plantations | Yes |
| | Sheron Pui Ling Wui | Qualified MSPO auditor. Have been conducting audit for MSPO | Yes |
| | Ariff Bin Lokman | 7 years working experience in oil palm plantations | Yes |
| Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System | Muhammad Khairul Anuar Bin Azizul Hasan | Successfully completed IMS ISO 9001, 14001 and 45001 Lead Auditor course. | Yes |
| | Sheron Pui Ling Wui | Successfully completed ISO 45001:2018 Lead Auditor course. | Yes |
| | Ariff Bin Lokman | Successfully completed IMS ISO 9001, 14001, and 45001 Lead Auditor course. | Yes |
| Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes | Muhammad Khairul Anuar Bin Azizul Hasan | Successfully completed SA8000 Basic Training. | Yes |
| | Sheron Pui Ling Wui | Successfully completed SA8000 Basic Training. | Yes |
| | Ariff Bin Lokman | Successfully completed SA8000 Basic Training. | Yes |
| Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV) | Muhammad Khairul Anuar Bin Azizul Hasan | Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course and auditor for MSPO scheme. | Yes |
| | Sheron Pui Ling Wui | Successfully completed ISO 14001 LA course and auditor for MSPO scheme. | Yes |
| | Ariff Bin Lokman | Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course and auditor for MSPO scheme. | Yes |

| Requirement | Assessor | Qualification | Compliance |
|---|---|---|---|
| Good Milling Practices for example palm oil milling working experience or demonstrate equivalent. | Muhammad Khairul Anuar Bin Azizul Hasan | Qualified as auditor for MSPO scheme and completed MSPO SCC course. | Yes |

## 2. METHODOLOGY

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.

**Annual Surveillance 01:**

Annual surveillance 1 is conducted on 20/03/2019 to 21/03/2019 covers the following activities but not limited to below:

- Onsite inspection, observations and inspections of mill facilities such as process, workshops, stores, wastewater treatment system, waste handling and disposal sites, workers and staff living quarters, receiving and delivery of products for compliance to relevant Principles & Criteria of the applied standard;
- Interview operation personnel for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;
- Work plans established;
- Review and closed out of non-conformance raised during stage 1 audit;
- Assessment reporting;

For list of personnel participated in the audits refer attendance sheet and Table 7-1.

### On-site Assessment

The audit of the mill is conducted according to the MS 2530-4: 2013 Part 4: General principles for palm oil mills.

The methodology for collection of objective evidences include physical site inspections, observation of tasks and processes, interviews of stakeholders, communities, staff, workers and their families, review of documentation and data. Checklists and questionnaires are used to guide the collection of information. The comments made by external stakeholders are taken into account in the assessment.

### Non-conformance:

On the basis of the desk review, evidences presented during the audits as well as from the onsite visits non-conformance (NC) Major and Minor as well as Observations (OBS) may be raised during the audit.

Major non-conformance shall be addressed and responded with 60 days from closing date of audit. All minor non-conformances are required to submit action plan within 30 days from closing date of audit for review and acceptance. Implementation of Minor NCs and OBS will be reviewed and verified during the next audit.

## 3. ORGANISATION INFORMATION

Abedon Oil Mill is the subsidiary of Kretam Holdings Berhad located at off KM56 Jalan Lahad Datu-Sandakan, 90200 Kinabatangan, and Sabah.

Abedon Oil Mill met Malaysia Palm Oil Board licensing requirement.

The mill began operation in 1997 with an operating capacity of 30MT per hour.

| Name of Mill | Location | Coordinates |
|---|---|---|
| Abedon Oil Mill Sdn. Bhd. | Off 56 KM, Jalan Lahad Datu – Sandakan, 90200 Kinabatangan, Sabah. | N 05° 18' 44"; E 117° 58' 44" |

### 3.1. Production volume

| Volume for the past year Jan 2018 to Dec 2018 (mt) | | | Actual volumes Jan 2018 to Dec 2018 (mt) | | | Projected volume Jan 2019 to Dec 2019 (mt) | | |
|---|---|---|---|---|---|---|---|---|
| FFB | CPO | PK | FFB | CPO | PK | FFB | CPO | PK |
| 126,650 | 26,212 | 5,831 | 155,596.88 | 30,270.246 | 7,638.796 | 153,900 | 31,853 | 6,932 |

### 3.2. Maps of Mill Location

**Figure 1**: Map of Sabah State indicates the general location of Kretam Oil Mill.

## 4. CERTIFICATION ASSESSMENT

### 4.1. Annual surveillance 1

The objective of the audit is to assess the activities of the mill are in compliance with MS 2530-4: 2013 Part 4: General principles for palm oil mills.

#### 4.1.1. Surveillance Audit:

The surveillance audit is conducted on 20/02/2019 to 21/02/2019 covering Abedon Oil Mill.

During this audit, the minor non-compliance and observations raised in the last audit, the audit team has review by means of inspection of mill activities, conduct interviews, review and verify documents that are established, corrected and implemented appropriately by the mill team. The corrective measures implemented could be verified as appropriate.

For details of the assessment, refer summary of assessment for each indicator in section 4.3 of this report.

The number of audit findings raised in this audit refer to Section 4.5 of this audit report.

### 4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd. has published the public notification on 18/01/2019 as to accommodate stakeholder's consultation meeting for Abedon Palm Oil Mill to provide comments. As at audit date on 20/02/2019 there are no comments received.

Invitation letters are sent on 12/02/2019 to invite relevant stakeholders to attend a local stakeholders' consultation on 18/02/2019 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

1. Introduction of MSPO certification.
2. Development of oil palm plantations.
3. Community service and support.
4. Wildlife management and wildlife corridor.
5. Type of wildlife sighted at plantations and wildlife corridor.
6. Local communities' development.

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

1. Principle 2 Criteria 2 Indicator 1: Consultation and Communication with stakeholders:

   The stakeholders could confirm they have attended meetings with the company on MSPO certification.

2. Principle 4 Criteria 2 Indicator 3 & 4: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint

   The stakeholders' advice that they have been informed a logbook and form available at the office to lodge any complaints or suggestions.

3. Principle 4 Criteria 3 Indicator 1: Contribute to local development in consultation with the local communities.

   The local communities could confirm that Abedon Oil MIll has provide assistance and support to communities.

4. Principle 6 Criteria 4 Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information

   The contractors who provides maintenance and service could confirm they are briefing on MSPO requirements.

There no issues raised during the stakeholder's consultation in terms of tenure and/or land use rights, social or environmental aspects of management and operations that need to be addressed by the certified unit. It can be concluded the relevant Principles and Criteria clauses of the applied standard are in compliance.

The list of stakeholders who attended the meeting refer to Table 7-1.

| Item | Subject discussed | Audit team findings | Company response and proposed action to be taken |
|---|---|---|---|
| 1 | Any information from the Company on MSPO audit? | During the interview with the stakeholders, they are aware of Abedon mill MSPO certification. | Positive comments towards Abedon Oil Mill Management. |
| 2 | Social issues | There are no social issue or concern raised during the stakeholders meeting. | Positive comments towards Abedon Oil Mill Management |
| 3 | Economy / livelihood<br>Is there any impact on livelihood after the introduction of MSPO? | There is no negative impact of MSPO certification as stakeholders aware on advantages gain such as providing jobs opportunities, mill taking care of workers needs and housing amenities. | Positive comments towards Abedon Oil Mill Management |
| 4 | Does MSPO largely benefits the local community? | Local communities acknowledged there is improvement in income since working with the mill. | Positive comments towards Abedon Oil Mill Management |
| 5 | Environmental understanding | There are increase in environmental awareness among stakeholders due to exchange of knowledge made by mill during stakeholders meeting. | Positive comments towards Abedon Oil Mill Management |
| 6 | Support to smallholders | Stakeholders attended meeting acknowledge mill support towards smallholders by accepting their FFB and provide, information on FFB prices. | Positive comments towards Abedon Oil Mill Management |
| 7 | FFB quality | Stakeholders attending the meeting aware on mill commitment on FFB quality. The mill is collaborating with suppliers to | Positive comments towards Abedon Oil Mill Management |

| Item | Subject discussed | Audit team findings | Company response and proposed action to be taken |
|---|---|---|---|
| | | ensure FFB quality and grading adhere by them. | |
| 8 | Are there any mill management practices that affect you? | Stakeholders attended meeting confirmed they have not encounter any negative impacts from the mill operation. | Positive comments towards Abedon Oil Mill Management |
| 9 | Do you consider the management is in conflict with the MSPO principles and criteria? | Stakeholders confirmed no breach of MSPO principle and criteria. They comment Abedon Mill Management is committed to the MSPO certification. | Positive comments towards Abedon Oil Mill Management |
| 10 | Do you have any suggestions for management? | No suggestion made by any stakeholders..,Positive comments from stakeholders. | Positive comments towards Abedon Oil Mill Management |

## 4.3. Summary of Findings

| MSPO Principle and sample of the Criteria Assessment Summary |
|---|
| The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits where all criterions will be assessed. Evidences are sought for conformity with the MSPO 2530-4. The summary of the assessment can be seen below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below |

| **Principle 1: Management Commitment & responsibility** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.1.1.1 | Abedon Mill adopt KHB group Sustainability policy dated 02/01/2019 sign by Chief Executive Officer.<br>Example of statements describe in the policy:<br>1. Commitment to adhere to all relevant laws, and MSPO certification principles and criteria that will ensure a sustainability future and continuous improvement.<br>2. Ensure the protection and conservation to the high Conservation Value (HCV) areas and all resources.<br>3. Ensure no deforestation by implementing High Carbon Stock (HCS) Approach Methodology. | Yes |
| 4.1.1.2 | Abedon Mill adopt KHB group Sustainability policy dated 02/01/209 sign by Chief Executive Officer.<br>The policy has a statement on:<br>• .Commitment to adhere to all relevant laws, RSPO, ISCC and MSPO certification principles and criteria that will ensure a sustainable future and continuous improvement. | Yes |

| **Principle 1: Management Commitment & responsibility** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.1.2.1 | Abedon Mill adopt KHB group SOP for internal audit, procedure number KHB/G/SOP-49 revision 03 dated 09/02/2018. The procedure describe internal auditt to be conducted quarterly every 12 months.<br><br>Surveillance audit planning for year 2019 is established and Internal audit conducted on 30/01/2019. | Yes |
| 4.1.2.2 | Internal audit for Abedon Mill conducted on 30/01/2019.<br><br>The internal audit consists of two categories:<br>1. Physical audit: field visit to sites, example; operation, laboratory.<br>2. Documentation audit: review on mills documentations and records<br><br>There are 14 document findings and 5 physical findings found during the internal audit.<br><br>All physical audit findings are closed on 17/02/2019 and for documentation audit, closure of non-conformities are closed on 13/02/2019. | Yes |
| 4.1.2.3 | Internal audit results included in the management review meeting agenda conducted on 11/02/2019.<br><br>The outcome of the internal audit on findings found and closed out of the findings raised. | Yes |
| 4.1.3.1 | Management review was conducted on 11/02/2019. The agenda of the management review include:<br>1. Last year external audit result<br>2. Results of the internal audit conducted on 30/01/2019 and corrective action taken.<br>3. New technology information such as Dolphin automation system and Lintramax system. | Yes |
| 4.1.4.1 | Abedon Mill has established continual improvement plan revision dated 14/02/2019.<br><br>Example of topics discuss in CIP:<br>1. Social impact.<br>2. Health and safety.<br>3. Legal compliance.<br>4. Waste reduction.<br><br>The CIP has include consideration on social and environmental impacts. Action plan establish includes timeframe, expected outcome and responsible person for follow up purposes. | Yes |
| 4.1.4.2 | Abedon Mill has apply the Lintramax system as part of new technology to improve mill accounting and operations.<br><br>Training on new technology has been conducted:<br>1. Lintramax system training conducted on 07/01/2019 to 10/01/2019. | Yes |

| **Principle 1: Management Commitment & responsibility** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| | 2. Dolphin sterilizer automation training conducted on 28/06/2018. | |

| **Principle 2: Transparency** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.2.1.1 | Abedon mill adopt KHB group SOP Communication and Consultation Procedure, document number KHB-HR-P08 dated 01/08/2018.<br>The procedure has describe on :<br>1. Communication and consultation with stakeholder through stakeholders meeting held periodically.<br>2. Communication with stakeholders by other means such as meeting, company website, bulletin and training.<br>3. Appointment of communication representatives. Which is Mill Manager or MPC.<br>4. Information to be communicated but not restricted to job, organization or conditions of employment.<br>During stakeholder's consultation, stakeholder indicate they understand and aware on MSPO and information can be request when is needed. | Yes |
| 4.2.1.2 | Abedon mill has adopt KHB group List of Documents and Transparency Status dated 15/02/2019.<br>The example list of publicly available document such as:<br>• Occupational Safety and health plan.<br>• Details of complaints and grievances. .<br>• Company policies<br>Sighted list of publicly documents available at KHB website, mill notice boards and areas on operation sites. | Yes |
| 4.2.2.1 | Abedon mill has adopt KHB group Communication and Consultation Procedure number KHB-HR-P08 dated 01/08/2018.<br>This procedure stated that site operation / manager in charge of the communication and consultation with stakeholders. The purpose of this procedure is to maintain open and transparent methods of consultation and communication with all stakeholders and any other affected or interested parties.<br>Flow chart has of consultation and communication process displayed on mill notice board.<br>Abedon mill has adopted KHB group SOP Stakeholder Engagement/ Negotiation document number KHB/G/SOP-35 dated 05/05/2017. This procedure include request and response, consultation meeting and complaint & grievances process flow.<br>Ccompany Policies and MSPO training conducted on 01/02/2019 and attendance records sighted. | Yes |

| **Principle 2: Transparency** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| | Interviews with stakeholders during stakeholder consultation they are aware and understand the process to request and receive information from mill. | |
| 4.2.2.2 | Communication and consultation procedure number KHB-HR-P08 dated 01/08/2018 describe the mill manager is the appointed person responsible for consultation and communication with the relevant stakeholders. | Yes |
| 4.2.2.3 | Abedon mill adopt KHB group SOP Stakeholder Engagement / Negotiation document number KHB/G/SOP-35 dated 05/05/2017. The procedure states the list of stakeholders will be updated twice a year or when it is required.<br><br>The established stakeholders list dated 20/12/2018 include authorities, villagers, schools, transporters, neighbors, collecting center, certified smallholders, uncertified smallholders, refinery and others (NGO).<br><br>The latest Group Stakeholders meeting conduct on 10/07/2018., | Yes |
| 4.2.3.1 | Abedon Mill established Identification and traceability, document number: AOM-ADM-TRB revision number 0, effective date 01/10/2018.<br><br>The SOP describe:<br>1. Mill manager as person in charge for oversee the traceability process<br>2. Sequence of traceability from receiving of FFB until dispatch of CPO and PK.<br><br>List of traceability documents,<br><br>Example:<br>1. FFB weighbridge ticket<br>2. FFB log Book<br>3. FFB daily processing records | Yes |
| 4.2.3.2 | Abedon mill adopt KHB Group SOP Traceability, document number: KHB/G/SOP-57 dated 01/12/2017.<br><br>The procedures describe:<br>• FFB quality traceability monitoring at mill ramp via loose fruits and bunches grading.<br><br>Internal audit for Abedon Oil Mill conducted on 30/01/2019 includes traceability and no findings found. | Yes |
| 4.2.3.3 | Abedon Mil established Traceability committee for monitoring and implementing traceability requirement. The committee comprised of mill staffs and workers. | Yes |
| 4.2.3.4 | Records of production, storage, sales and delivery of CPO and palm kernel are well maintained.<br><br>Delivered palm products are traceable to contracts and crosscheck with delivery notes, weighbridge tickets issued against weighbridge tickets from buyers. | Yes |

| **Principle 3: Compliance to legal requirements** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.3.1.1 | Abedon Mill has established list of licenses and permits that include expiry date.<br>Example of license available:<br>1. MPOB license.<br>2. Air receiver license.<br>3. DOE premise license.<br>4. Fire Certificate license.<br>5. Permit for diesel (skid tank).<br>6. JTK permit for overtime. | Yes |
| 4.3.1.2 | Abedon mill has established list of Laws and regulations revision number 1, effective date 08/02/2019.<br>The list include;<br>1. Occupational safety and health Act 1994<br>2. Factories and Machinery (Certificates of Competency Examinations) Regulations 1970.<br>3. Environmental Quality (clean Air Regulation) 2014.<br>4. Minimum Wages Order 2018<br>**Observation**:<br>Abedon Mill has established Legal Register dated 08/02/2019. Management may consider including specific clause of the Laws and Regulations applicable to the mill. | OBS 1 |
| 4.3.1.3 | Abedon mill adopts KHB group SOP Mechanism for implementation of legal requirements and system for Tracking changes in laws, document number KHB/G/SOP-36, revision number 02, revision date 09/02/2018.<br>The SOP includes:<br>1. Flowchart for mechanism of implementation of legal requirements which includes steps in updated the legal requirements.<br>2. Evaluate the effectiveness of the changes in laws.<br>3. To assesses the current practices and suggest changes (if any) in consultation with the head of plantation/mill | Yes |
| 4.3.1.4 | Abedon mill appoint the senior clerk as person in charge for updating legal requirements. | Yes |
| 4.3.2.1 | Abedon mill is situated within Kolopis Estate. Therefore does not diminish the land use rights of other users. | Yes |
| 4.3.2.2 | Abedon mill is situated within Kolopis Estate. Kolopis estate is owned by KHB with land tenure for 99 years | Yes |
| 4.3.2.3 | Abedon mill is situated within Kolopis Estate. Therefore does not border with other estate. | Yes |

| **Principle 3: Compliance to legal requirements** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.3.2.4 | Abedon mill is situated within Kolopis Estate. The land title of Kolopis estate is country leased. | Yes |
| 4.3.3.1 | Abedon mill is situated within Kolopis estate. Therefore, does not border with other estates.<br><br>Stakeholders meeting conducted on 14/05/2018 confirmed there is no dispute between the stakeholders and mill. | Yes |
| 4.3.3.2 | Abedon mill is situated within Kolopis estate.<br><br>The estate map is review to confirm the mill location. | Yes |
| 4.3.3.3 | Abedon mill is situated within Kolopis estate. Therefore, not applicable. | Yes |

| **Principle 4: Social Responsibility, health, safety and employment conditions** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.4.1.1 | Abedon Mill has established social Impact Assessment dated 11/02/2019 cover applicable issues related to mill.<br><br>The SIA include information from survey with internal and external stakeholder (smallholders and suppliers).<br><br>The SIA includes a summary of positive and negative impacts and the time bound plan to monitor for completion.<br><br>The SIA will be review once a year with feedback from stakeholders.<br><br>**Observation:**<br><br>Management could improve in the stakeholder's survey assessment for next SIA. | OBS 2 |
| 4.4.2.1 | Abedon Mill has established Complaint & Grievance procedure, dated 01/08/2018 approved by Director. The procedure is available in English and Bahasa Malaysia languages.<br><br>The procedure stated the investigation and resolution within 30 working days. However, if the issue cannot be resolved internally dispute will be referred to arbitration panel as agreed by both parties within 30 working days.<br><br>Abedon Mill has established template form document for grievances<br>a. Complaint and grievance form dated 01/06/2017.<br>b. Appeal form dated 01/06/2017.<br><br>Complaint procedure displayed on notice boards at hosing area and office.<br><br>Site interview with mill workers indicate they understand the process to make a complaint or grievance. | Yes |
| 4.4.2.2 | Abedon Mill has established Rekod Membuka Peti Aduan.<br><br>Grievance record is reviewed. There are no complaints lodged as at audited date. | Yes |

| **Principle 4: Social Responsibility, health, safety and employment conditions** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.4.2.3 | Abedon Mill has established Borang Aduan / Rungutan dated 01/06/2017 and Borang Rayuan dated 01/06/2017.<br>The complaint form and box was available at the mill office and the canteen mill. The complaint box has checked weekly to ensure any complaints are lodged will be resolved in a timely manner.<br>Interview with workers and dependents they are aware complaint flow. | Yes |
| 4.4.2.4 | Abedon Mill conduct morning briefing on company policies and grievance procedure on 01/202/2019 attended by all level staff and workers.<br>Grievance training for external stakeholders on 14/05/2018.<br>During Interview with workers and their dependents demonstrate they understand the complaint procedure and can be lodged at any time.<br>At the stakeholder consultation, stakeholders confirmed they are aware on complaint process. | Yes |
| 4.4.2.5 | Complaint records for year 2017 as at audited date are available and maintain in the office. | Yes |
| 4.4.3.1 | Abedon Mill provides job opportunities to local communities such as canteen operator, employ local as workers and office staff.<br>Abedon Mill process FFB from nearby smallholders which provide income to them.<br>Abedon Mill provide contributions to local communities. Example support to local schools. | Yes |
| 4.4.4.1 | Abedon Mill adopted KHB group Policy for Safety and Health dated 02/01/2018 verified by Chief executive officer. | Yes |
| 4.4.4.2 | Abedon Mil has adopted KHB group Policy for Safety and Health dated 02/01/2019.<br>Toolbox briefing on conducted as part of process ensuring workers understand the policy. Safety and health policy displayed at mill office notice board and operations site.<br>Interviewed workers able to explain safety and health in workplace. .<br>Abedon Mill established Hazard Identification, Risk Assessment, and Risk Control (HIRARC) for all operations.<br>Abedon Mill established and well-maintained training program for year 2019. Sighted training records, training material, attendant list and photo.<br>Example<br>Operational & safety of fire drill conducted on 02/01/2019.<br>Sighted Health and Safety SOP Briefing & Training for water treatment plant conducted on dated 09/02/2019.<br>SDS for current chemicals are available at chemical stores and can be access by workers.<br>Abedon mill provides appropriate PPEs for respective work stations. | Yes |

| **Principle 4: Social Responsibility, health, safety and employment conditions** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| | During on site verification and interviewed with workers, they are provided safety helmet, dusk must, glove, earplug and safety boot.<br>PPE issuance records sighted and well maintained.<br>Abedon mill establish SOP of Chemical Handling document no AOM-ADM-OSH/SOP-24, revision no 1 effective date 03/01/2019 to ensure mill chemical substances are handle according to Mill Safety & Health and Occupational Safety & Health Act (OSHA).<br>The Mill Manager is the appointed person responsible for safety and health<br>Abedon mill conducts quarterly safety and health meeting according to DOSH requirements. Latest OSH meeting conducted on 12/12/2018. There are no injuries cases reported in the meeting.<br>Abedon mill established SOP Accident Reporting Procedure Document No AOM-ADM-OSH/SOP-07 revision no 1 effective date 01/03/2018 to handle accident, dangerous occurrence, occupational poisoning and occupational disease. Briefing to workers r conducted during shift roll-call<br>Person in charge of First Aid kit are the shift supervisors. First aid training for first aiders conducted on 05/05/2018.<br>First aid kits are available at key operation work areas such as boiler room, water treatment plant, office, etc.,<br>JKKP 8 for annual reporting to DOSH sighted in accordance to DOSH requirements even there are no accidents and loss time injury for year 2018. | |
| 4.4.5.1 | Abedon mill adopted KHB group Social Policy dated 03/01/2017 signed by Chief Executive Officer.<br>The policy states Prohibit any form of forced or trafficked labour or unlawful employment of people.<br>The policy is displayed at the office notice board, housing area, and workshop and centralize clinic notice board.<br>Interviews with workers indicates they are aware on company policies.<br>Sighted training record for company policies dated 01/02/2019 attended by all level workers.<br>Onsite interview with workers indicate they are aware of the company policies. Workers confirmed the mill management respect human rights. | Yes |
| 4.4.5.2 | Abedon mill adopted KHB group Code of Conduct and Human Right Policy dated 03/01/2017.<br>The policy states on protecting the right of workers of all races and protecting women workers right.<br>The policy is displayed at notice boards.<br>Abedon Mill adopt KHB group SOP Recruitment and Selection Procedure dated 01/12/2014. This Procedure states recruitment are based on skill, company needs and experience. | Yes |

| **Principle 4: Social Responsibility, health, safety and employment conditions** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| | SOP Recruitment of Foreign Worker Procedure effective date 01/08/2018 on hiring process of foreign workers based on medical fitness and valid travel permits for working in Malaysia.<br>Sighted the increment for both foreign and local workers are equal and based on year of service.<br>During site interview with workers, it is noted the workers of both gender, male and female are aware of human right and confirmed that there is no discrimination practice at work place. | |
| 4.4.5.3 | Abedon Pmill established contract agreement for workers s in accordance with Sabah labour ordinance and Minimum Wage Order 2018.<br>Both local and foregin workers are provided with a contract agreement.<br>Example working contract signed by both worker and mill management dated 22/03/2013 in accordance with minimum wage regulation 2018. | Yes |
| 4.4.5.4 | Abedon Mill monitors contractor workers' wage paid by contractor.<br>Contractor workers' wages pay slip is review and according to minimum wage regulation. | Yes |
| 4.4.5.5 | Abedon mill established list of workers contains worker name, gender, DOB, date of entry, wage, period of employment and designation. | Yes |
| 4.4.5.6 | Abedon mill established worker's contract for every employee hired dulyu signed by worker and mill management. The workers are briefed on the contract agreement terms and conditions, wage, benefits, job task and a copy provide to each worker.<br>Workers' contract available in two languages, Bahasa Malaysia and English understand by foreign workers.<br>Onsite interview of workers confirmed they have the copy of contract and understand content in the contract agreement. | Yes |
| 4.4.5.7 | Abedon mill established the punch card system to capture workers and staff reporting for work and working hours for each day.<br>The working hours is displayed at the notice board.<br>Example working hours form 7:00am to 3:00pm with one hours rest time.<br>Interview with workers indicate they understand the working hours.<br>Sighted briefing record for minimum wages and overtime dated 01/12/2018 conduct by Mill Manager for all level mill worker.<br>Working overtime when required will be paid according to Sabah Labour Ordinance requirements of 1.5 times for Saturday and 2 times for working on rest days or public holidays.<br>On-site interview with worker indicates they are aware on overtime is 1.5 times per hourly rate and 2.0 time hourly rate public holiday. | Yes |
| 4.4.5.8 | The Abedon mill working hours is displayed at the notice board.<br>Office working hours: | Yes |

| **Principle 4: Social Responsibility, health, safety and employment conditions** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| | Working hours: 7:00am – 4.30 pm<br>Rest hours: 12:00 pm -1:30 pm<br>Shift:<br>Morning shift: 7.00am – 3.00 pm<br>Afternoon shift: 3.00 pm – 11.00 pm<br>Rest hour: 1 hour for each shift.<br>The working hour was in line with requirement of Sabah Labour Ordinance which is 8 hour of work including rest time.<br>Any overtime incurred will be paid according to Sabah Labour Ordinance of 1.5 time for normal working days and 2 time for rest days.<br>Interviews with workers at operation site indicates they understood the mill working hours and confirmed they are paid according to legal requirement. | |
| 4.4.5.9 | Wages paid are based on Minimum Wage order 2018 of RM1, 100 / month or RM42.31/day.<br>The pay slip of workers are verified to cross-check on the wage paid according to the minimum wage order 2018. | Yes |
| 4.4.5.10 | Abedon mill provide benefits to workers and staff such as free medical, sport facilities, affordable food with a sundry shop located in the estate compound access by mill workers, free electric, free water, housing, free transport, and schools for foreign workers children and contributions for festive seasons.<br>Mill has a canteen for workers to have meal during rest time. | Yes |
| 4.4.5.11 | Abedon mill adopts industry best practices for living quarters. Site observation the living quarters has basic amenities such as water, electricity, sport and recreational area, surau, clinic, creche and gardening area behind the house. | Yes |
| 4.4.5.12 | Abedon mill adopts KHB group Social policy dated 03/01/2017.<br>The policy include a statement prevent sexual harassment and violence in work place.<br>Abedon mill adopts KHB group SOP Sexual Harassment Reporting procedure, Doc No: KHB-HR-P06, effective date 01/06/2017. Training on company policies conducted on 01/02/2019 includes Sexual Harassment Policy.<br>Sighted complaints records indicate no complaints reported on harassment. Interviews with stakeholders and workers indicates no sexual harassment occur within the mill.<br>Site interview with worker indicate workers understand the process of reporting. Workers feedback there is no practice or related cases happened on sexual harassment or violence at workplace. | Yes |
| 4.4.5.13 | Abedon milladopt KHB group Code of Conduct and Human Right Policy dated 03/01/2017. | Yes |

| **Principle 4: Social Responsibility, health, safety and employment conditions** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| | This policy includes a statement Respect the right of freedom of association.<br>Abedon Mill established JCC committee as a platform of communication between workers and employer. Latest JCC meeting conducted on 13/12/2018. | |
| 4.4.5.14 | Abedon mill adopts KHB group Social Policy that include a statement "ensure that NO child (a person under the age of 15 years)or young person (who has attained the age of 15 years but has not attained the age of 18 years) shall be or permitted to be, engaged in any employment other than those allowed by the law.<br>Sighted workers master list found no child or young person employed by the mill.<br>All the workers are above 18 years prior joining the mill. | Yes |
| 4.4.6.1 | Abedon mill management established training program for year 2019 dated 31/01/2019 which includes training for workers and contractors on topics related to the work areas.<br>Training records sighted and reviewed.<br>Example:<br>HIRARC Briefing and Training of water treatment plant conducted on 09/02/2019<br>Operational & Safety FFB lories/ trailers breakdown at mill FFB loading ramp conducted on 10/02/2019 | Yes |
| 4.4.6.2 | Abedon mill establish individual training matrix according to the job description.<br>Sighted training program for respective work operations for workers. | Yes |
| 4.4.6.3 | Abedon mill established training programme for year 2019.<br>Example list of training to be conducted:<br>• Fire drill & fire extinguisher safety and operational training<br>• Defensive driving<br>• Competency test<br>• Office safety and operational training<br>• Weighbridge training | Yes |

| **Principle 5: Environment, natural resources, biodiversity and ecosystem services** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.5.1.1 | Abedon Oil Mill adopted KHB Group Environmental Policy dated 02/01/2018 signed by Chief executive Officer.<br>Stated in the policy; | Yes |

| **Principle 5: Environment, natural resources, biodiversity and ecosystem services** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| | - Operate within the framework of statutory and regulatory requirement or relevant laws, RSPO, ISCC and MSPO certification principles and criteria.<br>- Manage the organization to reduce its environmental impact and GHG emission<br>The Environmental Management Plan for year 2019 dated 04/01/2019 list of content are; Policy, Objectives, Compliance to laws and regulation, environmental performance monitoring committee, environmental risk assessment, environment aspect and impact, environment action program, POME treatment system, monitoring protocol and etc.<br>Company Policies training conducted on 01/02/2019 and attendance records reviewed | |
| 4.5.1.2 | Environmental policy states committed to minimizing the environmental impact of its operations and understands the importance of conserving natural resources.<br>The objectives identified the environmental aspect and impact, reduce negative impact and promote positive impact, comply with related law and regulation and reduce GHG emission to acceptable level.<br>Environmental aspect and impact targets – FFB reception, FFB sterilization, oil storage, kernel heating, biomass boiler, steam turbine, diesel generator set, POME ponds and etc. | Yes |
| 4.5.1.3 | Sighted environment action program have been established. Example of activities and monitoring conducted:<br>- FFB reception – all oil and grease collected in oil trap.<br>- FFB sterilization – no palm oil discharge through drainage.<br>- Oil storage – all CPO is isolated inside storage area.<br>- Kernel heating – all oil and grease collected in oil trap.<br>- Biomass boiler – 20% Opacity.<br>- Steam turbine – no workers with hearing impairment due to work.<br>- Diesel generator set – no workers with hearing impairment due to work.<br>- POME ponds – Zero non – compliance with Jadual Pematuhan Lesen DOE. | Yes |
| 4.5.1.4 | Sighted environment action program have been established. Example of activities and monitoring conducted:<br>- FFB reception – Monitoring checklist for drainage<br>- FFB sterilization – Monitoring checklist for drainage<br>- Oil storage – Isolated bund wall at storage area<br>- Kernel heating – Monitoring checklist for drainage<br>- Biomass boiler – installation of soot trapping mechanism | Yes |

<table>
<tr><th colspan="3">Principle 5: Environment, natural resources, biodiversity and ecosystem services</th></tr>
<tr><th>Indicator</th><th>Summary of Assessment</th><th>Compliance</th></tr>
<tr><td></td><td>- Steam turbine – yearly monitoring plan<br>- Diesel generator set – yearly monitoring plan<br>- POME ponds – fully functional treatment system</td><td></td></tr>
<tr><td>4.5.1.5</td><td>Abedon Oil Mill Training Plan 2019 have been established – sustainability principle and criteria training.<br><br>Company Policy and MSPO training conducted on 01/02/2019 trained by sustainability clerk. Training material and attendance recorded.<br><br>Training for waste management dated 27/06/2018 have established. Attended by 39 participants. Training material and attendance recorded.<br><br>Training for chemical handling dated 09/08/2018 have established. Attended by 14 participants. Training material and attendance recorded.<br><br>Training for recycle dated 20/08/2018 have established. Attended by 96 participants. Training material and attendance recorded.</td><td>Yes</td></tr>
<tr><td>4.5.1.6</td><td>Sighted minutes of meeting environmental performance monitoring committee (EMPC) 2018 – 3rd session dated 13/12/2018. Attendance recorded. Topics discussed are captured in the minutes of meeting.</td><td>Yes</td></tr>
<tr><td>4.5.2.1</td><td>Sighted monthly diesel consumption per FFB processed have established for year 2016 – 2018. The trends records 2016 – 2018 are well maintain. Baseline for diesel consumption 2016 to 2018 have been established<br><br>Sighted baseline value for 2019 at L / FFB processed.<br><br>Baseline reduce from last year per FFB processed due to efficient boiler operation (minor breakdown) and increase of FFB process and generator set operate only when starting point ( no extra operation due to effective boiler operation)<br><br>Energy optimization plan reviewed.
<table>
<tr><th>Plan</th><th>Purpose</th><th>Expectation</th></tr>
<tr><td>LED Bulb/Non – conventional light tube conversion</td><td>Reduce energy load/consumption</td><td>Decrease power consumption thus decrease fuel consumption</td></tr>
<tr><td>Additional 2nd stage winnowing system</td><td>Decrease wet shell and increase shell kernel separation efficiency</td><td>Increase efficiency of boiler and running hour</td></tr>
<tr><td>Secondary front loader</td><td>Reduce load and movement of shovel</td><td>Decrease fuel consumption</td></tr>
</table></td><td>Yes</td></tr>
<tr><td>4.5.2.2</td><td>Sighted estimated diesel consumption for year 2019 that includes FFB projection and estimated diesel consumption per ton of FFB</td><td>Yes</td></tr>
<tr><td>4.5.2.3</td><td>Energy optimization plan for Abedon Oil Mill verified by Mill Manager dated 03/02/2019.<br><br>Sighted renewable energy records.</td><td>Yes</td></tr>
</table>

| **Principle 5: Environment, natural resources, biodiversity and ecosystem services** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| | Power produced by steam turbine for 2016 to 2018. | |
| 4.5.3.1 | Sighted waste management plan dated 01/08/2018.<br>Waste identification and source of pollution has been addressed – significant aspect<br>1. Boiler ash – Boiler waste<br>2. Effluent water (POME) – Process waste<br>3. Decanter cake – Decanter machine<br>4. Domestic waste – labor line<br>5. Chemical container – Boiler waste treatment | Yes |
| 4.5.3.2 | Waste management plan establish dated 01/08/2018.<br>Monitoring Plan for waste management plan.<br>1. Boiler ash – Boiler waste (weighbridge / weighbridge ticket).<br>2. Effluent water (POME) – Process waste (Flow meter / log book).<br>3. Decanter cake – Decanter machine (weighbridge / weighbridge ticket).<br>4. Domestic waste – labor line (landfill / log book).<br>5. Chemical container – Boiler waste treatment (boiler chemical purchase order / receipt note.<br>Sighted reuse / recycle plan for waste management plan.<br>Boiler ash – road patching, compost additive<br>Effluent water (POME) – field nutrient recycles, compost additive<br>Decanter cake – compost additive, field nutrient recycles.<br>**Observation:**<br>Management could improve monitoring on oil traps in mill to avoid any possible contamination. | OBS 3 |
| 4.5.3.3 | Standard Operating Manual for chemical handling, doc no AOM-ADM-OSH/SOP-24, revision 1 with effective date 03/01/2019.<br>Purposes of SOM is to ensure mill chemical substances are handle according to Mill Safety & Health and Occupational Safety & Health Act (OSHA). | Yes |
| 4.5.3.4 | Sighted treatment and disposal plan for waste management plan.<br>Domestic waste from the workers housing disposed at the landfill to minimize the risk of contamination of the environment and watercourse. | Yes |
| 4.5.4.1 | Sighted pollution management plan dated 02/08/2018.<br>Assessment of polluting activities checked and reviewed.<br>- Smoke from FFB transportation | Yes |

<table>
<tr><th colspan="3">Principle 5: Environment, natural resources, biodiversity and ecosystem services</th></tr>
<tr><th>Indicator</th><th>Summary of Assessment</th><th>Compliance</th></tr>
<tr><td></td><td>- Produce condensate that result as POME<br>- Generate soot by burning biomass<br>- Generate ash of biomass burning<br>- Smoke emission from vehicles</td><td></td></tr>
<tr><td>4.5.4.2</td><td>Sighted future planning for identified pollution and emission in pollution management plan.
<table>
<tr><th>Planning</th><th>Objectives</th><th>Targets</th></tr>
<tr><td>Flue gas emission control system</td><td>Reduce stack emission</td><td>20% opacity</td></tr>
<tr><td>Optimize energy consumption</td><td>Reduce power load</td><td>Reduce power consumption by 0.05</td></tr>
<tr><td>Upgrade diesel usage to euro 5 diesel</td><td>Reduce carbon emission</td><td>Fully replace type of diesel consumption</td></tr>
<tr><td>Biogas plant</td><td>Capture methane gas during anaerobic digestion of POME</td><td>Reduce GHG emission</td></tr>
</table>
Sighted CAPEX for year 2019 include CPO tank farm spillage bund wall.</td><td>Yes</td></tr>
<tr><td>4.5.4.3</td><td>Monthly water analysis conducted for final discharge of effluent, upstream and downstream water quality.<br><br>Latest Certificate of Analysis no. 20190111-02-0 dated 18/01/2019 results comply to specifications for test parameters.</td><td>Yes</td></tr>
<tr><td>4.5.5.1</td><td>Abedon Mill established water management plan dated 01/02/2019.<br><br>Water management plan is to maintain the quality and availability of natural water resources, optimizing water usage, reduce wastage and monitoring the outgoing water which may have negative impacts into the natural waterways.<br><br>The water management plan in the palm oil mill is towards water conservation and pollution management of waste water generated during processing operations.<br><br>Domestic water usage<br><br>The water source for mill and domestic usage is from water pond.<br><br>Sighted water analysis is conducted dated 28/06/2018.<br><br>Water wastage can be reduced, control, monitor with several methods.</td><td>Yes</td></tr>
<tr><td>4.5.5.2</td><td>Sighted no open discharge of POME to water courses. Treated POME is discharged for land application.</td><td>Yes</td></tr>
</table>

| **Principle 6: Best Practices** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.6.1.1 | Abedon Mill established SOPs for the operations.<br>Examples of SOPs:<br>1) Production Planning working – Oil tank cleaning: AOM-ADM-PRD/SOP-02<br>2) Handling Incoming product – FFB reject weighing: AOM-ADM-WB/SOP-02<br>3) Processing FFB – press station: AOM-PRC-PRD/SOP-09<br>Monitoring records reviewed.<br>Example; Daily progress report on actual incoming FFB and outgoing CPO and PK. | Yes |
| 4.6.1.2 | Abedon Mill implement best practices.<br>Example:<br>Stack dust emission monitoring report for boiler dated 11/08/2018.<br>Dust emission to atmosphere measured in accordance to Malaysian standard MS 1596:2003. | Yes |
| 4.6.2.1 | Abedon Mill established long term plan & financial projection for year 2017-2023 dated 07/08/2018.<br>The plan includes volume of FFB process, production volume of CPO, PK, OER and KER, cost of production and income from sales of CPO and PK. | Yes |
| 4.6.3.1 | Abedon Mill engage contractor for FFBs transport.<br>Contract is establish with the agreed rate per ton of FFB transported, payment terms and signed by both parties.<br>Payment made to the contractor on 22/12/2018 is review and according to the terms and conditions stated in the agreement. | Yes |
| 4.6.3.2 | The terms and conditions in the contract is agreed and duly sign by both parties. Therefore, is fair and transparent.<br>Sighted payment made on 22/12/2018 as per terms and conditions stated in the contract. | Yes |
| 4.6.4.1 | The general work order agreement between Abedon Mill and contractor is reviewed.<br>Sighted MSPO form for Contractors to understand and agree that all workers will fulfill MSPO principles and all policies of Abedon Oil Mill Sdn Bhd.<br>Sighted training on MSPO requirements for contractors dated 08/05/2018. | Yes |
| 4.6.4.2 | Sighted General Work Order Agreement signed between Abedon Oil Mill and Contractor describing the work period and description of service.<br>**Observation:**<br>Contract work order agreement is established. Management could consider improve in monitoring of contract works. | OBS 4 |

| **Principle 6: Best Practices** | | |
|---|---|---|
| Indicator | Summary of Assessment | Compliance |
| 4.6.4.3 | General work order agreement work order no. GWO A – AOM 02/LR/SJ/2018 – 12 is reviewed.<br>Stated in MSPO form Contractor agree to cooperate with auditor appointed by Abedon Mill Sdn Bhd to provide information to fulfill MSPO certification. | Yes |

## 4.4. Status of Non-Conformities Previously Identified

| | |
|---|---|
| | The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have been implemented to address the identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report. |
| X | The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address any nonconformity identified. |
| | The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have not been implemented effectively. The non-conformity will be re-raised. |
| | Not applicable. No non-conformity raised in previous audit. |
| *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 non-conformity.*<br>*Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.* | |

## 4.5. Detail of Audit Findings Identified During Previous Year Audit

| **AUDIT OUTCOME** | |
|---|---|
| **MAJOR Non-Conformities** | 0 |
| **MINOR Non-Conformities** | 0 |
| **Observations** | 5 |

| **Observation < 01 >** | |
|---|---|
| Indicator:4.1.2.2<br>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. (MAJOR) | |
| Location | Mill office |
| **Description of Finding / Objective Evidence:** | |
| The internal audit form and finding can be further improved to include additional information. | |
| **Raise by:** Terence, Ang Wai Sheng | **Date Raise:** 24/01/2018 |
| **Review of Implementation** | |
| Internal audit for Abedon Oil Mill conducted on 30/01/2019. The assessment divided into physical t and documentation audits. All physical audit findings have been closed on 17/02/2019 and presented during the management review meeting. | |

| Observation < 01 > | |
|---|---|
| Closed: ☒ Yes ☐ No | Site verification : ☒ Yes ☐ No |
| **Name of Lead Auditor :**<br>Mohamad Norhisham Bin Mohd Salleh | **Date Review:**<br>20/02/2019 |

| Observation < 02 > | |
|---|---|
| Indicator: 4.4.4.2 The occupational safety and health plan shall cover the following:<br>(MAJOR)<br>b) The risks of all operations shall be assessed and documented | |
| Location | Mill office |
| **Description of Finding / Objective Evidence:** | |
| Audiometry test for 20 workers was conducted on 30/10/2017. Based on result, 14 out of 20 personnel have hearing impairment. There is no recommendation from the doctor since this is a newly appointed Doctor. Abedon Oil Mill management may consider seeking advice to conduct a retest for those workers that have hearing impairment based on previous doctor reports. | |
| **Raise by:** Mohamad Norhisham Bin Mohd Salleh | **Date Raise:** 24/01/2019 |
| **Review of Implementation** | |
| Hearing test was conducted 26/04/2018 and 24/07/2018. SOP for Hearing Conservative Programme has been established, AOM-ADM-OSH/SOP-26 revision 0 effective date 20/05/2018. The SOP describe on exchanging personnel on engine room to reduce exposure on noise. Meeting has been conducted on 01/08/2018 as regards of the workers cases. The meeting has proposed observation room which can reduce workers exposure to noise. Budget allocation for 2019 (Capex 2019) has include Enclosed engine room to be built. | |
| Closed: ☒ Yes ☐ No | Site verification: ☒ Yes ☐ No |
| **Name of Lead Auditor :**<br>Mohamad Norhisham Bin Mohd Salleh | **Date Review:**<br>20/02/2019 |

| Observation < 03 > | |
|---|---|
| Indicator: 4.4.5.6 All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records. (MAJOR) | |
| Location | Mill office. |
| **Description of Finding / Objective Evidence:** | |
| The mill has established worker contracts form but could include details regarding overtime rate rather than quoting the Sabah Ordinance as reference. | |
| **Raise by:** Mohamad Norhisham Bin Mohd Salleh | **Date Raise:** 24/01/2018 |
| **Review of Implementation** | |
| Training on overtime has been conducted on 01/12/2018 which involve workers and staff. Training conducted to ensure workers awareness on overtime rate. Interview with workers indicates they can explain on overtime rate as stated in the Law. | |

| Observation < 03 > | |
|---|---|
| Closed: ☒ Yes ☐ No | Site verification: ☒ Yes ☐ No |
| **Name of Lead Auditor :**<br>Mohamad Norhisham Bin Mohd Salleh | **Date Review:**<br>20/02/2019 |

| Observation < 04 > | |
|---|---|
| Indicator: 4.5.3.1 - All waste products and sources of pollution shall be identified and documented. (MAJOR) | |
| Location | Schedule waste store, Abedon Oil Mill |
| **Description of Finding / Objective Evidence:** | |
| The list of scheduled waste in the environment management plan could include SW410 (contaminated rags & gloves), SW408 (waste chemicals) and SW110 (e-waste). | |
| **Raise by:** Leong Sak Kuan | **Date Raise:** 24/01/2018 |
| **Review of Implementation** | |
| Abedon Oil Mill has established Waste Management Plan dated 01/08/2018. The establish plan includes type of scheduled waste such as SW 410, SW 408 and SW 110. | |
| Closed: ☒ Yes ☐ No | Site verification: ☒ Yes ☐ No |
| **Name of Lead Auditor :**<br>Mohamad Norhisham Bin Mohd Salleh | **Date Review:**<br>20/02/2019 |

| Observation < 05 > | |
|---|---|
| Indicator: 4.6.1.1 Standard operating procedures shall be appropriately documented and consistently implemented and monitored. (MAJOR) | |
| Location | Mill office, Abedon Oil Mill |
| **Description of Finding / Objective Evidence:** | |
| Procedure on chemical handling could include the type of PPE to be used. | |
| **Raise by:** Leong Sak Kuan | **Date Raise:** 24/01/2018 |
| **Review of Implementation** | |
| Abedon Oil Mill has established SOP Chemical Handling, AOM-ADM-OSH/SOP-24, revision 1, effective date 03/01/2019. The SOP include type of PPE stated in topic 6. References.<br>Example:<br>1. N29 Face Mask<br>2. Half - Face Piece Respirator & Organic vapour filter<br>3. Nitrile glove | |
| Closed: ☒ Yes ☐ No | Site verification : ☒ Yes ☐ No |
| **Name of Lead Auditor :**<br>Mohamad Norhisham Bin Mohd Salleh | **Date Review:**<br>20/02/2019 |

## 4.6. Detail of Audit Findings Identified During This Audit

This section gives an overview of the non-conformities raised during this audit.

| AUDIT OUTCOME | |
|---|---|
| **MAJOR Non-Conformities** | 0 |
| **MINOR Non-Conformities** | 0 |
| **OBSERVATION** | 4 |

| Observation < 01 > | |
|---|---|
| Indicator: 4.3.1.2 The management shall list all relevant laws related to their operations in a legal requirement register.<br>(MAJOR) | |
| Location | Abedon Oil Mill |
| **Description of Finding / Objective Evidence:** | |
| Abedon Group has established Legal Register dated 08/02/2019. Management may consider include specific clause of the Laws and Regulations applicable to the mill. | |
| **Name of Lead Auditor:**<br>Mohamad Norhisham Bin Mohd Salleh | **Date Raise:**<br>21/02/2019 |

| Observation < 02 > | |
|---|---|
| Indicator: 4.4.1.1 Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.<br>(MINOR) | |
| Location | Abedon Oil Mill |
| **Description of Finding / Objective Evidence:** | |
| Management could improve in the stakeholder's survey assessment for next SIA. | |
| **Name of Auditor:**<br>Sheron Pui Ling Wui | **Date Raise:**<br>21/02/2019 |

| Observation < 03 > | |
|---|---|
| Indicator: 4.5.3.2 A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:<br>(MAJOR)<br>a. Identifying and monitoring sources of waste and pollution<br>b. Improving the efficiency and recycling potential of mill by-products by converting them into value-added by-products | |
| Location | Abedon Oil Mill |
| **Description of Finding / Objective Evidence:** | |
| Management could improve monitoring of oil traps to avoid any possible contamination. | |

| Observation < 03 > | |
|---|---|
| **Name of Lead Auditor:**<br>Muhammad Khairul Anuar Bin Azizul Hasan | **Date Raise:**<br>21/02/2019 |

| Observation < 04 > | |
|---|---|
| Indicator: 4.6.4.2 The management shall provide evidence of agreed contracts with the contractor. (MAJOR) | |
| Location | Abedon Oil Mill |
| **Description of Finding / Objective Evidence:** | |
| Contract work order agreement is established. Management could consider improve in monitoring of contract works. | |
| **Name of Auditor:**<br>Muhammad Khairul Anuar Bin Azizul Hasan | **Date Raise:**<br>21/02/2019 |

## 5. CONCLUSION

Kretam Holdings Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct surveillance 01 audit for its Abedon Oil Mill according to MS 2530-4:2013 Part 4 General principles for palm oil mills.

Observations raise in this audit will be verify in the next surveillance audit.

From the review of the standard operating procedures, relevant forms, work flow charts established and implemented; the subsequent background investigation and interviews conducted during this surveillance audit have provided TUV NORD Malaysia with sufficient evidence on the fulfilment of the applied standard Principles & Criteria.

In conclusion the certified unit has been established, implemented and continued to improve in managing the estates are in line with the Principles & Criteria of the applied standards of MS 2530-4:2013. Part 4 General Principles for Palm Oil Mills.

As a result of this audit, the audit team confirms that:

| | | |
|---|---|---|
| Certified CPO January to December 2018: | 30,270.24 | mt |
| Certified PK January to December 2018: | 7,638.79 | mt |
| Projected CPO January to December 2019: | 31,853.00 | mt |
| Projected PK January to December 2019: | 6,932.00 | mt |

## 6. 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

| | |
|---|---|
| | Recommended for Certification |
| **X** | Recommended for Continuity of Certification |
| | Recommended for Suspension of Certification |

Puchong 16/04/2019

Mohamad Norhisham Bin Mohd Salleh
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong 16/04/2019

Nor'adhlin Sofia Binti Razali
TUV NORD (Malaysia) Sdn Bhd
Certifier / Approver

## 7. REFERENCES

**Table 7-1: List of Interviewed Persons and Stakeholders**

| No. | Name | Organisation |
|---|---|---|
| 1. | Jimli Perijin | SWD Kinabatangan |
| 2. | Aidde Jamali | Jabatan Hidupan Liar KInabatangan |
| 3. | Muhd Siddek | CLC |
| 4. | Azrul Bin Matnawi | Wild Asia |
| 5. | Sabre Bin Nacis | Wild Asia |
| 6. | Rozie Maharan | Jabatan Immigresen Malaysia |
| 7. | Andri Asri Mansur | Mewah 1 Estate |
| 8. | Yusri Lausu | Mewah 2 Estate |
| 9. | Jaiman | Bukit Mag |
| 10. | Jepri Titingan | Sek Kebangsaan Paris |

## Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities / Audit Objectives

This report is sent to the certification body or bodies, the members of the audit team and the audit representative of the organisation. All documents (such as this report) regarding the certification procedure are treated confidentially by the audit team and the certification body. This audit report remains the property of the certification body.

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities of weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report.

The responsibility for continuous effective operation of the management system always rests solely with the audited and certified organisation.

Salvo clause:
The audit report will be left to the organisation at the end of the audit - subject to approval by the certification body. The independent release process may cause modifications or additions. In these cases a modified revision will be sent to the audited organisation.

The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body. Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regard to the management system.

## Annex / Enclosures

| | |
|---|---|
| Annex / corresponding audit documentation | ☐ P&C Audit Report / Checklist(s)<br>☐ Audit Plan<br>☐ Additional annexes, number |