

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



RSPO P&C SURVEILLANCE ASSESSMENT PUBLIC SUMMARY REPORT

**Kretam Holdings Berhad
Syarikat Kretam Oil Mill Sdn. Bhd.**

Date of assessment	04/03/2019 – 09/03/2019
Number of ASA	ASA 03

RSPO Principle & Criteria

Company Name: Kretam Holdings Berhad
Certifying Unit: Syarikat Kretam Oil Mill Sdn. Bhd.
Client Number: 92-041
Type of Audit: Annual Surveillance 3



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1 Scope

1.1 Organizational information / Contact person	
Name of Unit of certification	Syarikat Kretam Holdings Mill Sdn. Bhd. and supply bases.
Principle Contact Person	Mr Mohd Masran Bin Hamzah
Business address	Lot 6, Block 44, Leboh 3, P.O. Box No 1292, 90714 Sandakan, Sabah, Malaysia
Telephone Number	+6089-218999
E-mail address	masran@kretam.com
Web site	www.kretam.com
Other certifications held:	ISCC, HACCP, ISO 9001: 2015

1.2 Certification Details	
RSPO membership number:	1-0189-15-000-00
Parent company name (if applicable):	Kretam Holdings Berhad
Certificate number:	500-92-041
Date of assessment	03/03/2019 – 09/03/2019
Date start of certificate	15/06/2016
Date of expiry certificate	14/06/2021
Current Certificate Validity (One Year)	15/06/2019 – 16/06/2020

1.3 Identity of Certification Unit
<p>Syarikat Kretam Mill Sdn. Bhd. and the supply bases owned by Kretam Holdings Berhad (KHB) is located at Bode Estate, Sandakan, Sabah, Malaysia is assessed against RSPO Certification Systems, RSPO P7C for Sustainable Palm Oil version 2013, RSPO Malaysia National Interpretation version 2015 and RSPO SCC version 2014 revised June 2017.</p> <p>Kretam Holdings Berhad (KHB) is a plantation organization with operations in 3 regions namely Sandakan, Tawau and Lahad Datu, Sabah, Malaysia. There are 3 mills, one at each region and one refinery at Sandakan region.</p> <p>The supply bases of Kretam Mill consist of 4 internally owned estates namely Bode, Sapagaya, Bukit Sekong and Masang.</p> <p>The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment</p>

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Name of Mill	Location of mill	Coordinates	Mill Capacity Mt/H
Syarikat Kretam Mill Sdn. Bhd.	Off KM 45, Sandakan – Lahad Datu Highway, Sandakan, Sabah.	E 117° 50' 15", N 05° 39' 25"	60 mt/hours

Name of Supply Base	Location of mill	Coordinates
Bode Estate	Off KM 45, Sandakan – Lahad Datu Highway, Sandakan, Sabah	E 117° 49' 54", N0 5° 38' 37"
Masang Estate (2 Divisions)	Off KM 45, Sandakan – Lahad Datu Highway, Sandakan, Sabah	E 117° 51' 55", N0 5° 39' 47"
Bukit Sekong Estate (2 Divisions)	Batu 60, Jalan Sukau, Kinabatangan, Sandakan, Sabah	E 117° 54' 09", N 05° 36' 12"
Sapagaya Estate	KM 82 Jalan Lahad Datu / Sandakan, Kinabatangan, Sandakan, Sabah	E 118° 01' 06", N0 5° 34' 52"

1.4 Production Volume

Supply based	Last year projected volume			Actual annual volumes* March 2018 – Feb 2019			Projected volume for March 2019 – Feb 2020		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Certified***	184,100	40,145	8,475	17,1264.08	35,340.12	7,396.02	187,350.00	41,217.00	8,430.75
Uncertified	0	0	0	0	0	0	0	0	0
Total	184,100	40,145	8,475	171,264.08	35,340.12	7,396.02	187,350.00	41,217.00	8,430.75

*of certified products since date of last reporting period

**from current reporting time

*** Figure entered into palm trace account.

1.5 Description of Fruit Supply Base

The supply bases consist of 4 internal estates as show in below table as the certified source. All smallholders incoming FFBs are send to Abedon Oil Mill.

The list of uncertified sources is made available for review to cross-check the projected volume. Any uncertified volume will be directed to Abedon Oil Mill.

Note: If the module MB, please list the origin of the uncertified source. Additionally, if there is scheme/associated, this need to be specify.

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Name of Plantation	Area (Ha)		FFB Production (ton/year) (June 2018 to May 2019)	Projected FFB Production (ton/year) (June 2019 to May 2020)
	Total*	Planted**		
Bode Estate	3,472.41	2,811.62	48,941.15	60,000
Masang Estate	3,047.03	2,936.18	58,823.22	62,200
Sapagaya Estate	3,049.77	2,998.18	61,596.72	66,100
Bukit Sekong Estate	853.33	866.86	7,035.10	5,900
Total FFB supplied to the mill			176,396.19	194,200

*includes productive and non-productive area (infrastructures, conservation, HCV, community use, set aside area etc.)

** Immature + Mature Area

HCV & Conservation Area			
Name of Plantation / Smallholders location	Conservation Area	HCV Area	Total
Bode Estate	8	200	208
Masang Estate	20	50	70
Bukit Sekong Estate	4	-	4
Total	32	250	282

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Figure 1-1 Maps

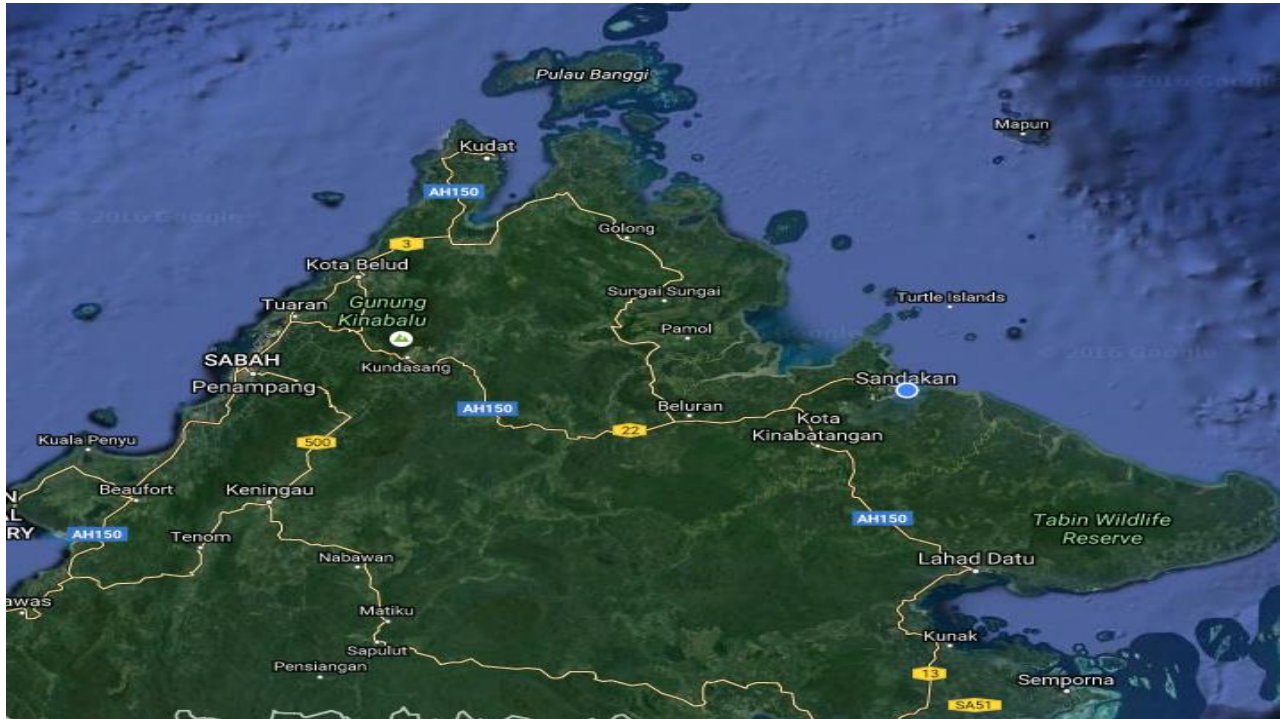


Figure 1: Location site in Sabah

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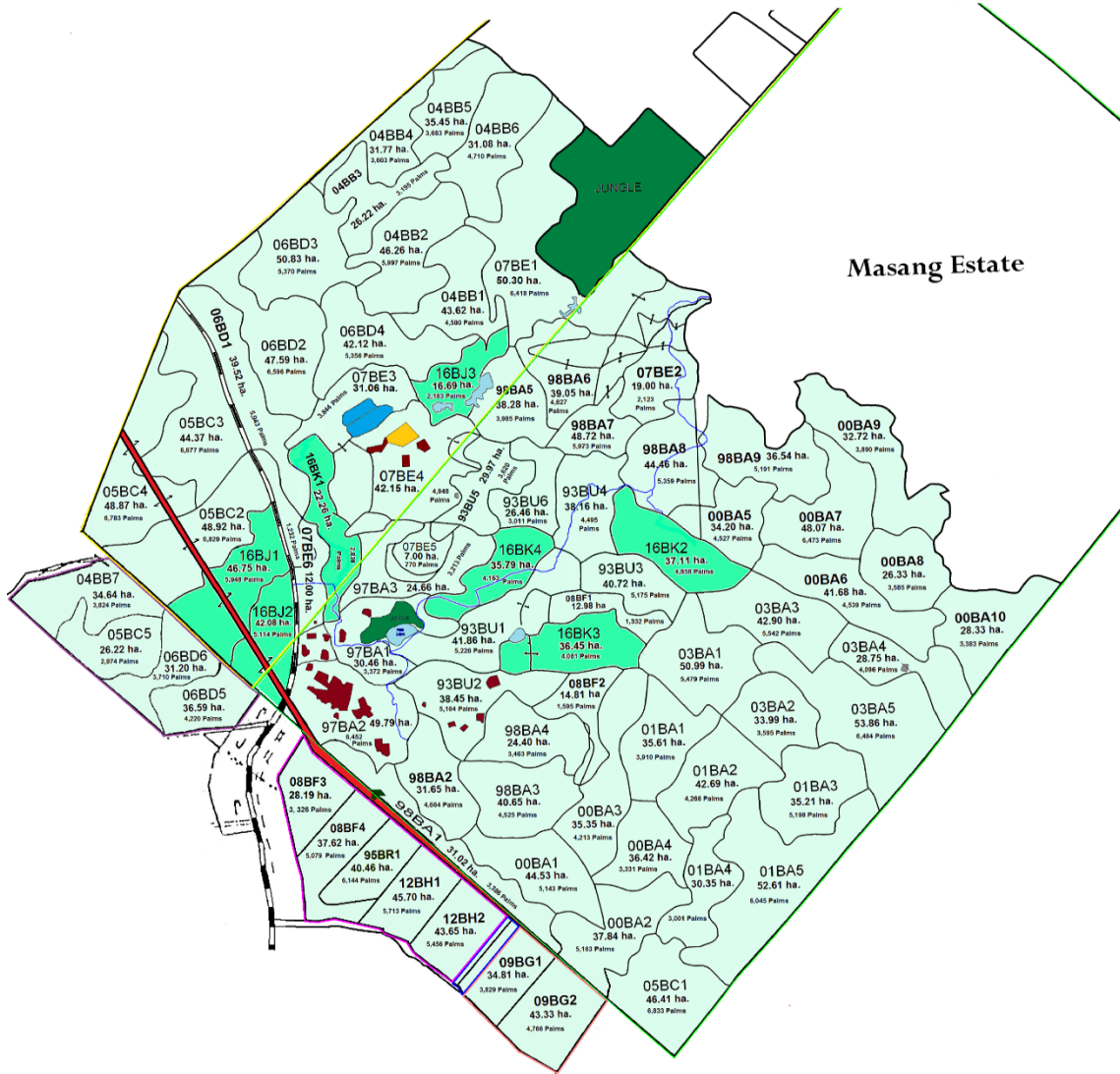


Figure 2: Bode Estate

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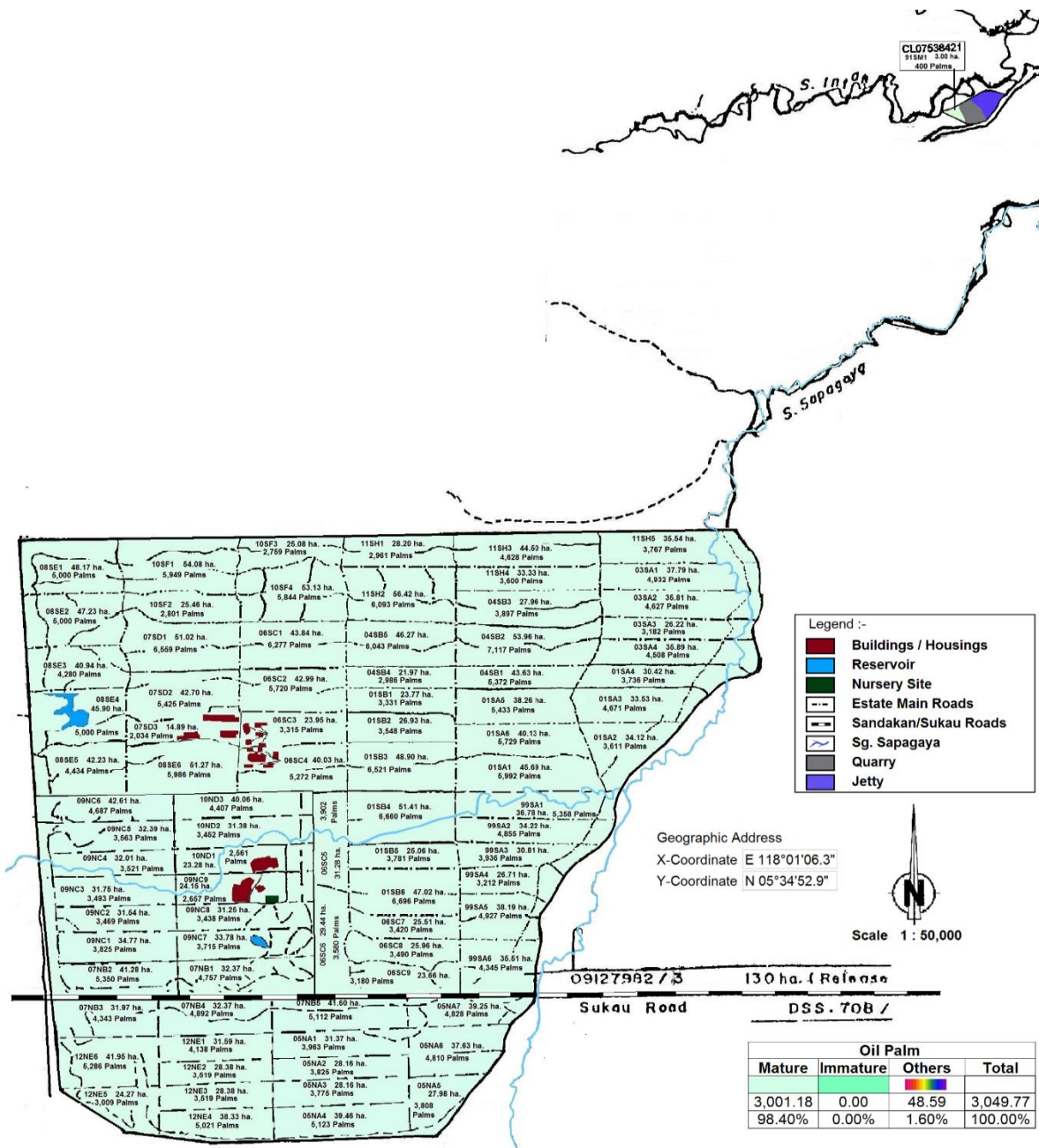


Figure 4: Sapagaya Estate

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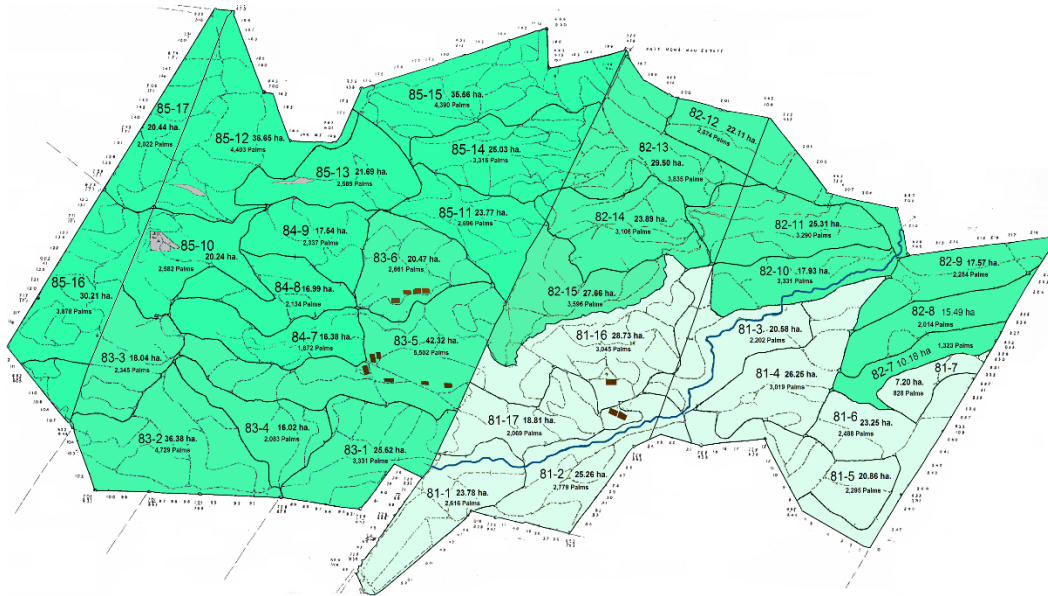


Figure 5: Bukit Sekong

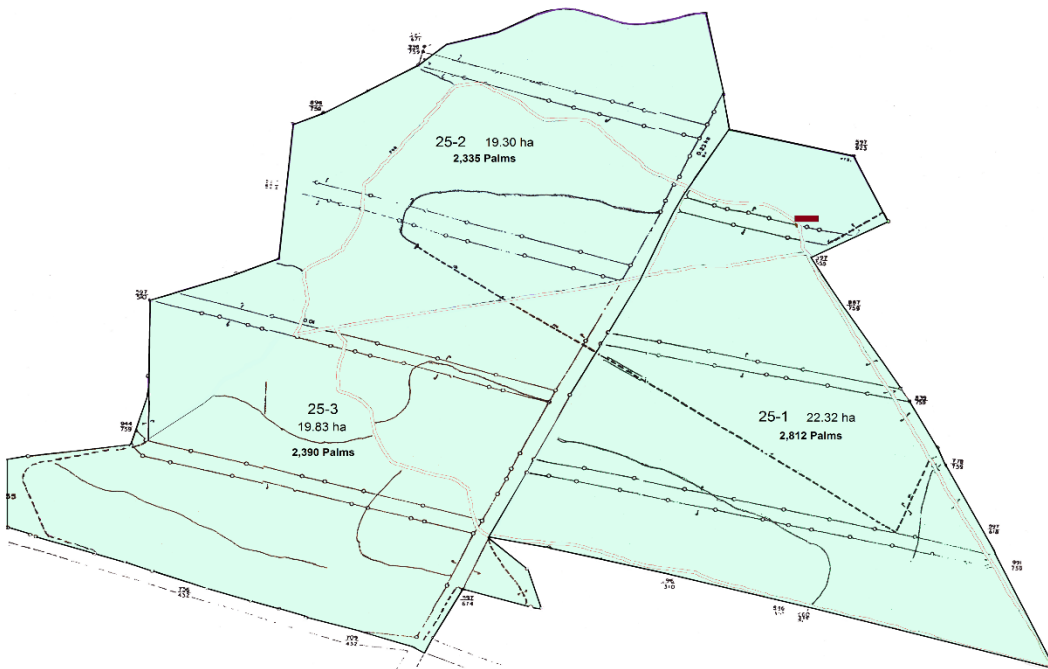


Figure 6: Sukau (Division 1)

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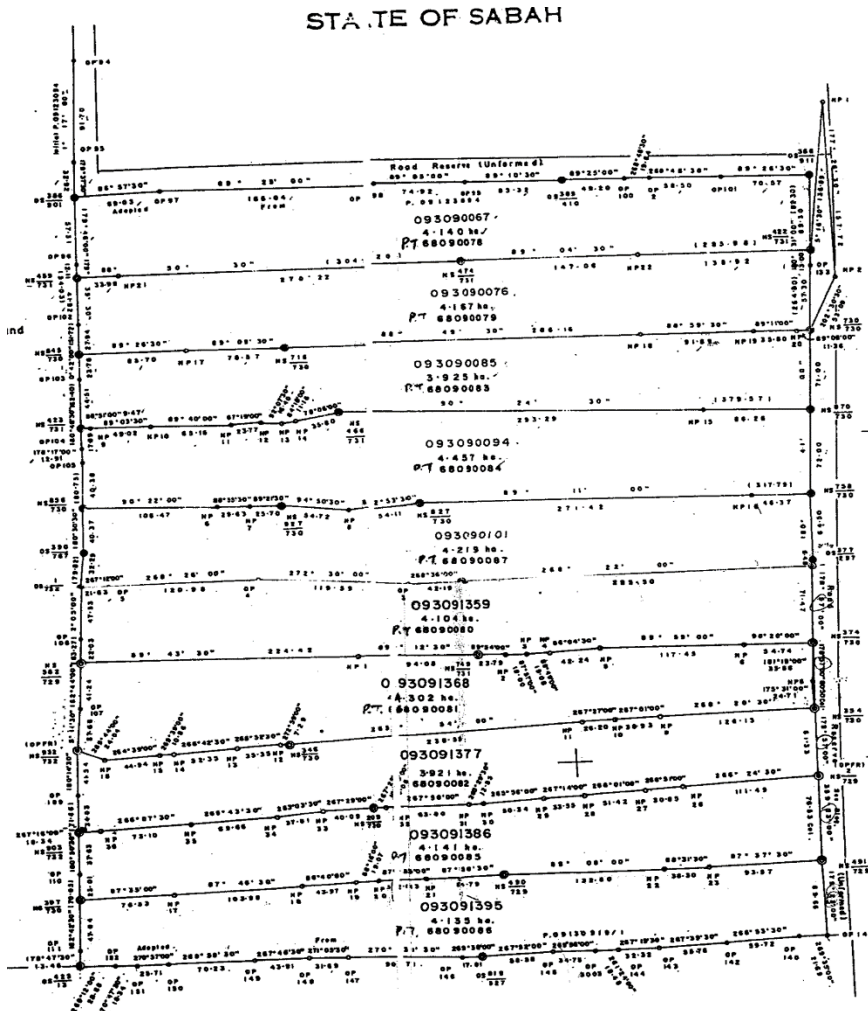


Figure 7: Sukau (Division 2)

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1.6 Date of Planting and Cycle

1.6.1 Planting program for each estate

Year estate /	Bode Estate	Bukit Sekong Estate	Masang Estate	Sapagaya Estate
1992	-	-	-	-
1993	-	-	-	-
1994	-	-	-	-
1995	-	-	-	-
1996	-	-	-	-
1997	102.03	-	24.14	-
1998	334.77	-	-	-
1999	-	-	40.43	203.22
2000	365.47	61.45	68.87	-
2001	196.47	-	292.19	445.24
2002	-	-	51.12	-
2003	210.49	-	10.51	135.71
2004	249.04	-	237.81	193.79
2005	214.64	-	247.14	232.01
2006	246.34	-	-	286.66
2007	158.03	-	215.63	288.20
2008	90.90	-	-	275.74
2009	78.14	-	-	294.25
2010	-	-	312.41	252.47
2011	-	-	384.70	197.99
2012	89.35	194.72	238.48	192.90
2013	-	-	324.68	-
2014	-	-	131.45	-
2015	-	-	80.55	-
2016	123.94	397.1	-	-
Total Mature	2,459.61	653.27	2,660.11	2,998.18

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2017	101.63	213.59	-	-
2018	209.92	-	145.61	-
2019	40.46	-	130.46	-
Total Immature	352.01	213.59	276.07	-
Total Oil Palm	2,811.62	866.86	2,936.18	2,998.18

(Please highlight all new plantings after January 2010)

1.6.2 Replanting Program for Each Estate

Year of replanting/ Name of estate	Planted area (ha) in each estate					Total area to be replanted (ha)
	2019	2020	2021	2022	2023	
Bode estate	170.92	-	187.62	647.29	-	1005.83
Bukit Sekong estate	-	-	-	-	-	-
Masang estate	130.46	-	24.14	109.30	-	263.90
Sapagaya estate	-	-	-	-	-	-
TOTAL	301.38	-	211.76	756.59	-	1269.73

1.7 Progress of Associated Smallholders or Outgrowers Towards Compliance With Relevant Standards

There are no associated smallholders or scheme smallholders / outgrowers under Syarikat Kretam Mill Sdn. Bhd. certificate.

2 Minimum requirements for multiple management units

2.1 General

Organizations that have multiple management units, and/or a majority holding in and/or management control of more than one autonomous company growing oil palm, will be permitted to certify individual management units and/or subsidiary companies under certain conditions. A majority shareholding is defined as the largest shareholding; where the largest shareholdings are equal (e.g. 50/50) this applies to the organization that has management control. This process is permitted only if all of the following are complied with

Requirement	Finding / Compliance	Compliance
-------------	----------------------	------------

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<p>The parent organization or one of its majority owned and / or managed subsidiaries is member of RSPO.</p>	<p>The parent company, Kretam Holdings Berhad is an ordinary member of RSPO. The membership number is 1-0189-15-000-00. This is confirmed by reviewing the membership status at RSPO website</p>	<p>Yes</p>
<p>For groups with complex management structures the following are required:</p> <ul style="list-style-type: none"> (a) A statement of the ultimate controlling shareholders and directors in the managing agency company/companies. (b) Ditto in respect of each of the operating groups. (c) Application for membership by the top asset owning company/companies. (d) Application for membership by the managing agency company/companies 	<p>This is not applicable since Kretam Holdings Berhad is single group. All other units including Abedon Oil Mill Sdn Bhd and Green Edible Oil Sdn Bhd is using the same membership number.</p>	<p>Yes</p>

If one of the above mentioned requirements is non-compliant, this leads to a major non-conformity.

The following requirements about a time bound plan (3.2) and requirements for uncertified management units and/ or holdings (3.3) are applicable if the registered RSPO member is the holding company or one of its subsidiaries and if one or more of these units are currently not yet RSPO P&C certified.

2.2 Requirements for time-bound plan		
Requirement	Finding/ Compliance	Compliance
<p>Time-bound plan for certifying all its management units and/or entities, including the units where the organization has management control and no or minor shareholding, is submitted to the CB during the initial certification audit. The time-bound plan should contain a current list of all estates and mills.</p>	<p>The current time bound plan of 3 years is still achievable. The time bound plan consist of one unit to be certified by end 2019 according to the ACOP submitted recently.</p>	<p>Yes</p>
<p>As a minimum, all estates and mills shall be certified within five years after obtaining RSPO membership. Any new acquisitions shall be certified within a three year timeframe. Any deviations from these maximum periods requires approval by the RSPO Secretariat.</p>	<p>The only site that is not certified is Silimponon Palm Oil mill and supply bases. It is still within the time bond plan stated.</p>	<p>Yes</p>
<p>What is the progress of this plan since the last audit? (if the last audit was done by</p>	<p>The time bound plan is still in progress as achievable that is within 3 years from the</p>	<p>Yes</p>

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2.2 Requirements for time-bound plan		
Requirement	Finding/ Compliance	Compliance
another CB, the time-bound plan shall be accepted at the moment of first acceptance and only check continued appropriateness shall be checked).	time Kretam Mill is certified in year 2016. There is no change to the time bound plan for the time being.	
Any revision to the time-bound plan or to the circumstances of the company shall cause the time-bound plan to be reviewed? Changes to the time bound plan are permitted only where the organization can demonstrate to the CB that they are justified. The requirements will also apply to any newly acquired subsidiary from the moment that the company is legally registered with the local notary or chamber of commerce (or equivalent);	There is a revision to the time bound plan required at present.	No
Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised;	A revised time bound plan is not establish to demonstrate the cause of the delay for certification of Silimpopon region unit.	No

When there are isolated lapses in implementation of the time-bound plan, a minor non-compliance is raised. When there is evidence of a systematic failure to proceed with implementation of the plan, a major non-compliance is raised.

2.3 Requirements for uncertified management units and/or holdings		
The unit remains uncertified is Silimpopon Oil Mill and its supply base. This unit is currently on concept not and RaCP phase. This unit could be certify for mill and 1 estate while waiting approval for concept note and RaCP which is expected to complete by end of 2019.		
Requirement	Finding/ Compliance	Compliance
No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since January 1st 2010 shall comply with the RSPO New Planting Procedure (NPP).	There is a block of 39.12 ha was planted in year 2010 at Silimpopon estate. LUCA and HCV has been conducted. The LUCA is submitted to RSPO secretariat and approved. The RaCP concept note and compensation plan is not submitted to RSPO for consideration.	Yes
Land conflicts, if any, are being resolved through a mutually agreed	No land conflicts since the land is state leased. All units have been verified and as of 2018	Yes

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process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	there is no land conflict reported. All sites have been visited by auditor.	
Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No labour disputes reported in all the sites. Auditor had visited the site and found no evidence of any dispute as regards to labour.	Yes
Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	There are no legal issues arises that required to be addressed.	Yes

Assessment of above mentioned requirements is based on the following approach:

- Positive assurance statement, which is based upon self-assessment (i.e. internal audit) by the organisation. This would require evidence of the self-assessment against each requirement.
- Targeted stakeholder consultation may be carried out by the certification body. If this has already been conducted by a certification body, other certification bodies may request the summary report through the organisation.
- If necessary, the certification body may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements by desktop study e.g. web check on relevant complaints..

For the requirements mentioned in the section, the approach to defining major and minor non-compliance can be applied from the relevant national interpretation. For example, if a non-compliance against a 'major indicator' in a non-certified holding/management unit is identified, the current certification assessment cannot proceed to a successful conclusion until that is addressed.

Failure to address any of the requirements may lead to certification suspension(s) (consistent with the RSPO Certification Systems document rules on non-compliance).

2.4 Progress against Time-Bound Plan by Parent Company				
Name of Mill	Country	Unit of Supply based	Time-bound for certification (Year)	Certification Status
Syarikat Kretam Mill Sdn. Bhd.	Malaysia	4	2016	Certified
Abedon Oil Mill Sdn. Bhd.	Malaysia	2	2017	Certified
Silimpoapon Oil Mill	Malaysia	2	2019	To be certified

2.5 Summary Findings of Minimum requirements for multiple management units
Multiple management unit has been assessed by TUV NORD Malaysia to meet the requirement of RSPO system document 2017 clause 4.5. All units are certified under TUV NORD and CAB has holds other

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certificates for Kretam Mill. TUV NORD is able to assess the compliance of multiple management units certification at site. At the time of audit, the remaining uncertified unit is in process of LUCA approval. No other uncertified units except Silimpopom unit.

3 Assessment Process

3.1 Certification Body

TUV NORD (Malaysia) Sdn Bhd is a certification, testing and inspection body for various types of industries.

TUV NORD (Malaysia) Sdn Bhd is a member of TUV NORD GmbH, an international German organisation conducting inspection, testing and certification.

TUV NORD (Malaysia) is accredited by ASI for RSPO P&C and RSPO SCC Certifications.

3.2 Qualifications Of The Assessment Team

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

Requirement	Qualifications
A minimum of post high school (post-secondary school) training in either agriculture/forestry, environmental science or social sciences;	Graduate in Agrobiology.
At least 5 years professional experience in area of work relevant to the assessment (e.g., palm oil management; agriculture/forestry; ecology; social science);	5 years working experience in oil palm plantations.
Training in the practical application of the RSPO criteria, and RSPO certification systems;	Successfully completed RSPO P & C Lead Auditor training and RSPO SCC Lead Auditor training.
Successful completion of an ISO 9000:19011 lead assessors course;	Successfully completed ISO 9001 Lead Auditor training
A supervised period of training in practical assessment against the RSPO criteria or similar sustainability standards, with a minimum of 15 days assessment experience and at least 3 assessments at different organisations.	Qualified as Lead Auditor for RSPO P & C and SCC certification.

3.2.2 Assessment Team Members

Requirement	Assessor	Qualification	Compliance
Field working experience in the palm oil sector, or demonstrable equivalent.	Zul Hairi Bin Abu Hassan	9 years working experience in oil palm plantations.	Yes

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Requirement	Assessor	Qualification	Compliance
	Sheron Pui Ling Wui	Auditor in training.	Yes
	Mahzan Bin Munap	Auditing Palm Oil Industry especially mill since 2003 and RSPO since 2008.	Yes
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use.	Zul Hairi Bin Abu Hassan	9 years working experience in oil palm plantations.	Yes
	Sheron Pui Ling Wui	Auditor in training.	Yes
	Mahzan Bin Munap	Knowledge of IPM, pesticide and fertilizer. Involved in manufacturing of pesticides.	Yes
Health and safety auditing on the farm and in processing facilities, for example ISO 45001:2018 or Occupational, Health & Safety Assurance System.	Zul Hairi Bin Abu Hassan	Successfully completed ISO 45001:2018 Lead Auditor training and auditor for RSPO and MSPO schemes.	Yes
	Sheron Pui Ling Wui	Successfully completed MSPO LA training, RSPO P&C LA training, ISCC-EU training course.	Yes
	Mahzan Bin Munap	ISO 45001 auditor and auditing OHS in the palm oil industry since 2003.	Yes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes.	Zul Hairi Bin Abu Hassan	Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes	Yes
	Sheron Pui Ling Wui	Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes.	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS).	Zul Hairi Bin Abu Hassan	Successfully completed EMS ISO 14001: 2015 Lead Auditor training and auditor for RSPO and MSPO schemes.	Yes
	Sheron Pui Ling Wui	Successfully completed EMS ISO 14001: 2015 Lead Auditor training and	Yes

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Requirement	Assessor	Qualification	Compliance
		auditor for RSPO and MSPO schemes.	
	Mahzan Bin Munap	A qualified Lead Auditor and Consultant for ISO 14001.	Yes
Fluency in the main languages relevant to the location where the specific assessment is taking place, including the languages of any potentially affected parties such as local communities	Zul Hairi Bin Abu Hassan	Able to communicate in Bahasa Malaysia and English.	Yes
	Sheron Pui Ling Wui	Able to communicate in Bahasa Malaysia and English.	Yes
	Mahzan Bin Munap	Able to communicate in Bahasa Malaysia and English.	Yes

3.3 Assessment Methodology

3.3.1 General overview

The assessment was carried out following the TUV NORD (Malaysia) RSPO P&C Certification Procedure. During the assessment the assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

3.3.2 Calculation of the Number of Production Units (N) to Sample for the Mill

$N = 0.8\sqrt{Y}$, where “Y” is the number of units, with the result to be rounded “up” to the next whole integer. Where only a sample of the supply base is assessed, units not previously assessed, or assessed earlier in the certification program, are to be preferred over those more recently assessed.

For the Mill, how many units form the production base?			
Owned estates (Y)	$N = 0.8\sqrt{Y}$	Smallholders (Z)	$N = 0.8\sqrt{Z}$
4	4	-	-

According to RSPO Certifications Systems for Principles & Criteria June 2017, clause 4.7 Sampling, 4.7.1, The CB’s procedures shall include the sampling methodology (see 4.7.2) for initial certification, surveillance and re-certification audits, where there are more than four estates or associated smallholders, otherwise all estates must be visited as part of the assessment.

Since Kretam mill internal supply base has 4 estates, therefore 4 are audited.

3.3.3 Assessment program

The audit schedule is as below.

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Table 3-1 Audit Schedule

Data of Organisation	
Name of Organisation	Kretam Holdings Berhad
Name of corporate group (in case of group certification)	NA
Street	Lot 6, Block 44, Leboh 3, P.O Box No 1292.
Postcode / Town / Country	90714, Sandakan, Sabah, Malaysia.
Contact	Mr John Chong
E-Mail	kogutan98@hotmail.com
Phone/Fax	+6019 872 3954 / + 6089275777
Language	English and Bahasa Malaysia
Scope Description	Production of CPO, PK, & FFB and Management System for Oil Palm Plantations and Mill.
Audit profile	
Standards	RSPO Principles & Criteria for Sustainable Palm Oil Production 2013: RSPO MY NI 2015; RSPO Supply Chain Certification 2014 revised 2017 for CPO Mill.
Audit type	Surveillance
Surveillance mode	ASA 03
Audit team leader	Mohamad Norhisham Bin Mohd Salleh
Audit team	Zul Hairi Bin Abu Hassan, Sheron Pui Ling Wui , Haji Mahzan Munap
Observers	Cheong, Chun Yuen (Robert) – monitoring auditor Nur Amanina Zahir – monitoring auditor
Witness assessor (ASI)	Shikin Rasikon, Selvanathan Grapagesam, Sahana CA
Group certification	NA
Shift operation	Mill- 2 shifts
Audit Details	
Sites	Bode Estate, Sapagaya Estate, Bukit Sekong Estate, Masang Estate, Kretam Oil Mill.
Audit date	04/03/2019 to 09/03/2019.
Audit duration	22 man days on site.

Date/ Time	Focus/ Standard Requirement/ Chapter	Subject	Auditor (Initials)	Contact
Day 1: Monday 04/03/2019				

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Date/ Time	Focus/ Standard Requirement/ Chapter	Subject	Auditor (Initials)	Contact
07:30 - 08:00		Opening Meeting at Syarikat Kretam Plantations Sdn Bhd Main Office (Bode Estate)	All RC NA	All
08:00 - 09:00	1, 2, 4, 5, 6, 7, 8	Bode Estate: Field Visit Workshop, chemical / fertiliser / waste stores, landfill site, clinics Harvesting, Fertiliser, Chemical Spraying, Workers Quarters, buffer zones, shops, boundary markers, interview of workers, clinic, grocery store, conservation area	All	Mustarip Bin Mohd Mokhtar
09:30 - 12:00	1, 2, 3, 4, 5, 6, 7, 8	Document review: Planting statement, Legal, environment, permits, training, internal audit Employment records, Social, Policies IPM, Complaints & Grievance, Accident records, Risk Assessment, CIP, Conservation, SOPs, Fertilisers, Chemical, Medical records, LTI, Financial, water test, stakeholder request & meeting, waste management, water management, energy management.	All	
12:00 - 13:00		Lunch		
13:00 - 16:30	1, 2, 3, 4, 5, 6, 7, 8	Continue documentation as above. Review implementation of last audit NCs and OBS	All	
16:30 - 17:00		Reporting and day wrap up		RSPO team
Day 2: Tuesday 05/03/2019				
06:30		Travel to Sapagaya Estate	All	Jumadil Bin Iskandar
07:30 - 07:45		Short opening and introduction	All RC NA	
07:45 - 09:15		Field Visit Workshop, chemical / fertiliser / waste stores, landfill site, clinics	All	

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Date/ Time	Focus/ Standard Requirement/ Chapter	Subject	Auditor (Initials)	Contact
		Harvesting, Fertiliser, Chemical Spraying, Workers Quarters, buffer zones, shops, estate boundary, interview of workers, clinic, grocery store, conservation area		
09:15 - 12:00	1, 2, 3, 4, 5, 6, 7, 8	Document review: Planting statement, Legal, environment, permits, training, internal audit Employment records, Social, Policies IPM, Complaints & Grievance, Accident records, Risk Assessment, CIP, Conservation, SOPs, Fertilisers, Chemical, Medical records, LTI, Financial, water test ,stakeholder request & meeting, waste management, water management, energy management	All	
12:00 - 13:00		Lunch		
13:00 - 16:30	1, 2, 3, 4, 5, 6, 7, 8	Continue documentation as above. Review implementation of last audit NCs and OBS	All	
16:30 - 17:00		Reporting and day wrap up	All	
Day 3 : Wednesday 06/03/2019				
06:30		Travel to Bukit Sekong Estate	All RC NA	Peter Polotung
07:30 - 07:45		Short opening and introduction	All	
07:45 - 09:15		Field Visit Workshop, chemical / fertiliser / waste stores, landfill site, clinics Harvesting, Fertiliser, Chemical Spraying, Workers Quarters, buffer zones, shops, estate boundary, interview of workers, clinic, grocery store, conservation area	All	
09:15 - 12:00	1, 2, 3, 4, 5, 6, 7, 8	Document review: Planting statement, Legal, environment, permits, training, internal audit	All	

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Date/ Time	Focus/ Standard Requirement/ Chapter	Subject	Auditor (Initials)	Contact
		Employment records, Social, Policies IPM, Complaints & Grievance, Accident records, Risk Assessment, CIP, Conservation, SOPs, Fertilisers, Chemical, Medical records, LTI, Financial, water quality, stakeholder request & meeting, waste management, water management, energy management.		
12:00 – 13:00		Lunch		
13:00 – 16:30	1, 2, 3, 4, 5, 6, 7, 8	Continue documentation as above. Review implementation of last audit NCs and OBS	All	
16:30 – 17:00		Reporting and day wrap up	All	
Day 4: Thursday 07/03/2019				
07:00		Travel to Masang Estate	All RC NA	Kamaludin Bin Ariffin
07:30 - 07:45		Short opening and introduction	All RC NA	
07:45 – 09:15		Field Visit Workshop, chemical / fertiliser / waste stores, landfill site, clinics Harvesting, Fertiliser, Chemical Spraying, Workers Quarters, buffer zones, shops, estate boundary, interview of workers, clinic, grocery store, conservation area	All	
09:15 – 12:00	1, 2, 3, 4, 5, 6, 7, 8	Document review: Planting statement, Legal, environment, permits, training, internal audit Employment records, Social, Policies IPM, Complaints & Grievance, Accident records, Risk Assessment, CIP, Conservation, SOPs, Fertilisers, Chemical, Medical records, LTI, Financial, water	All	

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Date/ Time	Focus/ Standard Requirement/ Chapter	Subject	Auditor (Initials)	Contact
		quality ,waste management, water management, energy management		
12:00 – 13:00		Lunch		
13:00 - 16:30		Continue documentation as above. Review implementation of last audit NCs and OBS	All	
16:30 – 17:00		Reporting and day wrap up		
Day 5: Friday 08/03/2019				
07:00		Travel to Mill	All	John Chong
07:30 – 07:45		Short opening & introduction	All	
07:45 – 09:45		Mill tour: Milling process, boiler operation, wastewater, workshop, chemical, waste stores, tanks, workers interview, canteen, laboratory	All	
09:45 – 12:00	1, 2, 3, 4, 5, 6, 8	Document review: Legal, environment, permits, training, internal audit, Employment records, Social, Policies, Complaints & Grievance, Accident records, Risk Assessment, CIP, SOPs, Chemical, Medical records, LTI, Financial, water results, stakeholders meeting, Multi management certification, waste management, water management, energy management. Palm GHG.	All	
12:00 – 13:00		Lunch		
13:00 – 16:30	1, 2, 3, 4, 5, 6, 8	Continue documentation as above. Review implementation of last audit NCs and OBS.	All	
13:00 – 16:30	SCC	Mill SCC and palm trace	HS	

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Date/ Time	Focus/ Standard Requirement/ Chapter	Subject	Auditor (Initials)	Contact
16:30 – 17:00		Reporting and day wrap up	All	
Day 6: Saturday 09/03/2019				
7:00		Travel to mill	All RC NA	
07:30 – 10:00		Final review of documents	All	
10:00 – 11:00		Auditors time	All	
11:00 – 12:00		Closing meeting and reporting	All RC NA	All
12:00		End of Audit		
Number of assessors participating: <4> Number of days spent for the assessment on site: <5.5> Total number of person days used for the assessment on site: <22.0>				

4 Assessment Findings

4.1 RSPO 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 with all criterions will be assessed. Evidences are sought for conformity with the RSPO NI of both system and the implementation. The summary of the assessment is below, where the "Findings/Comments" column reflects the findings in accordance with each indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below

Enclosures

Annex / corresponding audit documentation Additional annexes

Principle 1 : Commitment to Transparency			
Criterion By Audit		Summary of Assessment	Compliance
1.1	1.1.1	KHB Sandakan region has established SOP Stakeholder Engagement, document number KHB /G/SOP -35 dated 05/05/2017. The SOP describe the communication method:	Yes

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Principle 1 : Commitment to Transparency		
Criterion By Audit	Summary of Assessment	Compliance
	<ol style="list-style-type: none"> 1. Request information 2. Consultation & meeting 3. Complaints & grievance <p>The list of stakeholders is updated twice a year with the latest on 01/03/2019 that includes government agencies, villagers, internal stakeholders, suppliers, transporters, schools, contractors, and NGOs.</p> <p>Stakeholders meeting is conduct annually with most recent conducted on 11/12/2018 with following topics:</p> <ol style="list-style-type: none"> 1. Awareness on sustainability development. 2. Communication and consultation procedure. 3. Question and answer session. <p>Information are disseminated through stakeholders meeting, website and display at notice boards.</p>	
1.1.2	<p>KHB Sandakan Region has established information procedure document number KHB-HR-P07 revision number 0, effective date 01//06/2015.</p> <p>The procedure describes:</p> <ol style="list-style-type: none"> 1. Stakeholders to use information requisition form and submit to estate or mill 2. For non-confidential documents, estate or mill management will respond to the requestor within 15 days. 3. For confidential documents, estate or mill management will forward information requisition to director within 10 workings days. 4. Director shall return the information requisition within 30 working days. <p>There are no requests by stakeholders sighted in the request book during the audit.</p> <p>KHB Sandakan region has established Information Requisition form, document number KHB-HR-P07/F01. The form describe</p> <ol style="list-style-type: none"> 1. Information or document requested 2. Information and document provided 3. Acknowledgement from involved parties. 	Yes

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Principle 1 : Commitment to Transparency		
Criterion By Audit	Summary of Assessment	Compliance
1.2 1.2.1	<p>KHB Sandakan Region has established list of publicly available documents dated 10/12/2018.</p> <p>Example of documents available:</p> <ol style="list-style-type: none"> 1. Company policies. 2. Plan and impact assessment. <p>Example of commercially confidential information:</p> <ol style="list-style-type: none"> 1. KHB annual budget handbook. 2. Minimum wages handbook. <p>Example of controlled document:</p> <ol style="list-style-type: none"> 1. FFB price mechanism. <p>All available documents are kept on sites, policies and specific SOPs are displayed at office notice boards, muster ground and housing areas.</p>	Yes
1.3 1.3.1	<p>KHB Sandakan Region has established Code of Conduct and Human Right policy dated 03/01/2017 sign by Chief Executive Officer.</p> <p>The policy describes:</p> <ol style="list-style-type: none"> 1. Respect and protect fundamental of human right 2. Respect the right of local and indigenous people 3. Prohibit all forms of corruption, bribery, and fraudulent. <p>Policy training conducted on 16/01/2019 attended by all level of workers.</p> <p>Interviews with workers and staff indicates they are aware and understand the important of integrity at work.</p>	Yes

Principle 2: Compliance with Applicable Laws and Regulations		
Criterion by Audit	Summary of Assessment	Compliance
2.1 2.1.1	<p>KHB Sandakan Region has established list of legal register dated 07/02/2019. There are 81 laws and regulations listed in the legal register.</p> <p>Example:</p> <ol style="list-style-type: none"> 1. Sabah Land Ordinance (Land Cap 68). 	Yes

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Principle 2: Compliance with Applicable Laws and Regulations		
Criterion by Audit	Summary of Assessment	Compliance
	2. Sabah Biodiversity Enactment 2000. 3. Environmental Quality Act 1974. List of licenses are established by each operating sites and up to date.	
2.1.2	KHB Sandakan Region has established mechanism for implementation of legal requirements and system for tracking changes of laws. KHB/G/SOP-36 revision dated 09/02/2018. The SOP describes on process on monitoring changes and update on laws and regulations. Stated in the SOP the sustainability team monitor for any changes:	Yes
2.1.3	KHB Sandakan Region has established mechanism for implementation of legal requirements and system for tracking changes of laws procedure, number no. KHB/G/SOP-36 revision dated 09/02/2018. The procedure describes the process in charges of laws and regulations. Non-conformity: The women workers are pay for maternity allowance after return for works from confinement period. KHB Sandakan region did not establish a mechanism to monitor following: <ol style="list-style-type: none"> 1. When the conferment period starts and return to work? 2. When the allowance be paid? 3. In the event the woman worker is required to have early confinement period when certified by an approved medical practitioner to start 14 days earlier according to Sabah Labour Ordinance clause 83 (3). Subject to section 87, maternity leave shall not commence earlier than a period of thirty days immediately preceding the confinement of a female employee or later than the day immediately following her confinement. Provided that where a medical officer or the registered medical practitioner appointed by the employer certifies that the female employee as a result of her advanced state of pregnancy is unable to perform her duties satisfactorily, the employee may be required to commence her maternity leave at any time during a period of fourteen days preceding the date of her confinement as determined in advance by the medical officer or the registered medical practitioner appointed by the employer.	Minor NC 1

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Principle 2: Compliance with Applicable Laws and Regulations			
Criterion by Audit		Summary of Assessment	Compliance
	2.1.4	KHB Sandakan Region has established mechanism for implementation of legal requirements and system for tracking changes of laws'/G/SOP-36 revision dated 09/02/2018. The procedure has described the monitoring on changes of laws and regulations.	Yes
2.2	2.2.1	KHB Sandakan region estate land titles are country leased issued by Sabah State land authority. All land titles and lease agreements are sighted and crosschecked the land titles are issued to Kretam group of estates.	Yes
	2.2.2	KHB Sandakan region has establish SOP "Boundary Marking / Demarcation" KHB/G/SOP-38 dated 09/02/2018. The SOP describe the process on how the boundary markers to be installed, maintain and monitoring of boundary mark and boundary stone. All estates in KHB Sandakan Region have proper maps issued by the state land authority with proper boundary markers. During the onsite filed inspection, the audited estates physical boundary markers are sighted and verified against the map using the captured GPS coordinates.	Yes
	2.2.3	At the time of audit, there are no evidences of any disputes or compensation on land leased and owned by KHB Sandakan Region estates. KHB Sandakan region has established SOP "Guideline on managing land conflict" KHB/G/SOP-55 dated 09/02/2018 to manage and handle land conflict. The SOP describe the responsible person to handle conflict. The SOP includes a flowchart to manage land conflict disputes KHB Sandakan Region has established FPIC SOP KHB/G/SOP-54 dated 09/02/2018. Point no 3 in SOP describes the responsible personal to manage and handle	Yes
	2.2.4	There is no evidence of land conflict as at date of audit reported. Additional review conducted at RSPO website prior to audit did not indicates any land conflict raised by any stakeholders to RSPO. KHB Sandakan Region has established SOP "Guideline on managing land conflict" KHB/G/SOP-55 dated 09/02/2018 to address any conflicts or disputes that may arise.	Yes

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Principle 2: Compliance with Applicable Laws and Regulations			
Criterion by Audit		Summary of Assessment	Compliance
	2.2.5	<p>There is no land conflict or disputes as at audit date reported.</p> <p>KHB Sandakan Region has established SOP Guideline on managing land conflict” KHB/G/SOP-55 dated 09/02/2018 to manage and handle any land conflicts or disputes through participatory mapping and engagement with relevant stakeholder and affected parties.</p>	Yes
	2.2.6	<p>KHB Sandakan Region has established Code of Conduct and Human Rights Policy dated 03/01/2017 that states “Promote healthy, safe and harmonious working conditions”.</p> <p>There are no instigated violence in maintaining peace and order found during interview of workers at the mill and estates.</p>	Yes
2.3	2.3.1	<p>KHB Sandakan Region has established FPIC procedure, KHB-G-SOP 54, revision 01, dated 09/02/2018. Stakeholders meeting and review with stakeholders indicates no issue in regards of land acquisition.</p> <p>Each estate of Sandakan region has a map showing the entire plantation and bordering plantations.</p> <p>The land for the estates in Sandakan region were obtained from the Sabah state land authority and leased title were verified. Therefore, lands leased do not required participatory mapping at the time of leased is issued by Sabah state land authority</p> <p>KHB Sandakan Region has established FPIC SOP KHB/G/SOP-54 dated 09/02/2018</p>	Yes
	2.3.2	<p>KHB Sandakan Region has established FPIC procedure, KHB-G-SOP 54, revision 01, dated 09/02/2018. Stakeholders meeting and review with stakeholders indicates no issue in regards of land acquisition.</p> <p>KHB Sandakan region has been in operation since 1980. The estate lands are country leased land approved by Sabah state land authority. Therefore, no FPIC required.</p> <p>Copies of land titles issued by Sabah state land authority are reviewed.</p>	Yes
	2.3.3	<p>KHB Sandakan Region has established FPIC procedure, KHB-G-SOP 54, revision 01, dated 09/02/2018. Stakeholders meeting and review with stakeholders indicates no issue in regards of land acquisition.</p> <p>KHB Sandakan region has been in operation since 1980. The estates land are country leased land approved by Sabah state land authority.</p>	Yes

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Principle 2: Compliance with Applicable Laws and Regulations		
Criterion by Audit	Summary of Assessment	Compliance
	<p>Copies of land titles issued by Sabah state land authority are reviewed.</p> <p>KHB Sandakan Region has established SOP "Guideline on managing land conflict" KHB/G/SOP-55 dated 09/02/2018 to handle and manage any land disputes or conflict if arises have been reviewed.</p>	
2.3.4	<p>KHB Sandakan Region has established FPIC procedure, KHB-G-SOP 54, revision 01, dated 09/02/2018.</p> <p>KHB Sandakan region has been in operation since 1980. The estate lands are country leased land approved by Sabah state land authority.</p> <p>Copies of land titles issued by Sabah state land authority were reviewed.</p>	Yes

Principle 3: Commitment to Long-Term Economic and Financial Viability		
Criterion by Audit	Summary of Assessment	Compliance
3.1	<p>3.1.1</p> <p>KHB Sandakan region has established CAPEX business plan for year 2018 to 2024 that include below and review annually.</p> <ul style="list-style-type: none"> • Land area statement • Quality of planting materials • Crop projection = Fresh Fruit Bunches (FFB) yield trends • Mill extraction rates = Oil Extraction Rate (OER) trends • Cost of Production = cost per tonne of Crude Palm Oil (CPO) trends • Forecast prices • Financial indicators – profitability forecast (income vs cost) • Projected expansion (area, mill capacity, infrastructure, social amenities) • General strategy and allocation for environmental and social management <p>There are no scheme or independent smallholders included in the certification.</p> <p>There are no new areas for expansion or new planting.</p> <p>There were no peat soil in KHB Sandakan Region estates.</p>	Yes

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Principle 3: Commitment to Long-Term Economic and Financial Viability		
Criterion by Audit	Summary of Assessment	Compliance
	Planting Material are purchased from Applied Agricultural Resources Sdn Bhd.	
3.1.2	<p>A Long Term Replanting Programme for year 2018 to 2024 is established and included in the business plan.</p> <p>There was no peat soil area in KHB Sandakan region estates. This is confirmed during site visits and review of maps.</p> <p>The business plan is reviewed and update on yearly basis during annual budget period.</p> <p>The responsible persons are the Mill Controller and Senior Estate Manager Sandakan Region</p>	Yes

Principle 4: Use of Appropriate Best Practices by Growers and Millers		
Criterion by Audit	Summary of Assessment	Compliance
4.1	4.1.1	Major NC 1
	<p>KHB Sandakan Region have established SOPs for key processes such as harvesting, chemical spraying, manuring, IPM, buffer zones, mill operations, supply chain, water treatment, wastewater treatment, waste disposal, etc.</p> <p>Relevant work operation SOPs are made available at estates notice boards and mill work areas.</p> <p>Example:</p> <p>Fertilizer using machinery or manual, doc no: KHB/G/SOP-26/S&H-11, rev no: 3, effective date: 18/08/2013.</p> <p>Sprayer, doc no: KHB/G/SOP-26/S&H-09, rev no: 3, effective date: 18/08/2013.</p> <p>Harvester, doc no: KHB/G/SOP-26/S&H-04, rev no: 2, effective date: 18/08/2013, revision date: 3/11/2016.</p> <p>SOP available on site and documented in Bahasa Malaysia and English. SOP implemented and understood by workers during interview at Bode estate.</p> <p>Non-conformity:</p> <p>KHB Sandakan Region has established SOPs for key estates and mill processes such as harvesting, chemical spraying, manuring, IPM, buffer zones, mill operations, supply chain, water treatment, wastewater treatment, waste disposal, etc.,</p> <p>However, the following SOP is not established</p>	

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Principle 4: Use of Appropriate Best Practices by Growers and Millers								
Criterion by Audit	Summary of Assessment	Compliance						
	Safe Working Procedure for Tank Cleaning that include the requirement for Confine Space Entry, that is, the requisite to conduct Gas Test in the Permit to Work.							
4.1.2	<p>KHB Sandakan region has established master list of SOPs for estates and mill.</p> <p>Example:</p> <ul style="list-style-type: none"> QMS Document Master List Doc No: SKM/SDK-QSP-02/A1 Rev: 16 Effective date: 11/09/2017 KHB/G/SOP-13, Rev date: 25/06/2018, rev 5 Chemical Handling <p>The tracking for the change and revision of SOPs is stated in the document revision page of each SOP.</p> <p>Relevant SOPs are made available at estates notice boards and mill work area were sighted.</p> <p>The training program established for the year 2019.</p> <p>Example of SOP training:</p> <p>Bode estate:</p> <ul style="list-style-type: none"> Training safety PPE manuring conducted on 23/01/2019. Training SOP harvester conducted on 22/02/2019. <p>Sapagaya estate:</p> <ul style="list-style-type: none"> The SOP for complaint and grievance conducted on 16/10/2018. Manuring SOP dated 18/08/2018. SOP first aid box dated 18/08/2018. 	Yes						
4.1.3	<p>KHB Sandakan region conducts internal audit of at least once per year to ensure compliance of requirements.</p> <p>Internal audit reports are reviewed to crosscheck on any non-conformance raised and closed out.</p> <p>Example of internal audit conducted:</p> <table border="1" data-bbox="446 1726 915 1869"> <tbody> <tr> <td>Bode estate</td> <td>21/01/2019</td> </tr> <tr> <td>Sepagaya Estate</td> <td>25/01/2019</td> </tr> <tr> <td>Bukit Sekong Estate</td> <td>23/01/2019</td> </tr> </tbody> </table>	Bode estate	21/01/2019	Sepagaya Estate	25/01/2019	Bukit Sekong Estate	23/01/2019	Minor NC 2
Bode estate	21/01/2019							
Sepagaya Estate	25/01/2019							
Bukit Sekong Estate	23/01/2019							

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Principle 4: Use of Appropriate Best Practices by Growers and Millers					
Criterion by Audit	Summary of Assessment		Compliance		
		<table border="1"> <tr> <td>Masang estate</td> <td>24/01/2019</td> </tr> </table> <p>Non-conformity: SOP Water and River Contamination Handlings Doc. No. KHB/G/SOP-09 rev.04 dated 09/02/2018 is established to monitor water source and river are the two protected area from any pollutions or water contamination that can harm to the human, livestock/animals and plants. A monitoring checklist established did not include monitoring of points (b) and (c)</p>	Masang estate	24/01/2019	
Masang estate	24/01/2019				
	4.1.4	<p>Kretam mill has established SOP to manage FFBs purchase from external 3rd party independent smallholders</p> <p>Kretam Mill has established Production Planning working procedure SKM/SDK-QSP-20 revision number 4, effective date 14/06/2016.</p> <p>The SOP describes: Purchase of FFB that all FFB suppliers shall submit valid MPOB license.</p>	Yes		
4.2	4.2.1	<p>KHB Sandakan Region has established SOP Soil Fertility Monitoring Doc No: KHB/G/SOP-39 Rev No: 3 Effective Date: 11/01/2016l to check the nutrient status in the soil.</p> <p>In addition, soil sampling and tests were conducted to cross-check on the soil nutrients.</p> <p>KHB Sandakan region has established SOP General. Replanting-Soil Conservation / Terracing, doc no: KHB/G/SOP-07, Rev no: 4, effective date: 18/08/2013, rev date: 09/02/2018.</p> <p>SOP stated the classification of slope for conservation terraces. Example: gentle terrain- conservation is Terrance of 2.5 m (8') wide should be constructed mechanically along the contours. The aim is to reduce the effective length of the slope between conservation terraces should be in the region of 30-40m.</p> <p>KHB has established Soil Fertility monitoring, doc no: KHB/G/SOP-39, rev no: 3, effective date: 11/01/2016, rev date: 09/02/2018.</p> <p>Soil fertility monitoring is essential to check the nutrient status in the soil. A soil test is needed by the estates to fulfil or comply with the requirement. There are two ways of soil fertility monitoring</p> <p>1. Soil sampling/Test</p>	Yes		

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Principle 4: Use of Appropriate Best Practices by Growers and Millers		
Criterion by Audit	Summary of Assessment	Compliance
	<p>2. Leaf sampling/Analysis.</p> <p>Report of leaf sampling and soil sampling documented. Leaf sampling conducted on 20/07/2018.</p> <p>Training has been conducted on leaf sampling on 30/06/2016.</p> <p>Soil sampling conducted by thirds party dated May 2014.</p> <p>Sighted report of soil for the KHB estates.</p> <p>During site verification, LCC implemented at immature area and fronds stacking with proper arrangement sighted to maintain erosion and retain soil moisture.</p>	
4.2.2	<p>Records of fertilizer application for audited estates sighted and reviewed.</p> <p>The fertilizer applied are based on the Annual Advisory Visit Report & 2019 Fertilizer Recommendation program.</p> <p>Fertilizer application per kg/palm is include in the recommendation.</p> <p>KHB established SOP, Safe Fertilizer Application, doc no: KHB/G/SOP-29, rev no: 3, rev date 01/10/2017.</p> <p>The SOP is a guidance and restriction during fertilizer application to be implemented and avoid contamination to the surface or groundwater.</p> <p>Sighted application by workers do not apply fertilizer at a prohibited area such as buffer zone and water catchment.</p>	Yes
4.2.3	<p>KHB Sandakan Region has established SOP Soil Fertility Monitoring Doc No: KHB/G/SOP-39, Rev No: 3 rev date 09/02/2018 for the tissue and soil sampling:</p> <p>KHB Sandakan Region contracted a third party to conduct tissue and soil analysis. The records of tissue sampling and soil analysis sighted and reviewed. Tissue sampling test conducted once a year</p> <p>KHB has established Soil Fertility monitoring, doc no: KHB/G/SOP-39, rev no: 3, rev date: 09/02/2018.</p> <p>Soil fertility monitoring is essential to check the nutrient status in the soil. There are two ways of soil fertility monitoring</p> <ol style="list-style-type: none"> 1. Soil sampling/Test 2. Leaf sampling/Analysis. 	Yes

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	Records of sampling for Bode estate conducted on 02/07/2018 are documents.	
4.2.4	<p>KHB has established SOP, EFB, Compost, Decanter Cake and Decanter Solid Application, doc no: KHB/G/SOP-51, rev no: 1, rev date: 09/02/2018.</p> <p>KHB Sandakan region estates established EFB Mulching programme 2019.</p> <p>Estate has a monthly program for application EFB. Records are maintain by block on the application.</p> <p>Decanter cake application records was sighted and reviewed.</p> <p>SOP states EFB application should base on the recommendation by estate management.</p>	Yes
4.3	<p>4.3.1 KHB Sandakan region has established soil map based on soil survey conducted by 3rd party on May 2014.</p> <p>Based on the soil survey report, there are no hilly areas of more than 25°, fragile soil, peat soil and areas subject to heavy erosion in Sandakan region estates. This could be confirmed during onsite inspection at Bode and Masang estates.</p> <p>KHB has established Soil map of the estate May 201.</p> <p>The map scale is 1: 12500.</p>	Yes
	<p>4.3.2 KHB Sandakan region has established and implemented Planting Manual handbook and SOP Replanting Soil Conservation / Terracing SKPSB/SDK/RSPO-07 rev no. 1 dated 09/05/2015 as guidance for planting on slopes.</p> <p>In addition, the following SOPs are established to enhance planting on slopes.</p> <ol style="list-style-type: none"> 1) Leguminous Cover Plants planting KHB/G/SOP-06 Rev date: 09/02/2018 Rev 4 2) Replanting – Soil Conservation/Terracing KHB/G/SOP-07 Rev date: 09/02/2018 Rev 4 <p>Legume cover crop is planted prior any replanting to prevent soil erosion and improve soil structure. This could be observed during field visits.</p> <p>KHB has established Replanting soil conservation / Terracing, doc no: KHB/G/SOP-07, rev no: 4, rev date: 09/02/2018 to manage planting on steep slope</p>	Yes

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	During field verification at Bode estate sighted the replanting of palms on terrace.		
4.3.3	KHB Sandakan region has established SOP Road maintenance, doc no: KHB/G/SOP-40, rev no: 3 rev no: 09/02/2018. Road maintenance program for 2019 sighted and reviewed. Sighted road maintenance actual has been done at the Sapagaya estate.	Yes	
4.3.4	KHB Sandakan region estates do not have peat soil land. The soil maps were reviewed and from field inspection, no peat soil observed The soil maps were reviewed and from field inspection, no peat soil observed.	Yes	
4.3.5	KHB Sandakan region estates do not have peat soil land. The soil maps are reviewed and from field inspection, no peat soil observed	Yes	
4.3.6	KHB Sandakan region estates do not have peat soil land. The soil maps were reviewed and from field inspection, no peat soil observed The soil maps were reviewed and from field inspection, no peat soil observed.	Yes	
4.4	4.4.1 KHB Sandakan region estates and mill have established water management plan last review on 03/03/2018. The next review will be March 2019. The plan was monitored on monthly basis. The water source for the estates and mill are from the water catchment pond identified in the plan. Rain harvesting is practice at housing area and where necessary. Mill water usage records for December 2018 sighted and reviewed for one ton of water to process per ton of FFB	Yes	
	4.4.2 KHB Sandakan Region has established SOP for Buffer zone restriction (with reference to streams and rivers) Doc no: KHB/G/SOP-04 Rev no: 5 Revision date: 05/05/2017. SOP states to protect designated rivers and stream within the properties from fertilizer and chemical weeding activities from contamination the river and streams	Yes	

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	<p>From site observation, riparian area was established at water catchment ponds of more than 22m and minimum of 5m along streams passing through the estates.</p> <p>Signage are installed to demarcate the buffer or riparian zones.</p>	
4.4.3	<p>Kretam Mill has established Waste Water Management Plan, document number SKM/SDK-RSPO-16, effective dated 01/12/2018.</p> <p>A monthly test for final discharge is conducted and results are compiled for submission to the Department of Environment on a quarterly basis.</p> <p>The most recent final discharge test results dated 14/02/2019 for all parameters sighted and reviewed and met the requirements of the "Jadual Permataan" (Discharge Permit).</p> <p>The description of POME as stated on Wastewater Management plan (POME) dated 03/04/2018.</p>	Yes
4.4.4	<p>Kretam mill established monitoring of water usage per tonne of FFB on a daily basis and reported on monthly.</p> <p>The usage records sighted and reviewed for January and February 2019.</p>	Yes
4.5	<p>4.5.1</p> <p>KHB Sandakan Region has established the SOP for Integrated Pest Management Doc no: KHB/G/SOP-33 Rev no: 5, revision date: 09/02/2018 and will be review on 21/03/2019</p> <p>The IPM plan identifies different pests and weeds associated within the plantation such as rats, leaf eating bagworms, rhinoceros beetles and Ganoderma.</p> <p>Techniques include monitoring, mechanical, physical, biological and chemical control.</p> <p>Beneficiary plants are planted at strategic locations as natural control for bagworms and nettle caterpillars.</p> <p>No Prophylactic use of pesticides by KHB Sandakan region plantations</p> <p>Records for IPM implementation for year 2018 for Ganoderma</p> <p>Pest Prevention Planning: Leaf eating pest</p> <p>Pest Observation / Monitoring: Rat baiting</p>	Yes

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	<p>Pest Intervention Records: Rat baiting application program. Below threshold of 5% program will stop</p> <p>IPM training conducted for Ganoderma dated 05/03/2018</p>	
4.5.2	<p>KHB Sandakan region estates has established IPM training Planning for 2018 Ganoderma census.</p> <p>The training for the safety briefing Ganoderma treatment conducted on 24/02/2018 sighted.</p> <p>Rat control training conducted on 28/02/2018 sighted.</p>	Yes
4.6	<p>4.6.1</p> <p>KHB Sandakan Region has established Environmental Policy signed by Chief Executive Officer dated 03/01/2017</p> <p>In addition, KHB Sandakan region has has established SOP Restriction usage of PPP (Plant Protection Product) Doc no: KHB/G/SOP-30, Rev no: 2, effective date: 18/08/2013, Revision Date: 04/10/2016.</p> <p>SOP Indicates the weeding methods either Chemical or manual, frequency of weeding per year, selective weeding / circle weeding, calibration and safety, considerations, storage, type of herbicides, and pre-mix chemical.</p> <p>Example:</p> <p>Type of chemical: Glyphosate, Ally, 24Amn, Monex, Garlon, Basta</p> <p>KHB has established the SOP for Chemical Handling, doc no: KHB/G/SOP-13, rev no: 4, effective date: 18/08/2013, rev date: 09/02/2018.</p> <p>SOP stated instruction is for the proper handling and storage of chemical to protect the environment and minimise chemical contamination to human.</p> <p>Estate has established the chemical requirement for the year 2019.</p> <p>The chemical list includes:</p> <ul style="list-style-type: none"> • Weedicides (Glyphosate, Triclopyr, metsulfuron). • Rodenticide (Brodifacoum/Martikus). • Pheromone. • Sticker (DU Pontsurfactant). <p>During site verification, seen the use of Monex and Garlon for circle & path spraying at block 00BA4 at Bode estate.</p>	Yes

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4.6.2	<p>KHB Sandakan region estates have established a pesticide application program for year 2018</p> <p>Records are available on PPP Issued & Applied sighted, reviewed and cross-checked with the program established on the PPP Usage vs A.I / Ha</p> <p>Pesticide application reports captured active ingredients, area treated, and active ingredient per hectare.</p> <p>Herbicides records percentage of active ingredient and pesticides include LD50. Chemical usage for year 2018 was established.</p> <p>Example: Spray area 1,311.50 ha, Glyphosate AI 41%, LD50 – 4,900mg.kg, 4 applications for year 2017</p> <p>Field maintenance program 2019 has been established for each estate. Sighted of maintenance example of circle/path spray.</p> <p>Estate has records AI, LD50 by monthly basis. The records sighted for January 2019 actual application.</p> <p>Example records: Type of chemical, Ha coverage, A.I, Total A.I, LD50 (mg/kg), Gram/Ha. Sighted at all sampled estates that able to correspond with a program for spraying.</p>	Yes
4.6.3	<p>KHB Sandakan Region has established IPM management plan and implemented to minimise using of chemical.</p> <p>KHB Sandakan Region has established SOP Integrated Pest Management Doc no: KHB/G/SOP-33, Rev no: 5, Revision date: 09/02/2018.</p> <p>KHB Sandakan region has established IPM report doc no: SD-IPM Jil. 2/2018 dated 21/03/2018 and next review 21/03/2019.</p> <p>No prophylactic use of pesticides by KHB Sandakan region estates</p> <p>Sighted records of chemical consumption for year 2017 & 2018 with reduction of usage at Bode estate for Glyphosate</p>	Yes
4.6.4	<p>KHB Sandakan region does not apply WHO chemical listing of class 1A, class 1B and Stockholm or Rotterdam Conventions pesticide.</p> <p>List of pesticides is review and there are no class 1A, 1B used at KHB Sandakan region for 2018 and 2019.</p> <p>KHB Sandakan region has stopped using Paraquat since 25/08/2017. The phase out memo sighted and reviewed and could conclude zero stock balance in the stores</p>	Yes

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4.6.5	<p>KHB Sandakan region has established SOP “Chemical Handling” doc no KHB/G/SOP-13 rev no: 4, rev date: 09/02/2018 in dual languages.</p> <p>SDS pesticides are available at store and updated as and when new revision available from suppliers.</p> <p>PPE are issued based on the job nature and according to SDS and internal procedures.</p> <p>Example. Sprayers – safety mask, glove, goggles and apron</p> <p>Sighted training plan 2019 for safety and chemical spraying</p> <p>Examples of training conducted:</p> <ul style="list-style-type: none"> • SOP for spraying conducted on 25/02/2019. • Chemical handling/Surplus handling/SDS on 16/02/2019. • Instruction for use of PPE on 16/02/2019 • Appropriate distant when applied with chemical dated 16/02/2019 • Chemical calibration on 16/02/2019 • Premix Area training on 25/02/2019 	Yes
4.6.6.	<p>KHB Sandakan region established SOP Chemical storing, doc no: KHB/G/SOP-16, rev no: 5, revision date: 09/02/2018 for chemical storage. & management of chemical substances in store.</p> <p>SOP describe chemicals are stored and organized in a systematic manner so as to prevent theft, spillage and causing harm to personnel or environmental.</p> <p>Storage of all pesticides is according to the best practices powder above liquid.</p> <p>Empty containers are properly stored for re-used only for the spraying chemical.</p> <p>All chemicals have proper labelling.</p> <p>Sighted there are no empty containers disposed at the landfill area.</p>	Yes
4.6.7	<p>KHB has established SOP Appropriate Distant When Applying Chemical KHB/G/SOP-31 rev. 3 dated 01/04/2017a guideline and procedure for appropriate distance when applying chemical to avoid body contamination with chemical.</p>	Yes

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	<p>Point No.3 – Spraying technique - Spraying at tall weed / grass more than 1-meter-high need the sprayer to change the technique spraying movement by reverse movement to avoid body contact with chemical from the sprayed weeds / grasses.</p> <p>The application method was observed during the site visit. The interviewed workers are trained on how to do carry out the process.</p> <p>Training plan 2019 for safety and chemical spraying conducted 25/02/2019</p> <p>PPE provided to minimize risk for the person handling the chemical. PPEs are checked every day during morning muster.</p> <p>Signage put up are locations where spraying activities are ongoing that states the duration of 24 hours not allowed to enter.</p> <p>Various work instructions, SOP on pesticide application, Safety Data Sheet (SDS) such as product details, hazard identification, technical information, storage, safety uses emergency procedures are well maintained..</p>	
4.6.8	<p>KHB Sandakan Region has established the SOP Aerial Spraying Doc no: KHB/G/SOP-41, Rev. no: 1, Effective date: 18/01/2016, Rev date: 00/02/2018 for aerial spraying of weeding.</p> <p>There is no aerial spraying activity for KHB Sandakan region estates. The field workers were interviewed to confirm no such activity carried out.</p>	Yes
4.6.9	<p>Training / briefing programme establish for 2019 for the continual knowledge and skill in handling chemical.</p> <p>Training conducted:</p> <ul style="list-style-type: none"> • SOP sprayer dated 16/02/2019 • Chemical handling/Surplus handling/SDS on 16/02/2019. • Instruction for use of PPE on 16/02/2019 • Appropriate distant when applied with chemical dated 16/02/2019 • Chemical calibration on 16/02/2019 • Premix Area training on 25/02/2019 <p>During the field visits, interviewed workers understood the application method.</p>	Yes

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4.6.10	<p>KHB Sandakan region has established SOP Waste Disposal doc. no. KHB/G/SOP-08, Rev no: 4, date 01/10/2017 for waste disposal.</p> <p>The SOP describe for disposal, the estate will notify the mill on the total amount of scheduled waste for disposal by 3rd party authorised contractor.</p> <p>Domestics waste are disposed at designated landfills.</p> <p>Training on waste disposal conducted 12/02/2019 for KHB Sandakan region.</p> <p>Non-conformity:</p> <p>Landfill SOP Waste Disposal KHB/G/SOP-08 Rev. 4 dated 04/05/2018, Effective date 18/08/2018 did not address handling of SW found at Sorting Shed. Sighted at Sapagaya estate landfill site at Block 07.SD.02 Waste Sorting shed the presence of Scheduled Waste SW 102 – Waste of Lead Acid batteries and SW 109 – Waste containing mercury or its compound such as fluorescent tubes.</p>	Minor NC 3
4.6.11	<p>KHB Sandakan region has established list of pesticides handlers for each estates.</p> <p>Annual medical surveillance for workers handling chemicals, agro products, laboratory and mill operation for high noise</p> <p>Blood test for workers handling pesticides and audiometric test for mill workers.</p> <p>Medical records for the pesticides handlers and mill workers are kept at estate clinic, estate and mill offices.</p> <p>KHB Sandakan region appoint third party clinic to conduct medical surveillance. The most recent medical surveillance conducted on 10/08/2018. Summary of the reports are well maintained.</p>	Yes
4.6.12	<p>KHB Sandakan region has established Social Policy signed by Chief Executive Officer dated 01/09/2018 includes a statement for:</p> <p>Pregnant and breast-feeding women workers are strictly prohibited from any spraying work.</p> <p>Ensure women allowed to breastfeed up to 9 before resuming chemical spraying or usage tasks; and to give specific break times to enable effective breastfeeding.</p> <p>The clinic assistant was interviewed on any pregnant women are allowed to handle chemical or agro chemicals.</p>	Yes

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	<p>During the onsite visit there are no female pregnant workers observed. They are aware pregnant workers are not allowed to handle chemicals.</p>	
4.7	<p>4.7.1</p> <p>KHB Sandakan Region has established Health & Safety Policy signed by Chief Executive Officer on 02/01/2018 in bi-language English and Bahasa Malaysia.</p> <p>The policy is made available and display at the mill and estates notice boards.</p> <p>KHB Sandakan region mill and estates have established health and safety plan dated 07/11/2018 covering all activities and are monitored. The plan is publicly available at notice boards at the mill and estates</p> <p>The activities are recorded and implemented and monitored by the site PIC</p> <p>Safety committee meeting carried on quarterly basis. The safety target is discussed in the meeting. If the target is not achieved, the action plan will be review by the committee and new target will be set.</p> <p>OSH plan is monitored based on the activities</p> <p>Example. Health checks for drivers, sprayers, genset operators, mill operators every half yearly.</p> <p>Work place inspection: Quarterly</p>	Yes
	<p>4.7.2</p> <p>KHB Sandakan Region has established Hazard identification, Risk assessment, Risk control (HIRARC) assessment for processes and activities of mill and estates operations.</p> <p>All operations have been risk assessed and documented to address the identified issues. The end product, individual Risk Register had been established at the mill and estates visited.</p> <p>Every hazard recognized in the Risk Register their corresponding actions have been documented and implemented to address the identified issues.</p> <p>The risks will be reviewed following an occurrence of accident, if any, at each Operating Unit and overall being last reviewed (annually) on 12/02/2019.</p> <p>CHRA conducted and report period is still valid. All precautions recommended by the Assessor have been properly observed and applied to the workers.</p>	Yes

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4.7.3	<p>KHB Sandakan region has established training records for the mill and estates.</p> <p>All workers involved in the estates and mill operations are appropriately trained in safe working practices.</p> <p>OSH training programs and training records sighted and well maintained.</p> <p>Workers interviewed at estates and mill are knowledgeable about safety fundamental, the reason to work safely, the need to follow safe work practices and the consequence of deviation from procedures. They are informed should they do not follow the SOP they could get injured.</p> <p>Adequate and appropriate protective equipment are available to all workers to cover all potentially hazardous operations, such as pesticide application, machine operations, land preparation, harvesting and those identify in CHRA.</p> <p>Sighted KHB Sandakan Region maintain record of PPEs distribution to workers and replaced when damaged at free of charge.</p>	Yes
4.7.4	<p>The responsible person for OSH at KHB Sandakan region are estate and mill managers and supported by a safety office from HQ.</p> <p>At each Operating Unit OSH meeting is held quarterly and its meeting minutes include record of attendees, accidents, OSH issues raised and the quarterly workplace inspection report are discussed. Corrections and corrective actions taken are minute.</p>	Yes
4.7.5	<p>KHB Sandakan Region has established SOP 'Accident, dangerous occurrence, occupational poisoning and occupational disease report Doc No: SKM/SDK-QSP-26/SOP-07, Effective date: 20/03/2014.</p> <p>Records of accident including investigation report, DOSH forms JKPP 6 and JKPP 8 were sighted and well maintained. As per procedure, all cases of accidents more than 4 days were be investigated.</p> <p>An up-to-date lists of emergency contacts made available in the field including mandores and at noticeboard offices of the estates and mill.</p> <p>Assigned operatives trained in First Aid include Mill Operators (day and night), Clerks, Supervisors and Mandores from Mill and Estates. First aid kits are available at various points in the mill and</p>	Yes

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	estates complex including office, workshop, stores and with mandore in the field.		
4.7.6	<p>KHB Sandakan region estates and mill conducted annual medical surveillance for the workers.</p> <p>The clinic medical assistant and nurse were interviewed and records reviewed.</p> <p>The most recent medical check-up was conducted on Feb 2018.</p> <p>All workers are covered by worker compensation insurance scheme. The insurance policy is reviewed and valid as at audit date.</p> <p>Subscription to SOCSO for all Malaysian employees as required under the Employee's Social Security Act 1969 and now extended to Foreign Workers as and when their Foreign Compensation Workmen Assurance expire as required by Employee Insurance Scheme effective 01/01/2019.</p> <p>Foreign workers are covered by insurance as per current the Workmen Compensation Act 1952. When their FCWA insurance policy expires it shall by law be required to switch to SOCSO as per the Employee Insurance Scheme effective 01/01/2019.</p>	Yes	
4.7.8	<p>KHB Sandakan region estates and mill has established records for Lost Time Injuries or Lost Time Accidents.</p> <p>Sighted Kretam mill JKKP report no. JKKP 8/9597/2017 dated 15/01/2018.</p> <p>Records of accidents are maintained and summarized in the relevant form and submitted to DOSH as per OSH (NADOOPOD) Regulations 2004. The occurrence of accidents recorded for YTD December 2018 are reviewed and well maintained.</p>	Yes	
4.8	4.8.1	KHB Sandakan Region maintained the list of training for RSPO principles to staffs and workers in estates, mill and sub-contractors.	Yes
	4.8.2	<p>KHB Sandakan Region has established training records for employees, workers and contractors for each job activity and function.</p> <p>Records were sighted and reviewed.</p> <p>Example:</p> <ol style="list-style-type: none"> 1. Water and river contamination handling dated 20/02/2019. 2. Buffer zone training dated 10/01/2019. 3. Waste disposal dated 12/02/2019. 	Yes

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Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity			
Criterion by Audit		Summary of Assessment	Compliance
5.1	5.1.1	<p>EIA is conducted for replanting at Sandakan region estates was sighted and reviewed.</p> <p>The assessment includes the proposed replanting area.</p> <p>According to Sabah oil palm planting and replanting requirements of above 500ha, an EIA is required to be conducted. Since KHB Sandakan has carried an EIA by internal personnel, therefore it complies the requirements.</p> <p>The assessment includes impact and mitigation measures, identification of replanting impacts on affected settlement, wildlife habitats, positive impacts, negative impacts, mitigation measures and monitoring programmes.</p> <p>The assessment includes road side drainage, culvert, in-field irrigation / drainage system.</p> <p>Kretam Oil Mill: Environment risk assessment dated 01/12/2016.</p> <p>Main risks – flue gas from boiler operation, diesel / lubricant spillage, noise from power plant, effluent treatment, etc. Control measures implemented to mitigate or reduce impact</p> <p>The KHB Sandakan Region plantation and mill assessed has established its environmental aspects / impacts register associated with their activities and followed by developing corresponding plan to mitigate the negative impacts and promote the positive ones.</p> <p>Example of estates activities covered by EIA:</p> <ol style="list-style-type: none"> 1. Fertilizer application. 2. Weed control. 3. Land preparation-replanting. <p>Example of mill activities covered by EIA:</p> <ol style="list-style-type: none"> 1. FFB reception at ramp. 2. Store kernel. 3. Oil clarification. 	Yes
	5.1.2	<p>KHB Sandakan Region continue to use and update (last conducted in December 2018) annually its established Environmental Management Plan.</p>	Yes

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Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity			
Criterion by Audit	Summary of Assessment	Compliance	
	<p>KHB Environmental Management Plan at both mill and estates sighted shows the action program to address potential impacts from current practice, timeline and the person responsible to execute the plan.</p> <p>Example:</p> <ol style="list-style-type: none"> 1. Conduct EAIA for replanting field; 2. Monitoring watercourse quality 3. Domestic waste and Scheduled waste management 		
5.13	<p>The plan incorporated a monitoring protocol, which is adaptive to operational changes and will be review on annual basis to reflect the results of monitoring operational changes that may have positive and negative environmental impacts.</p> <p>At the mill there exist an Environmental Performance Monitoring Committee required under Environmental Main Streaming Directive that meets monthly to report and review its performance.</p> <p>Sighted at the mill that include monitoring of Biogas plant performance.</p>	Yes	
5.2	5.2.1	<p>The initial assessment to collate information relating to HCV was conducted by a qualified external HCV Assessor in October 2012 in accordance with HCVF Malaysia Toolkit 2009.</p> <p>The Assessor concluded that HCV 1.2, HCV 1.4, and HCV 4.1 are present at Bode and Masang Estate.</p> <p>Progressing forward KHB Sandakan Region Management proceeded with the two latter studies to safeguard the identified HCV and RTE species are managed best to ensure they are maintained and/or enhanced.</p>	Yes
	5.2.2	<p>The flora and fauna RTE assessment was extracted from the HCVF 2012 report and incorporated into:</p> <ol style="list-style-type: none"> 1. Baseline Biodiversity Assessment and Planning for Forest Area, Unplanted Area, Water Catchment Area and Buffer Zones In KHB Plantation In Sandakan Region prepared in 2015 and updated annually. 2. Long- term HCV forest monitoring Plots and Transects HCV forest Parcel A and B Masang and Bode estate, established in 2016, reviewed 3-yearly. <p>Management and monitoring of HCV areas such as:</p> <ol style="list-style-type: none"> 1. Boundary markers estate/forest reserve. 	Yes

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Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
Criterion by Audit	Summary of Assessment	Compliance
	<ol style="list-style-type: none"> 2. Fixing Warning Signage at forest boundary on no illegal hunting, no logging, no fishing, no open burning, no collecting activities 3. Patrol in the plantation and near HCVF area. 4. Inform all stakeholders on HCV assessment and protection. 	
5.2.3	<p>KHB Sandakan region adopted the group Sustainability Policy signed by CEO dated 02/01/2018.</p> <p>The policy states on ensuring protection of RTE and HCV.</p> <p>RTE awareness training conducted on 09/02/2019 at Bukit Sekong Estate and 12/04/2018 at Kretam Oil Mill.</p> <p>Employees are aware of the following reminders as well as the legal and disciplinary actions if found guilty;</p> <ol style="list-style-type: none"> 1. An offence to capture, harm, kills any wildlife. 2. Disciplinary measures shall be taken if found violating company rules. 3. Riparian buffer zone to be free from any chemical's application/pollution. 4. Relevant pictorial warning signs erected, for example, <i>NO HUNTING, NO FISHING, NO FELLING OF TREES, NO OPEN BURNING</i> to be strictly followed. 	Yes
5.2.4	<p>The Management Plan developed in 5.2.2 above specify ongoing monitoring status of Biodiversity, HCV and RTE in planted and unplanted areas. Its monitoring regime frequency are weekly, monthly, quarterly and yearly depending on the attributes to be monitored as listed in the form.</p> <p>Action plan developed has involved:</p> <ol style="list-style-type: none"> 1. monitoring (patrolling) of the conservation areas by Auxiliary Police and allowing regrowth of trees in th HCV areas. 2. Record of monitoring -patrolling, forest inventory, identification of tree species by local and botanical name, measurement of Diameter at Breast Height (DBH) of all selected stems and animal sightings are observed maintained 	Yes
5.2.5	<p>There is no HCV set-asides with existing rights of local communities were observed.</p>	Yes
5.3	<p>5.3.1 KHB Sandakan Region has identified and documented list of waste product and sources of pollution from its activities. The</p>	Yes

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Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity			
Criterion by Audit	Summary of Assessment	Compliance	
	<p>environmental management plans were established at each site to manage and mitigate the wastes and its impact. Among others the significant environmental receptors for the mill and estates operations are:</p> <ol style="list-style-type: none"> 1. Air emissions from boiler stack (smoke and particulate). 2. Water discharges from cleaning water/run-off/process station waters. 3. Clinical waste – generated from Clinics. 		
5.3.2	<p>All chemicals and their containers are inventoried. They are stored in their original packaging in dedicated stores as per Pesticides Act 1974 and Environmental Quality Act 1974.</p> <p>Empty pesticides plastics containers (empties) irrespective of size are tripled rinsed, washed and returned to spraying tank for next use.</p> <p>Scheduled wastes are disposed in accordance to EQ (Scheduled Wastes) Regulations 2005. The disposals are through DOE's authorized scheduled waste collector.</p>	Yes	
5.3.3.	<p>KHB Sandakan Region estates have established their own waste management plan of different dates in January 2019. Similarly, Kretam Mill has established its waste management plan Document No.:SKM/SDK-RSPO-16, Rev.0, Effective date 01/12/2018, incorporated in the environmental management plan 2019 and reviewed annually.</p> <p>List of description and action programme:</p> <ol style="list-style-type: none"> 1. EFB/Rotten bunches sent to estate for mulching programme. 2. Prune frond apply to frond stacking 3. Scrap iron disposed by assigned vendor. 4. POME treated in treatment plant and captured methane for Biogas plant. 	Yes	
5.4	5.4.1	<p>A plan for improving the efficiency on the use of fossil fuels is in place at each Operating Unit and incorporated the following;</p> <ol style="list-style-type: none"> a) Environmental Aspect and Impact Assessment Register for 2019 b) Diesel usage efficiency and optimisation renewable energy record. 	Yes

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Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
Criterion by Audit	Summary of Assessment	Compliance
	<p>For 2018 March to December Kretam mill reported average usage of renewable energy in kwh / tonne FFB and compared with the last 12 months period Mar 2018 - Feb 2019.</p> <p>Average diesel consumption per litre / tonne of FFB in 2017 and 2018 sighted. The significant savings in using diesel is contributed to the successful commissioning of the biogas plant.</p>	
5.5	<p>5.5.1 There is no land preparation in the KHB Sandakan Region Estates by burning. KHB Sandakan Region practice zero burning as per the Zero Burning Policy dated 11 January 2016.</p> <p>During field inspection to field at Bode and Masang Estates observed that the Zero Burning Policy is applied during replanting. No burn signs found and all palms were felled, chipped, shredded, windrowed and left to decompose.</p>	Yes
	<p>5.5.2 There was no evidence that fire had been used to prepare land for replanting in all the estates visited. No fire used for waste disposal.</p>	Yes
5.6	<p>5.6.1 Kretam Mill has established Pollution Management Plan dated 03/12/2018 used to identify the waste products and sources of pollution.</p> <p>Receptors and sources:</p> <ol style="list-style-type: none"> 1. Air: Source from boiler stack (smoke and particulate), vehicle & generator (smoke and gases), anaerobic processes (ETP), EFB dumping – GHG emission. 2. Water: Cleaning water/run-off/process station waters (clay bath /sterilizer condensate/clarification waste), POME, boiler quenching water and blow down. 3. Land: Scheduled waste, domestic waste and process waste (boiler ash, scrap iron). 	Yes
	<p>5.6.2 Kretam Mill establish annual Pollution Management Plan dated 03/12/2018. Assessment of polluting activities focus on greenhouse gas (GHG) emissions, particulate, soot emissions, scheduled wastes, solid wastes and effluent.</p> <p>Example of action plan to reduce pollutions:</p> <ol style="list-style-type: none"> 1. Install Boiler flue gas emission control system to comply with EQ (Clean Air) Regulation 2014. Target: 20% opacity and 50 TPM. 2. Improve in POME Performance Monitoring System by construct desludging pond system. Target: Remove accumulated sludge to prevent sludge carryover thus 	Yes

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Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
Criterion by Audit	Summary of Assessment	Compliance
	increase HRT of pond system.	
5.6.3	<p>KHB Sandakan region has established monitoring system for emissions or pollutants generated by mill and estates.</p> <p>Example:</p> <ol style="list-style-type: none"> 1. Mill stack emissions monitored by Ringelmann chart system and on-line CEMS measurement to DOE. 2. Daily monitoring of smoke density from boiler operation. Results complying to regulatory requirements. 3. Dust Particulate monitoring is conducted twice a year. Records indicate the emission results are below permissible limit 	Yes

Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers		
Criterion by Audit	Summary of Assessment	Compliance
6.1	<p>6.1.1</p> <p>KHB Sandakan Region established Social Impact Assessment revision RSPO P.6.2.1-1/2019 last review in February 2019 covering the 4 estates and Kretam Mill.</p> <p>The SIA report includes the methodology and process of the SIA as well as a discussion of both positive and negative outcome.</p> <p>The Social Impact conducted includes:</p> <ol style="list-style-type: none"> 1. Land use, population and gender, ethnic, working class, age profile, and working experience. 2. List of housing and basic amenities and facilities provided by the company. 3. List of updated stakeholders. 4. List of positive and negative impacts and solution to mitigate the issues. 5. Stakeholders meeting and feedback from stakeholders and action taken by management. 	Yes
	<p>6.1.2</p> <p>Social Impact Assessment, revision RSPO P.6.2.1-1/2019 involved affected parties and consulted them during the assessment that include workers, staff, contractors, independent smallholders, neighbouring estates, surrounding communities, police, and NGOs.</p>	Yes

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Criterion by Audit	Summary of Assessment	Compliance
	<p>The communities where the estates are located are invited to the stakeholders' consultations.</p> <p>The SIA report explains how the method of assessment is conducted.</p> <p>Records of communication with stakeholders such as meeting attendance records are available. List of stakeholders interviewed are listed in the report.</p> <p>Stakeholders' consultation includes feedback from the respective stakeholders listed in the SIA assessment report.</p>	
6.1.3	<p>The Social Risk Assessment document RSPO. P.6.2.1 – 1/2019, KHB Sandakan Region list out the summary of positive and negative impacts and the time bound plan.</p> <p>Timelines are included and reasonable. Some of the planned requirements were completed.</p> <p>The estates and mill managers are responsible to implement the SIA Assessment plan.</p>	Yes
6.1.4	<p>KHB Sandakan Region reviewed the Social Impact Assessment once a year.</p> <p>Latest review conducted on February 2019.</p> <p>The SIA report and plan established with participation from parties such as estate and mill workers and communities around the estates</p> <p>Feedbacks from stakeholders are included in the plan.</p> <p>The estates and mill plans are reviewed to crosscheck on those completed, on-going and assign time frame to complete.</p> <p>Non-conformity:</p> <p>Kretam Sandakan Region has established the SIA and reviewed annually. An action plan is included for mitigating negative impacts and promote positive impacts. However, the following are not define clearly:</p> <ol style="list-style-type: none"> 1. Timeline of completion 2. When it was completed? 3. Are the affected parties involved in the mitigation process? 	Minor NC 4
6.1.5	There are no scheme smallholders in Kretam Mill certification.	Yes

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Criterion by Audit	Summary of Assessment	Compliance
	The smallholders are part of the stakeholders for input of information to the SIA study.	
6.2	<p>6.2.1</p> <p>KHB Sandakan Region maintains a list of stakeholders updated on February 2019 by categories Government, Villagers, NGO's, School, Suppliers, Transporters, Neighbours estates, and independent smallholders.</p> <p>KHB Sandakan Region has established SOP communication and consultation procedure, document number KHB-HR-P08, revision 1 date 01/08/2018.</p> <p>SOP established includes the input for both internal and external stakeholders where applicable for improvement.</p> <p>KHB Sandakan Region has established SOP Stakeholder Engagement / Negotiation, document number KHB/G/SOP-35, revision date 05/05/2017. This SOP describe the process for request and response, consultation meeting and complaint & grievances.</p> <p>The external stakeholders are briefed on the SOP and complaint mechanism during annual stakeholder consultation.</p>	Yes
	<p>6.2.2</p> <p>Communication and consultation procedure point 3. Responsibility, 3.3 Communication representative / management official for respective location:</p> <ul style="list-style-type: none"> a) Estate manager / Senior Estate Manager / Chief Pplantation Oofficer for estates b) Mill Manager / Mill Controller for palm oil mills. c) Refinery Manager /Plant Manager. d) Human Resource Manager / Executive Director / Chief Plantation Officer / Group Plantation Director at Head Office. <p>The procedure is made available in the KHB website, estate and mill notice boards and informed through stakeholders meeting.</p>	Yes
	<p>6.2.3</p> <p>KHB Sandakan region has established list of stakeholders dated February 2019 that include government department, villagers, NGOs, neighbours. stakeholders, suppliers and schools.</p> <p>KHB Sandakan Region has established records of communication for stakeholders. Sighted reply from for attending KHB RSPO Stakheolders meeting for Sandakan Region.</p>	Yes

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Criterion by Audit	Summary of Assessment	Compliance	
	<p>Latest Stakeholder meeting for Sandakan Region conducted on 11/12/2018.</p> <p>The meeting involved representatives from KHB Sandakan region external and internal stakeholders.</p> <p>No complaints received during the stakeholders briefing. However there are some comment or questions responded by KHB Sandakan Region.</p> <p>Example Villagers inform youth is seeking career opportunities, KHB Sandakan Region reply encourage people to apply jobs in company.</p> <p>During the interview with management employment opportunities will be given for local people.</p>		
6.3	6.3.1	<p>KHB Sandakan Region has established Grievance procedure document number KHB-HR-P05 revision 02 dated 01/08/2018.</p> <p>The grievance procedure states investigation and resolution within 30 working days. A form is establish for grievances and available at the offices and guard houses.</p>	Yes
	6.3.2	<p>There are no complaints recorded as of audit date. This is confirmed by workers during interviews in the field.</p>	Yes
6.4	6.4.1	<p>KHB Sandakan Region has established the procedure for FPIC, document number KHB/G/SOP-54 revision 2 latest revision dated 09/02/2018 approved by Chief Plantation Officer.</p> <p>KHB Sandakan Region has established procedure for Guideline on Managing Land Conflict, document number KHB/G/SOP-55 dated 09/02/2018. This procedure is to provide the mechanism for managing land conflict.</p>	Yes
	6.4.2	<p>KHB Sandakan Region has established procedure for FPIC document number KHB/G/SOP-54 revision 02 dated 09/02/2018 approved by Chief Plantation Officer.</p> <p>Under 5.6 Dispute arise between company and affected parties consensus shall resolve the dispute via four options:</p> <ol style="list-style-type: none"> 1. Consultation. Seeking advice from elders or Ketua kampung, with them involving with the process for mutual agreement. 2. Mediation. An external party shall be appointed by both parties to facilitate the dispute. 3. Arbitration. With consent from both parties, an individual shall 	Yes

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Criterion by Audit	Summary of Assessment	Compliance
	<p>be appointed to make the final decision.</p> <p>4. Otherwise, the case will be brought court of Law as a final settling mechanism.</p>	
	<p>6.4.3 KHB Sandakan Region has established procedure for FPIC document number KHB/G/SOP-54 revision 02 dated 09/02/2018 approved by Chief Plantation Officer.</p> <p>There are no disputes of land titles for estates and Kretam mill. Thus, no records on the compensation claim sighted.</p>	Yes
6.5	<p>6.5.1 KHB Sandakan Region adopts the Minimum Wage Order 2018 to pay the workers.</p> <p>Estates and Kretam Mill payslip for workers are reviewed to crosscheck that it meet legal requirements.</p> <p>The deduction in the pay for EPF and SOCSO for the local worker. Any others deduction according to permit approved by Jabatan Tenaga Kerja.</p> <p>Sighted JTK 'Permit Potongan Daripada Gaji Pekerja' validity period from 11/04/2018 to 11/04/2020.</p> <p>KHB Sandakan Region monitors contractor wage paid to their workers via pay slip. The contractor worker pay slip is reviewed and according to minimum wage order 2018.</p>	Yes
	<p>6.5.2 KHB Sandakan Region established contract agreement for workers. The contract agreement is in line with applicable laws and regulations such as Sabah labour Law and Minimum Wage Order 2018.</p> <p>Contracts are in Bahasa Malaysia language which can be understood by local and foreign Indonesian workers.</p> <p>Sighted worker contract agreement, duly signed by worker and estate manager.</p> <p>Example: Harvester contract agreement signed by Estate Manager and worker datd 22/07/2016.</p> <p>During site interview, there have no recorded of complaint made by workers against the KHB Sandakan region management on unfair pay and conditions.</p>	Yes
	<p>6.5.3 KHB Sandakan Region provide housing according to palm oil industries best practices with amenities such as:</p>	Yes

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Criterion by Audit	Summary of Assessment	Compliance
	<ol style="list-style-type: none"> 1. Proper housing. 2. Water source. 3. Electricity. 4. Sport and recreational area. 5. Clinic. 6. Crèche. 7. Humana and school Bod and Sapagaya estates. <p>Site interview with workers indicates they are satisfied with housing and amenities provided.</p>	
6.5.4	<p>KHB Sandakan region establish sundry shop at Bode estate, Masang estate, and Sepagaya estate for workers to access to reasonable food supplies.</p> <p>Price comparison for estate essential sundry goods 2018 has been conducted by Chief Plantation Officer Office dated 27/02/2019, comparing 435 goods from each grocery shop from estate, for monitoring of goods price purpose.</p> <p>During the interview with worker indicate the price is fair and affordable.</p> <p>A garden is provided at workers housing ton plant vegetables or fruits for their own consumption.</p>	Yes
6.6	<p>6.6.1 KHB Sandakan Region has established Code of Conduct and Human Right Policy dated 03/01/2017 sign by Chief Executive Officer Kretam Group. Policy states:</p> <p>“Respect the right of freedom of association”</p> <p>The policy is available in English and Bahasa Malaysia language and displayed on the notice boards of office, clinic and housing compound.</p> <p>The policies are communicated via training or briefing conducted. Example: Kretam Mill conducted training on 27/02/2019 for all level workers.</p>	Yes
	<p>6.6.2 KHB Sandakan Region establish JCC that involved worker and management representatives.</p> <p>JCC meeting was carried out as part of the communication channel between workers and management</p>	Yes

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Criterion by Audit	Summary of Assessment	Compliance
	<p>Latest JCC meeting conducted at BODE estate on 21/12/2018, Sapagaya estate on 19/12/2018, Bukit Sekong estate on 29/12/2018, Masang Estate on 14/12/2018 and Kretam Mill on 29/12/2018.</p> <p>The meeting discussed and resolved matter arises between management and workers.</p>	
6.7	6.7.1	Yes
	<p>KHB Sandakan Region has established the Social Policy dated 01/09/2018, the policy states 'Ensure no child or young person shall be or permitted to engage in any employment others that allowed by the law'.</p> <p>Sighted Syarikat Kretam List of Workers for each estate and mill. That states workers name, status, identification card, passport number, dated of join and dated of birth.</p> <p>It is crosscheck with the worker documents that no hired workers are below the age of 18 years.</p>	
6.8	6.8.1	
	<p>KHB Sandakan Region has established Code of Conduct and Human Right Policy dated 03/01/2017 sign by Chief Executive Officer.</p> <p>The policy includes a statement provide equal opportunities and no discrimination for all employees.</p> <p>The policy is display and made available at mill and estates notice boards and KHB website.</p> <p>Policies training for mill dated 28/02/2019 included all level of workers.</p> <p>During the interview with workers indicate no discrimination and equal opportunity provided in estates and mill.</p>	
	6.8.2	Yes
	<p>KHB Sandakan Region has established Social policy signed by Chief Executive Officer dated 03/01/2017.</p> <p>The policy states to promote and enhance the quality of life and wellbeings of employees and communities.</p> <p>The Human Right Policy dated 03/01/2017 states respect and protect the fundamental human rights.</p> <p>Onsite observation indicates the KHB Sandakan region employees include locals, women and foreign workers.</p> <p>There are no grievance records and no cases of complaint related to discrimination.</p>	

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Criterion by Audit	Summary of Assessment	Compliance
	Interviews with workers (man and women, local and foreign) indicate that there are no discrimination in estates and mill.	
6.8.3	<p>KHB Sandakan Region has established Recruitment and Selection Procedure, KHB-HR-P02 dated 01/12/2014 approved by Chief Plantation Officer.</p> <p>Workers records file contain :</p> <ul style="list-style-type: none"> a) Confirmation of employment. b) Conformation Evaluation form. c) Job description. <p>KHB Sandakan Region adopts group SOP Recruitment of Foreign worker procedure, KHB-HR-04, dated 01/08/2018. The procedure stated the recruitment of worker are based on medical fitness and company requirement.</p>	Yes
6.9	<p>6.9.1 KHB Sandakan Region has established Social Policy sign by Chief Executive officer dated 03/01/2017.</p> <p>The policy includes principle ensuring that procedure is in place to prevent sexual harassment.</p> <p>The policy is displayed at notice board at office, clinic and housing area.</p> <p>No complaints recorded on grievance related to sexual harassment or violence.</p> <p>KHB Sandakan Region provides company policies awareness training to all level of workers. Each site has established its own gender committee.</p> <p>Example of gender committee meeting minutes:</p> <p>The latest committee meeting for Sapagaya estate conducted on 21/01/2019, BODE estate on 07/09/2018, Masang estate on 26/01/2019, Bukit Sekong estate on 28/12/2019 and Kretam Mill on 29/12/2018.</p>	Yes
	<p>6.9.2 KHB Sandakan Region has established Social policy dated 03/01/2017 signed by Chief Executive Officer stated protect on women reproduction rights.</p> <p>The policy is display and available at the estates and mill notice boards and KHB website.</p> <p>The Social policy communicated though training.</p>	Yes

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	<p>Example: Kretam Mill policy training on 27/02/2019.</p> <p>During the interview with female workers they are aware of reproductive rights.</p>		
6.9.3	<p>KHB Sandakan Region has established Social Policy dated 03/01/2017, sign Chief Executive Officer. The policy states maintain as far as possible the confidentiality of whistleblower.</p> <p>Complaint & Grievance procedure document number KHB-HR-P05, under Scope 2.1 Complaints and grievances from Employee/Non-employee refer to Manager and above.</p>	Yes	
6.10	6.10.1	<p>Kretam Mill issue letter to smallholders for FFB purchase price dated 15/01/2019.</p> <p>Sighted at weighbridge office pricing for March 2019. The current price is based on last month FFB price provided by the Head Office</p>	Yes
	6.10.2	<p>Kretam Mill has established Summary of FFB purchase on a monthly basis.</p> <p>Sighted FFB delivered from internal estates and external independent smallholders for January 2019</p> <p>The price of FFB is displayed on weighbridge office</p>	Yes
	6.10.3	<p>There are no formal contractual agreements between Kretam Mill and the independent smallholders.</p> <p>The purchase of FFBs from independent smallholders are delivered to Abedon Oil Mill for processing.</p>	Yes
	6.10.4	<p>Kretam Mill has established SOP for FFB Price Calculation, Document No. SKM/SDK-RSPO-01/SOP-01 dated 07/03/2016 on the FFB pricing formula in both English and Bahasa Malaysia and display at the weighbridge office.</p> <p>All transactions of payment paid on a timely basis. There are no complaints or grievances related to payment nor FFB price from the independent smallholders.</p>	Yes
6.11	6.11.1	<p>KHB Sandakan Region provides opportunities to local communities to operate canteen, sundry shop, food catering services when required, hiring of locals for office and mill staffs, workers and logistics services.</p> <p>In addition, KHB Sandakan region supports social activities by providing contributions to schools, transportation for school</p>	Yes

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Criterion by Audit	Summary of Assessment	Compliance
	children, blood donation to the local hospital and communities services.	
6.11.2	There are no independent smallholders included in the certification. Kretam Mill supports independent smallholders around the mill location. The FFBs supply by these smallholders are delivered to Abedon Oil Mill for processing.	Yes
6.12	6.12.1	Yes
	<p>KHB Sandakan Region has established Social Policy dated 03/01/2017 signed by Chief Executive Officer.</p> <p>The policy states prohibit any form of forced or trafficked labour or unlawful employment of people.</p> <p>KHB Sandakan Region has established SOP for Passport Safekeeping, document number KHB-HR-P03, dated 01/09/2018. The procedure consists of flow chart for passport safekeeping, the worker can submit passport on own free will.</p> <p>Sighted passport record book, worker signed on the book by selecting submit for admin safekeeping or own keeping.</p> <p>During the interview with workers confirmed the passport submit by own free will and they can get back anytime when required.</p> <p>Workers feedback there is no restriction on movement in and out of the estate.</p>	
	6.12.2	Yes
	<p>KHB Sandakan Region has established Recruitment of Foreign Workers procedure document number KHB-HR-P04 revision number, effective date 01/08/2017. The procedure states no contract substitution are allowed by the company.</p> <p>Interviews with workers that they understand the content of the employment contract and a copy provided by the management. Workers confirmed they have work same position and no substitution of contract since they joined until the date.</p>	
	6.12.3	Major NC 2
	<p>KHB Sandakan Region has established Code of Conduct and Human Right Policy dated 03/01/2017 signed by Chief Executive Officer.</p> <p>The policy states provide fair and equal employment opportunities for all employees.</p> <p>KHB Sandakan Region has established Recruitment of Foreign Workers procedure document number KHB-HR-P04 revision number 1 effective dated 01/08/2017 states to ensure no contract substitution to workers.</p>	

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	<p>There is no evidence of discrimination occurs either via interviews with workers and grievance records for estates and Kretam Mill.</p> <p>Non-conformity:</p> <p>KHB Sandakan region adopted KHB group Recruitment of Foreign Worker Procedure Doc. No. KHB-HR-P04 rev. 3 effective date 01/02/2019. However, the SOP does not address following:</p> <ol style="list-style-type: none"> 1. Hiring through a recruitment agency 2. Type of arrangement between foreign recruitment agencies and Consulate of the home country. 3. Type of arrangement between local and foreign recruitment agencies. 4. Records and monitoring of fees paid by the workers to the recruitment agencies of the home country. 5. Hiring of walk in workers. <p>The SOP allows hiring of workers without identification documents, valid travel document or work permits. However this contradicts the Social Policy dated 01/09/2018 states the company's commitment to prohibit any form of forced or trafficked labour or unlawful employment of people.</p> <p>The hiring flow chart in the SOP include a 1 month notice for termination for those workers who are unsuccessful in obtaining valid travel and work permits after 6 months will be terminated. However, the workers' employment contract did not include the condition of termination.</p>	
6.13	<p>6.13.1 KHB Sandakan Region has established Code of Conduct and Human Right Policy dated 03/01/2017 signed by Chief Executive Officer. The policy states to respect and protect human right as per required under the Universal Declaration of Human of Right of United Nations.</p> <p>The policy is displayed on estates office notice boards.</p> <p>The policy is communicated through training conducted by estate or mill.</p> <p>Grievance records review and interview with workers indicate no cases on human rights violations.</p>	Yes
	<p>6.13.2 KHB Sandakan Region has established Community Learning Centre (CLC) in Bode and Sapagaya estates for foreign workers</p>	Yes

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Criterion by Audit	Summary of Assessment	Compliance
	children. The workers children from Kretam Mill attended school at Bode Estate.	

Principle 7: Responsible Development of New Plantings		
Criterion by Audit	Summary of Assessment	Compliance
7.1 – 7.8	No new planting sighted during review of area statements and site verification. Bode estate replanting in year 2018, Sapagaya last replanting in year 2012.	Yes

Principle 8: Commitment to Continuous Improvement in Key Areas of Activity		
Criterion by Audit	Summary of Assessment	Compliance
8.1	<p>8.1.1</p> <p>KHB Sandakan Region has established “Continual Improvement Program for KHB 2019” dated 26/03/2018.</p> <p>The key area of coverage included in the plan as below:</p> <ul style="list-style-type: none"> ▪ Minimising the use and reliance of pesticides; ▪ Reduce negative and enhance positive Environmental Impacts; ▪ Reduce negative and enhance positive Social impacts ▪ Waste reduction; ▪ Pollution and emissions <p>Action plan established covers various aspects.</p> <ol style="list-style-type: none"> 1. Pesticide 2. Environment 3. Waste Reduction 4. Pollution and Emission 5. Social Impact 6. Health and Safety 7. Legal Compliance and Transparency 8. General Issue 	Yes

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	<p>Details provided in the plan with specific action may be required for the particular activity to process. This includes timeframe and responsible person</p> <p>Example:</p> <table border="1"> <tr> <td colspan="2">Social</td> </tr> <tr> <td>Improvement Action</td> <td>Employee Minimum Wage implementations.</td> </tr> <tr> <td>Expected Outcome</td> <td>Implementation of new wage directive by the government to all employees.</td> </tr> <tr> <td>Timeframe</td> <td>2016 completed</td> </tr> <tr> <td>Review and Monitor</td> <td>Implementation monitoring and to update accordingly if any new inputs.</td> </tr> <tr> <td>Responsibility</td> <td>Estate Manager, Mill manager, HHR&S, SEM</td> </tr> <tr> <td>Status / Review date</td> <td>Continuously, Dec 2018</td> </tr> </table>	Social		Improvement Action	Employee Minimum Wage implementations.	Expected Outcome	Implementation of new wage directive by the government to all employees.	Timeframe	2016 completed	Review and Monitor	Implementation monitoring and to update accordingly if any new inputs.	Responsibility	Estate Manager, Mill manager, HHR&S, SEM	Status / Review date	Continuously, Dec 2018	
Social																
Improvement Action	Employee Minimum Wage implementations.															
Expected Outcome	Implementation of new wage directive by the government to all employees.															
Timeframe	2016 completed															
Review and Monitor	Implementation monitoring and to update accordingly if any new inputs.															
Responsibility	Estate Manager, Mill manager, HHR&S, SEM															
Status / Review date	Continuously, Dec 2018															

4.2 Stakeholder Consultation
4.2.1 Summary
<p>There are no requirement to conduct stakeholders meeting in every audit. However, TUV NORD as the certification body has conduct consultation through emails and phone calls to relevant stakeholders for feedbacks and comments</p> <p>The stakeholders' are communicated via emails and letter. The invitations are send to relevant stakeholders such as consulate, government agencies, NGOs, neighboring estates and communities.</p> <p>During first day of meeting, audit team has met the JTK Kinabatangan for an interview as regards to process related to application for permits.</p>

4.2.2 List of contacted stakeholders

Table 4-1 List of Stakeholders

No	Statutory Body	Name
1	Jabatan Hidupan Liar	Jimli Perijin
2	Operation Manager – Juita Baru (Transporter)	Chris Ho
3	Fertilizer – United Track	Leolie

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4.3 Issues Raised By Stakeholders

Appreciation received from feedback via email and phone calls that stakeholders aware in KHB Sandakan region continuing efforts for improvement.

The respond from Jabatan Tenaga Kerja Cawangan Kinabatangan that there are no issues related to KHB Sandakan region estates or mill.

Complaints received: No

Audit team findings: There are no findings in regards of stakeholders comments.

Company response and proposed action to be taken: Kretam Holdings Berhad has always abide to the laws and regulations and committed to improve its relationship with stakeholders.

4.4 Summary Of Green House Gases

Description	tCO ₂ e/tProduct
CPO	1.14
PK	1.14
PKO	0
PKE	0

Extraction	tCO ₂ e/tProduct
OER	20.91
KER	4.28

Land Use	Ha
OP Planted Area	9646.12
OP Planted on peat	0
Conservation (forested)	581.28
Conservation (non-forested)	429.74
Total	10657.14

Production	t/yr
FFB Processed	149129.07
CPO Produced	31186.31

Summary of Field Emission and Sink

Description	Own			Group			3 rd Party			Total
	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/tFFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/tFFB	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/tFFB	
Land conversion	0	0	0	93,557.87	9.92	0.67	0	00	0	93,568.46
CO ₂ emission from fertiliser	0	0	0	4,711.47	0.5	0.03	0	0	0	4,712.00
N ₂ O emission	432.15	0	0	4,366.33	0.46	0.03	0	00	0	4,798.97

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Fuel consumption	0	0	0	2,311.66	0.25	0.02	00	0	0	2,311.93
Peat Oxidation	0	0	0	0	0	0	0	0	0	0.00
Crop sequestration	0	0	0	-88,224.86	-9.36	-0.63	00	0	0	-88,234.85
Sequestration in conservation area	0	0	0	0	0	0	0	0	0	0.00
Total	432.15	432.15	432.15	16,722.47	1.77	0.12	00	0	0	17,156.51

Summary of Mill Emission and Credit

Description	tCO ₂	tCO ₂ e/tFFB
POME	28251.11	0.19
Fuel Consumption	1217.35	0.01
Grid Electricity Utilisation	0	0
Exports of Excess Electricity to Housing & Grid	0	0
Sale of PKS	0	0
Sale of EFB	-3694.58	-0.02
Total	25773.88	0.17

Palm Oil Mill Effluent (POME) Treatment	
Divert to Compost	0%
Divert to anaerobic diversion	100%

POME Diverted to Anaerobic Digestion:	
Divert to anaerobic pond	100%
Divert to methane captured (flaring)	0%
Divert to methane capture (energy generation)	0%

4.5 New Planting GHG Summary Reporting

There is no new planting for Kretam Mill supply bases.

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4.6 Noteworthy Positive Components and Identified Non Conformances

4.6.1 Details of noteworthy positive components

1. Establishment of legumes cover crops at hilly areas.
2. Toilet facility in the field.
3. Implement mobile shelter at nursery.
4. Rest and rain shelters in the fields.
5. Kretam POM provide free transport for smallholders FFB to be sent to Abedon POM

4.6.2 Status of non-conformities identified in last audit

This section gives an overview of actions taken to close out non-conformities raised during the previous audit.

If a minor non-conformity raised at the last audit, is not closed out, then this will be raised to a Major non-conformity and the company is given 60 days to close this out.

Non Conformity Number < 01 >			
RSPO Indicator	4.7.7: Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics		
Location	Bode and Masang Estate		
Description of Finding/Objective Evidence:			
The certified unit has established records of Lost Time Injuries.			
However, the risk assessment for the harvesting activity has not been updated to address the LTI occurred during the year 2017 and from Jan to March 2018 for harvesting activity.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
Date Raised	26/04/2018	Deadline for implementation	Next surveillance audit
Root cause Analysis (by company):			
The risk assessment for harvesting had been done in 2016 to address the accident happened in 2016, risk assessment for the harvesting activity has not been updated to address the LTI occurred during the year 2017 and until March 2018.			
Corrective action planned (by company):			
The risk assessment will be conduct for harvesting activities and to address the accident happened in 2017 and until March 2018 for all estates and to improve the method of prevention plan and action plan.			
Preventive Action (by company):			
The risk assessment will be review by yearly basis and will be update in the SOP 32 Control of Documents and Records to suit the accident frequency status to the current condition. The risk assessment in 2018 onwards shall be based on the higher type of accident and the prevention method shall be diversify and improve for better control.			

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Non Conformity Number < 01 >	
Review of corrective/preventive action	
Kretam has established latest HIRARC dated 12/02/2019. Review on latest HIRARC conducted has includes remark of any accident occurs within the assessment for year 2018. Example; Activity: Sharpening chisel or sickle. The risk level was increase from 6 to 9. Management has added risk control by adding risk control, safety training on sharpening sickle. This was based on accident occurs on 23/03/2018. By reviewing the document and implementation, the minor non-conformity was closed. Further verification will be reviewed next surveillance audit for continuity of implementation.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Auditor Hj Mahzan Bin Munap	Date of closure: 04/03/2019

Non Conformity Number < 02 >			
RSPO Indicator	5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts		
Location	Bode, Masang Estate and Kertam Oil Mill.		
Description of Finding/Objective Evidence:			
According to the Environmental Management Plan, a monthly and quarterly inspection will be conducted according to the monitoring plan frequency. However, the form used does not indicate which parameter is monitored as per the monitoring protocol of the environmental and risk assessment dated 04/04/2018 In the Kretam mill environmental management plan, the monitoring protocol did not include frequency of monitoring for the identified parameters.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
Date Raised	26/04/2018	Deadline for implementation	Next surveillance audit
Root cause Analysis (by company):			
Frequency of monitoring protocol is not specified in management plan as most of the monitoring program is specified by Department of Environment Malaysia.			
Corrective action planned (by company):			
Environmental Management Plan will be reviewed again to specified the frequency of monitoring.			
Preventive Action (by company):			
To ensure every aspect is specified in Environmental Management Plan, the plan will review once in a year.			

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Non Conformity Number < 02 >	
Review of corrective/preventive action	
Environmental management plan for 2019 has been established. Stated under clause 12. Monitoring frequency, each aspects/ activity has included frequency of monitoring and person in charge. Example of activities and monitoring frequency for mill: <ol style="list-style-type: none"> 1. Oil clarification (prevent discharge of oil and grease into water sources) -monthly monitoring for drainages. 2. Nut separation (impact of noise to workers) – yearly audiometric test. 3. Kernel storage (prevent discharge oil and grease into water sources)-monthly monitoring for drainages. For estates, environmental risk assessment has been revised. Example of activities and monitoring frequency for estates: <ol style="list-style-type: none"> 1. Supply of water -monthly flowmeter reading records. 2. Storage of diesel (Skid tank)-monthly site physical audit. 3. Operational of electrical appliances- monthly meter reading records. Base on the evident provided and observation on implementation. The minor non-compliance was closed. Further verification will be reviewed next surveillance audit for continuity of implementation.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Auditor Hj Mahzan Bin Munap.	Date of closure: 04/03/2019

Non Conformity Number < 03 >			
RSPO Indicator	5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.		
Location	Bode, Masang Estates & Kretam Mill.		
Description of Finding/Objective Evidence:			
1. The waste management plan for BODE and Masang estates did not address the monitoring on outflow of oil from oil traps at BODE estate fuel storage shed, workshop washing area and Masang estate diesel storage area. 2. Kretam mill has established waste identification and disposal method but did not address the frequency of monitoring and data recorded.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
Date Raised	26/04/2018	Deadline for implementation	Next surveillance audit.
Root cause Analysis (by company):			

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Non Conformity Number < 03 >	
Frequency of monitoring protocol is not specified in management plan as most of the monitoring program is specified by Department of Environment Malaysia.	
Corrective action planned (by company):	
The waste identification and disposal method will be reviewed again to specify the frequency of monitoring.	
Preventive Action (by company):	
To ensure every aspect is specified in the identification and method, the plan will review once in a year.	
Review of corrective/preventive action	
<p>Masang estate has establish Oil Trap Monitoring Planning 2019 for its two division, Masang and Lipong, which was schedule to be done on February, May, August and November 2019. Attached monitoring form for the month of February 2019. Each estate has established oil trap mapping which indicates the location of oil traps for both divisions.</p> <p>Bode estate has established Oil Trap Monitoring Planning 2019. The planning included schedule of monitoring that will be conducted on February, May, August and November 2019. Attached monitoring form the month of February 2019, Estate has included oil trap mapping for all its oil traps located at genset areas, housing and operational sites,</p> <p>Kretam mill has established Waste Management Plan 2018 dated 01/12/2018. The plan has stated on frequency of monitoring, under section, monitoring plan.</p> <p>Example of waste identification and frequency of monitoring;</p> <ol style="list-style-type: none"> 1. Boiler ash daily. 2. Scrap iron-when disposed. 3. Decanter cake-daily. <p>Base on the evidence provided and site verification, the minor non-conformity was closed. Further verification will be review on next surveillance audit for continuity of implementation.</p>	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Auditor, Hj Mahzan Bin Munap	Date of closure: 04/03/2019

<note; all minor raise previously are required to be capture in this report together with the closing of the non-compliance>

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4.6.3 Detail of Non Conformities Identified During This Audit

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

Audit Outcome	
Major NC	2
Minor NC	5
Observations	2

Non Conformity Number < 01 >	
RSPO Indicator	4.1.1 (M) Standard Operating Procedures (SOPs) for estates and mills shall be documented.
Location	Sapagaya Estate
Description of Finding/Objective Evidence:	
<p>KHB Sandakan Region have established SOPs for key estate and mill processes such as harvesting, chemical spraying, manuring, IPM, buffer zones, mill operations, supply chain, water treatment, wastewater treatment, waste disposal, etc., were reviewed.</p> <p>The following SOP is not established</p> <p>Safe Working Procedure for Tank Cleaning that include the requirement for Confine Space Entry, that is, the requisite to conduct Gas Test in the Permit To Work.</p>	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raise by:	Hj Mahzan Bin Munap Date Raise: 09/03/2019
Deadline for implementation	06/06/2019
Root cause Analysis (by company):	
<p>Cleaning of the water tank was not part of estate activity. It was done to clean water tank to provide even better water supply compare to treated water. It was also noted that no possible hazardous material since the tank was only filled with water and has one open manhole for natural ventilation. All activity were monitored closely and recorded with picture of cleaning activity.</p>	
Corrective action planned (by company):	
<p>Confine Space Procedure will be developed together with the working permit specifically for confine space. All confine space activity will follow the procedure. The implementation record including working permit for confine space will be maintained</p>	
Preventive Action (by company):	
<p>Confine Space training to be conducted to water treatment plant workers to improve their understanding on potential hazards when working with confine space.</p>	
Review of corrective/preventive action	

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Non Conformity Number < 01 >	
<p>KHB has established procedure for confine space, document number: KHB-SOP-26-S&H, effective date 17/03/2019. The procedure describes on process flow working at confine space which includes:</p> <ol style="list-style-type: none"> 1. Applying permit before entering confine space area 2. Appoint of entry supervisor and standby person 3. Using suitable PPE and check on atmospheric gas using authorized gas tester. 4. Apply Log out Tag Out system (LOTO). 5. Ensure proper ventilation during work. 6. Provide adequate lightening, first aid box. <p>Confine space permit form established to be filled by authorized person conducting job on such area. Confine space training conducted on 17/04/2019 at Sapagaya Estate for workers involved tank cleaning process. The evidence provided is sufficient to close the non-conformity. Further verification will be conducted on next surveillance audit.</p>	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Auditor Hj Mahzan Bin Munap	Date of closure: 10/05/2019

Non Conformity Number < 02 >	
RSPO Indicator	6.12.3 (M) Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented.
Location	All sites
Description of Finding/Objective Evidence:	

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Non Conformity Number < 02 >	
<p>KHB Sandakan region adopted KHB group Recruitment of Foreign Worker Procedure Doc. No. KHB-HR-P04 rev. 3 effective date 01/02/2019. However, the SOP does not address following:</p> <ol style="list-style-type: none"> 1. Hiring through a recruitment agency 2. Type of arrangement between foreign recruitment agencies and Consulate of the home country. 3. Type of arrangement between local and foreign recruitment agencies. 4. Records and monitoring of fees paid by the workers to the recruitment agencies of the home country. 5. Hiring of walk in workers. <p>The SOP allows hiring of workers without identification documents, valid travel document or work permits. However, this contradicts the Social Policy dated 01/09/2018 states the company's commitment to prohibit any form of forced or trafficked labour or unlawful employment of people.</p> <p>The hiring flow chart in the SOP include a 1 month notice for termination for those workers who are unsuccessful in obtaining valid travel and work permits after 6 months will be terminated. However, the workers' employment contract did not include the condition of termination.</p>	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raise by:	Sheron Pui Ling Wui Date Raise: 09/03/2019
Deadline for implementation	Next surveillance audit
Root cause Analysis (by company):	
KHB Group has never engaged recruitment agency so far even though the option is available. Company so far has focusing more on legalising existing workers that come mostly through walk in.	
Corrective action planned (by company):	
The recruitment procedure will be amended to cover recruitment through agency and walk-in. The procedure will be practicable and covers type of arrangement with agency either national or local. All estate managers and staffs will be trained.	
Contract agreement for casual/temporary workers will be established. Termination of workers due to legalization issues will be covered inside the contract and communicated to the workers during employment.	
All casual/temporary workers will use new contract agreement. Content from the new agreement will brief to workers during signing.	
A Foreign Workers Policy will be established to shows KHB stand on Foreign Workers Issues in Sabah. Workers will be brief accordingly.	
Social Policy to be amended to be in line with Foreign Workers Policy.	
Preventive Action (by company):	
Training to be conducted to all Estate Managers on recruitment procedure and implementation are monitored through regular audit.	
Review of corrective/preventive action	

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Non Conformity Number < 02 >

KHB has established foreign workers policy dated 01/04/2019 sign by Chief Executive Officer, KHB. The policy describes on foreign workers entering work voluntary, freely, no discrimination and no retention of documents. Policy awareness training for all workers conducted on 08/04/2019 Bode Estate, 03/04/2019 Bukit Sekong Estate, 22/04/2019 Masang Estate and 16/04/2019 Sapagaya Estate.

The revised social policy dated 15/04/2019 excludes the statement '*prohibit any form of forced or trafficked labour*'.

KHB has revised SOP recruitment for foreign workers, document number KHB-HR-P04, revision 3 dated 01/04/2019. The SOP includes:

1. Process on hiring foreign workers who have valid passport or social work pass.
2. Human Resource Department to liaise with agency appointed by company to check balance of company quota for recruitment of foreign workers.
3. Checking and send workers passport to agency for submission to immigration department.
4. Received amount to pay for foreign workers from agency.

Flow chart for recruitment processes included in page 5 of the procedure.

Example SOP recruitment of foreign workers training conducted on 11/04/2019 at Bukit Sekong Estate.

KHB has established SOP recruitment of temporary workers document number KHB-HR-P12, revision 01, dated 01/05/2019. The SOP describes:

1. Process on hiring foreign works with no valid documents.
2. Recruitment of temporary or casual workers are limited to 6 months, and if they are still needed by company, their contract will be continuing for another 6 months period via Contract Extension Letter.
3. Repatriation will be arranged for workers with due date on temporary or extended contract.

The SOP recruitment of temporary workers, revision 01, dated 03/05/2019 is made available to all estates and mil.

Casual workers contract form KHB-HR/P12-R01, states working period not exceeding 12 months and termination notice.

Contract Extension letter, document number KHB-HR-P12/R02 acknowledged by worker prior to continue the service for another 6 month period. Example of contract for casual workers are reviewed.

Sighed application for legalisation submitted to labour agency for legalizing Filipino workers dated 21/03/2019. List of casual workers to be legalised form each estates is review.

The above revised and newly established documents are sufficient close the NC and will be further review in the next audit for effective implementation.

Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Auditor Sheron Pui Ling Wui	Date of closure: 10/05/2019

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Non Conformity Number < 03 >			
RSPO Indicator	2.1.3 A mechanism for ensuring compliance shall be implemented.		
Location	All sites		
Description of Finding/Objective Evidence:			
<p>The women workers are pay for maternity allowance after return for works from confinement period. KHB Sandakan region did not establish a mechanism to monitor following:</p> <ol style="list-style-type: none"> 1. When the conferment period starts and return to work? 2. When the allowance be paid? 3. In the event the woman worker is required to have early confinement period when certified by an approved medical practitioner to start 14 days earlier according to Sabah Labour Ordinance clause 83 (3). Subject to section 87, maternity leave shall not commence earlier than a period of thirty days immediately preceding the confinement of a female employee or later than the day immediately following her confinement. <p>Provided that where a medical officer or the registered medical practitioner appointed by the employer certifies that the female employee as a result of her advanced state of pregnancy is unable to perform her duties satisfactorily, the employee may be required to commence her maternity leave at any time during a period of fourteen days preceding the date of her confinement as determined in advance by the medical officer or the registered medical practitioner appointed by the employer</p>			
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor		
Raise by:	Sheron Pui Ling Wui <table border="1" style="float: right; margin-left: 20px;"> <tr> <td>Date Raise:</td> <td>09/03/2019</td> </tr> </table>	Date Raise:	09/03/2019
Date Raise:	09/03/2019		
Deadline for implementation	Next surveillance audit		
Root cause Analysis (by company):			
Maternity leave was paid once the employee comes back to work.			
Corrective action planned (by company):			
Payment for the maternity leave will be done according to estate wages payment period. The payment will made starting of the date of employee confinement date which follows Labour Ordinance. The workers will be considered working for continuous 60 days from the 1 st day of her confinement.			
Preventive Action (by company):			
Briefing to the field staff on the maternity payment and documentation will be given by the management. Employee under maternity leave should be recorded on daily checkroll.			
Review of corrective/preventive action			
<p>Action plan dated 04/04/2019 is reviewed. The action plan describes payment for the maternity leave will be according to estate wages payment period.</p> <p>The payment will made starting from the date of employee confinement date which follows Labour Ordinance. The workers will be considered working for continuous 60 days from the 1st day of her confinement. Implementation of action plan will be verify on next surveillance audit.</p>			

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Non Conformity Number < 03 >	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Auditor: Sheron Pui Ling Wui	Date of receiving action plan: 04/04/2019
Review of Implementation for Major / Minor NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Review:

Non Conformity Number < 04 >	
RSPO Indicator	4.1.3 Records of monitoring and any actions taken shall be maintained and available as appropriate.
Location	All estates
Description of Finding/Objective Evidence:	
SOP Water and River Contamination Handlings Doc. No. KHB/G/SOP-09 rev.04 dated 09/02/2018 is established to monitor water source and river are the two protected area from any pollutions or water contamination that can harm to the human, livestock/animals and plants. A monitoring checklist established did not include monitoring of points (b) and (c).	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raise by:	Haji Mahzan Mauap Date Raise: 09/03/2019
Deadline for implementation	Next surveillance audit
Root cause Analysis (by company):	
The monitoring checklist was not updated.	
Corrective action planned (by company):	
The monitoring checklist will be updated to include the monitoring of point (b) and (c).	
Preventive Action (by company):	
Internal Audit to be carried out regularly to detect any lapses on Estate Procedures.	
Review of corrective/preventive action	
Action plan dated 04/04/2019 is reviewed. The action plan states monitoring checklist will be updated to include the monitoring of points (b) and (c). Sustainability team will be in charge of implementation with the timeframe of implementation on June 2019. Further verification to close the non-conformity will be conducted on next surveillance audit.	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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Non Conformity Number < 04 >	
Auditor: Haji Mahzan Bin Munap	Date of receiving action plan: 04/04/2019
Review of Implementation for Major / Minor NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Review:

Non Conformity Number < 05 >	
RSPO Indicator	4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3).
Location	Sapagaya Estate
Description of Finding/Objective Evidence:	
Landfill SOP Waste Disposal KHB/G/SOP-08 Rev. 4 dated 04/05/2018, Effective date 18/08/2018 did not address handling of SW found at Sorting Shed. Sighted at Sapagaya estate landfill site at Block 07.SD.02 Waste Sorting shed the presence of Schedule Waste SW 102 – Waste of Lead Acid batteries and SW 109 – Waste containing mercury or its compound such as fluorescent tubes.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raise by:	Hj Mahzan Bin Munap Date Raise: 09/03/2019
Deadline for implementation	Next surveillance audit.
Root cause Analysis (by company):	
Scheduled waste should have been segregated from domestic waste from collecting point at respective sources such as line site, workshop, office and stores. Schedule waste that end up in landfill was due to lack of awareness of schedule waste disposal.	
Corrective action planned (by company):	
Landfill SOP to include sorting out schedule waste from landfill site (if any) and to be kept in schedule waste store.	
Preventive Action (by company):	
Workers to be brief on schedule waste management to ensure no schedule waste will end up at landfill area.	
Review of corrective/preventive action	
Action plan dated 04/04/2019 is reviewed. Landfill SOP include sorting scheduled wastes from landfill site (if any) and kept in scheduled waste store. Verification for implementation will be reviewed on next surveillance audit.	

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Non Conformity Number < 05 >	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Auditor Hj Mahzan Bin Munap	Date of receiving action plan: 04/04/2019
Review of Implementation for Major / Minor NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Review:

Non Conformity Number < 06 >	
RSPO Indicator	6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties.
Location	All sites
Description of Finding/Objective Evidence:	
Kretam Sandakan Region has established the SIA and reviewed annually. An action plan is included for mitigating negative impacts and promote positive impacts. However, the following are not define clearly:	
<ol style="list-style-type: none"> 1. Timeline of completion 2. When it was completed? 3. Are the affected parties involved in the mitigation process? 	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raise by:	Sheron Pui Ling Wui Date Raise: 09/03/2019
Deadline for implementation	Next surveillance audit.
Root cause Analysis (by company):	
The Stakeholder meeting was conducted annually to discuss positive and negative impact from all stakeholders. All matter related to the impact was minutes during the meeting. Any unresolved issue will be discussed further and all closed issue will be indicated as close. No specific documentation on all closed issue was done by the management unit	
Corrective action planned (by company):	
Stakeholder meeting minute will capture all positive and negative impacts. All impacts with action needs will be indicated inside the meeting minute together with expected completion date and status. Date of completion to be indicated when the action done before SIA review. Affected stakeholder to be informed during the meeting in the Estates level of Stakeholder meeting or through JCC meeting.	

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Non Conformity Number < 06 >	
Preventive Action (by company):	
Summary of timeline completion, date of completion and affected parties will be stated inside Negative Impacts Time bound Plan in the SIA reports under a new column. Estates SIA report on the rectification of negative impacts will be monitor every quarterly. And updated through yearly reports. It will be monitor by the Estates Management.	
Review of corrective/preventive action	
Action plan dated 04/04/2019 is reviewed. The action plan states stakeholders meeting minute will capture all positive and negative impacts. All impacts with action needs will be indicated in the meeting minutes together with expected completion date and status. Date of completion to be indicated when the action taken before SIA review. Affected stakeholders to be informed during the meeting on estates level internal stakeholders meeting or through JCC. Implementation of action plan will be review in next surveillance audit.	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Auditor Sheron Pui Ling Wui	Date of receiving action plan: 04/04/2019
Review of Implementation for Major / Minor NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Review:

Non Conformity Number < 07 >	
RSPO Indicator System Document	4.5.3 Time Bound Plan: (c) Any revision to the time-bound plan or to the circumstances of the company shall cause the time-bound plan to be reviewed by the CB. Changes to the timebound plan are permitted only where the organization can demonstrate to the CB that they are justified. (d) Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised
Location	Sustainability Department
Description of Finding/Objective Evidence:	
A revise time bound plan is not establish to demonstrate the cause of the delay for certification of Silimpoapon region unit.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raise by:	Mohamad Norhisham Bin Mohd Salleh Date Raise: 09/03/2019
Deadline for implementation	Next Surveillance Audit

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Non Conformity Number < 07 >	
Root cause Analysis (by company):	
KHB has complied with ACOP for RSPO which clearly stated the timebound plan. As follow up progress of the Silimpocon Certification, an email conversation between KHB and RSPO also was documented to indicate the seriousness level of the company to speed up the certification for their last unit. The email conversation was audited during the audit period. As an addition, KHB Certification Plan was also provided to the auditor.	
Corrective action planned (by company):	
A specific document for KHB Time Bound Plan was produced during the audit period.	
Preventive Action (by company):	
Time Bound Plan is submitted before audit period.	
Review of corrective/preventive action	
Action plan submitted on 04/04/2019 is reviewed. The action plan states management has revised KHB Time Bound Plan and will be reviewed in next surveillance audit on the implementation	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Lead Auditor Mohamad Norhisham Bin Mohd Salleh	Date of receiving action plan: 04/04/2019
Review of Implementation for Major / Minor NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Review:

Opportunity for Improvement

No.	Indicator	Location	Opportunity for Improvement
1.	4.1.3	All sites	All documents to use appropriate wordings in a language understood by users. All types of document generated could include a unique numbering system. A clear understanding to ambiguous or unclear terms could be sought from Dynakey Laboratory Sdn Bhd on its Water Certificate of Analysis to avoid misinterpretation.
2.	6.5.3	All sites	The management could consider improve the description on industry best practice in housing and amenities for workers in SOP KHB/G/SOP-34.

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5 RSPO Supply Chain Certification

The palm mill mentioned in the scope of the audit was audited against the requirements of the following:

- RSPO Supply Chain Certification Systems November 2014 (revised June 2017)
- RSPO Supply Chain Certification Standard November 2014 (revised June 2017)

RSPO SCC Assessment Summary

System Requirements		
Clauses	Summary of Assessment	Compliance
5.3.7	Internal audit is conducted on 16/02/2019. No finding raised during this internal audit.	Yes
5.3.8	Kretam mill has established procedures Example: <ol style="list-style-type: none">1. SOP "General Chain of Custody" SCCS-002 dated 01/05/20182. SOP "Control of Non-Conformance Material/Product" SCCS-010 dated 04/02/20193. SOP "Outsourcing activities (CPO & PK)" SCCS-008 dated 01/03/2018.4. SOP Identification and Traceability SKM/SDK-RSPO-15 dated 01/08/2018	Yes
5.3.9	Received and dispatch records have been sampled. Example of documents: <ol style="list-style-type: none">1. Monthly production records2. Daily production records3. Weighbridge (incoming and outgoing)	Yes
5.3.10	Kretam Mill does not subcontract any operations except transportation of CPO and PK. SOP for subcontractor is established.	Yes
5.8.1	Kretam mill made claim on IP for all products sold. No logo usage claimed by Kretam Mill.	Yes

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Standard Requirements		
Clauses	Summary of Assessment	Compliance
5.1	<p>Kretam Mill is certified under RSPO P&C which includes the SCC requirements.</p> <p>Kretam Mill produced CPO and PK take controls and ownership of the palm products including the outsourced activity for transportation.</p> <p>Kretam Mill is a subsidiary of Kretam Holdings Berhad.</p> <p>The membership no is 1-0189-15-000-00</p> <p>RSPO Palm Trace Member ID: RSPO_P01000003496</p>	Yes
5.2	<p>Kretam Mill is certified to IP module and only downgrade as and when required at the times of sales.</p>	Yes
5.3	<p>Kretam mill has established SOPs for compliance to SCC requirements.</p> <p>Example</p> <ol style="list-style-type: none"> 1. RSPO Supply Chain Certification Manual 2. RSPO Management Review Procedure 3. RSPO Supply Chain Module 4. Internal Audit Procedure 5. RSPO Guideline on Communication & Claim 6. RSPO Palm Trace Procedure <p>SOP "General Chain of Custody" SCCS-002 dated 01/01/2018 point 5.4 describe internal audit.</p> <p>SOP "Internal Audit Procedure" SCCS-004 dated 01/02/2016 is reviewed.</p> <p>The procedure describes the duration and frequency for internal audit to be conducted.</p> <p>For effective implementation of standard requirement, point 3.2 describe "activities will be audited more frequently if required.</p> <p>Internal audit conducted on 16/02/2019 with no findings raised.</p>	Yes
5.4	<p>Detail of purchasing and good in reviewed</p> <p>Example:</p> <p>Name buyer: Syarikat Kretam Palm Oil Mill</p> <p>Name of seller: Bukit Sekong</p> <p>Date of shipment: 28/02/2019.</p>	Yes

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Standard Requirements		
Clauses	Summary of Assessment	Compliance
	<p>Date issue: 28/02/2019. Product description: Fresh Fruits Bunches Model: RSPO-IP. Product quantity: 13,400 mt. Supply chain cert number: 500 92 041. Unique number: 33817 (delivery order number). Information was available in grading chit, delivery notes, weighbridge ticket. All incoming products are from internal estates, therefore no announcement is required. SOP "Control of Non-Conformance Material / Product" or documentations, documents number SCCS-010 dated 04/02/2019</p>	
5.5	<p>Kretam Mill outsourced transportation for CPO and PK. SOP "Outsourcing activities (CPO & PK)" SCCS-008 dated 01/03/2018 states:</p> <ol style="list-style-type: none"> 1. Approval of outsource transporter 2. Arrangement of transportation 3. Prior Arrival of Tanker 4. Arrival of tanker 5. Filling of product 6. Dispatch <p>The procedure has ensured that the tanker will not have mixture of product and sufficient cleanliness achieved. All outsourcing activities are control within the RSPO Supply Chain requirement "List of CPO/PK Contractors" sighted and reviewed All CPO and PK transported out is owned by Kretam Mill until delivered to the buyer. There is no change of custody during the transportation process. Contract with transporter dated 02/01/2018 is reviewed. The contract states "agreement of truck / tankers for carriage of palm oil and palm kernel</p>	Yes
5.6	<p>XYZ contract dated 02/01/2018 signed on 03/01/2018 for purchased of 200mt CPO. Confirmation no: XYZ/aaa-EL/018/01/18 (RSPO IP)</p>	Yes

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Standard Requirements		
Clauses	Summary of Assessment	Compliance
	<p>Name and address of seller is stated in delivery documents. Syarikat Kretam Mill Sdn Bhd</p> <p>The name and address of the buyer: XYZI Sdn Bhd Jalan 34, Sandakan</p> <p>Crude Palm Oil (CPO) Delivery note: 02002</p> <p>The loading of shipment / delivery date: 20/01/2018</p> <p>Delivery note & Weighbridge ticket date 20/01/2018.</p> <p>A description of the product including the applicable supply chain model is stated:</p> <p>RSPO IP Certified: 200mt</p> <p>Contract Quantity: CPO Contract & Delivery statement</p> <p>Any related transport documentation: Tanker No: SS3301M (Weighbridge ticker and delivery order)</p> <p>Supply chain certificate number of the seller: Kretam Mill Certificate no: RSPO 671993 Buyer certificate no: 79476</p> <p>A unique identification number: Contract no: XYZ/aaa-EL/018/01/18 (RSPO IP) (Weighbridge ticket, delivery note, CPO contract and delivery statement)</p> <p>Example of document review: Buyers name: XYZ Sellers name: Syarikat Kretam Mill Date of delivery: 09/01/2019. Date of issuance: 09/01/2019. Product details: CPO -RSPO-IP. Quantity product; 40.32. Mt Delivery order: buyer weighbridge ticket.</p>	

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Standard Requirements		
Clauses	Summary of Assessment	Compliance
	Delivery number: 02869. Transport: Tankers	
5.7	Kretam Mill is the supply chain actor. Kretam Mill has their own RSPO palm trace account and managed the IT platform on their own. Kretam Mill takes legal ownership of the physical oil until received by the buyers when arrived at buyers' premises. All transactions are registered in palm trace and reviewed for correctness. All transactions are registered in palm trace. See summary trading report and 5.6.1. Remove: There is only one transaction which was sold as uncertified CPO. The volume has been removed from palm trace	Yes
5.8	Training plan for RSPO P&C SCC has been sighted. Training are conducted on an annual basis. Example: SCCs SOPs briefing and requirements Training will be reviewed quarterly. First reviewed dated 05/01/2018 and second review on 0304/2018	Yes
5.9	SOP "Receiving of Sustainable FFB" SKM-WI-001 dated 01/08/2017 has been reviewed. Records to be kept as specified in point 3 "record" for example <ol style="list-style-type: none"> 1. Supplier MPOB license 2. FFB received 3. Weighbridge ticket. Kretam Mill archived all records and made available during the audit. Sampled weighbridge tickets and contracts were reviewed SOP "Receiving of Sustainable FFB" SKM-WI-001 dated 01/08/2017 is reviewed. Records to be kept as described in point 3 "record". SOP "Handling of incoming material / product" SKM/SDK-QSP-14 dated 14/06/2016 states document to be kept for 10 years Example	Yes

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Standard Requirements				
Clauses	Summary of Assessment			Compliance
	FFB Grading Form	10 years		
	Weighbridge FFB received record book	10 years		
	FFB quality checked	10 years		
5.10	Actual conversion rate is captured on a daily basis. "Production data record" dated 20/01/2019 is reviewed to crosschecked on FFBs processed, CPO & PK output, OER & KER are included in the daily report.			Yes
5.11	Kretam mill only made claim on IP module for all products sold. No logo usage claimed by Kretam Mill.			Yes
5.12	SOP "Complaints & Grievances" KHB-HR-P05.dated 01/06/2017 is reviewed.			Yes
5.13	Meeting of minutes "2018 SCCS Management Review" dated 28/02/2019 is reviewed. Previous Management review meeting dated 29/01/2018 is reviewed. Management review is conducted on an annual basis. Non-conformity: Management review conducted did not address supply chain standard sufficiently on output for any follow up actions			No

Supply Chain Modal		
Module	Summary of Assessment	Compliance
D	Kretam Mill maintains IP module D. All transactions were captured in Palm trace. Procedures are establish and reviewed. Example: <ol style="list-style-type: none"> 1. RSPO Supply Chain Certification Manual 2. RSPO Management Review Procedure 3. RSPO Supply Chain Module All details provided are in compliance to SCC IP module.	Yes

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AUDIT OUTCOME FOR SCC	
MAJOR Non-Conformities	1

Non Conformity Number < SCC 1 >	
RSPO Indicator	5.13.2. The input to management review shall include information on: <ul style="list-style-type: none"> • Results of internal audits covering RSPO Supply Chain Certification Standard. • Customer feedback • Process performance and product conformity • Status of preventive and corrective actions • Follow-up actions from management reviews • Changes that could affect the management system • Recommendations for improvement.
Location	Kretam Palm Oil Mill
Description of Finding/Objective Evidence:	
Management review conducted did not address supply chain standard sufficiently on output for any follow up actions.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raise by:	Mohamad Norhisham Bin Mohd Salleh Date Raise: 09/03/2019
Deadline for implementation	06/06/2019
Root cause Analysis (by company):	
Management Review was conducted to address NC raised during internal audit. There were no NC recorded and the management review didn't capture all other details since there is no notable issue.	
Corrective action planned (by company):	
Management review minutes is amended to highlight follow up actions for SCCS.	
Preventive Action (by company):	
All issue will be capture in agenda/memo of management review.	
Review of corrective/preventive action	
Management review meeting conducted on 28/02/2019 is reviewed that includes indicator 5.13.2. Thus, based on the evidence submitted, the non-conformity is closed. Further verification on implementation will be conducted on next surveillance audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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Non Conformity Number < SCC 1 >	
Lead Auditor, Mohamad Norhisham Bin Mohd Salleh	Date of closure: 27/03/2019

Supply chain model for which the mill apply: **Identity preserved** **Mass Balance****5.1 Supply Chain Declaration****Monthly Records of Certified FFB, CPO and PK since the Last Audit****If this is the 1st Main Assessment, the figures used are from the last 12 months.**

If this is an Annual Surveillance Assessment, the figures since the last audit.

No	Month-Year	Certified FFB Bases (MT)	Certified CPO (MT)	Certified PK (MT)
1	March 2018	12,260.96	2,577.735	522.74
2	April 2018	1,258.60	2,634.971	598.42
3	May 2018	11,543.50	2,430.601	524.53
4	Jun 2018	10,259.50	2,144.44	410.4
5	July 2018	10,831.24	2,291.549	413.9
6	August 2018	10,053.06	2,081.166	418.34
7	Sept 2018	15,685.54	3,324.408	679.62
8	Oct 2018	21,325.53	4,481.257	931.63
9	Nov 2018	19,623.75	4,001.909	869.68
10	Dec 2018	19,779.39	3,919.815	868.37
11	Jan 2019	14,651.66	2,856.445	611.63
12	Feb 2019	12,663.95	2,595.824	546.76
	TOTAL	171,264.08	35,340.12	7,396.02

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Monthly Records of Un-Certified FFB, CPO and PK since Last Audit				
If this is the 1 st Main Assessment, the figures used are from the last 12 months. If this is an Annual Surveillance Assessment, the figures used are last audit.				
No	Month-Year	Un-Certified FFB Bases (MT)	Un-Certified CPO (MT)	Un-Certified PK (MT)
1.	NA			

Records of Certified CPO & PK Sold under Palm Trace to Buyers since Last Audit, if any					
If this is the 1 st Main Assessment, the figures used are from the last 12 months. If this is an Annual Surveillance Assessment, the figures used are last audit. The transactions were sighted form the clients registered PalmTrace account					
No	Buyers Name	Palm Trace ID No	Certified FFB	Certified CPO (MT) Sold	Certified PK (MT) Sold
1	Buyer A	RSPO-PO1000003495	-	20,741.21	-
2	Buyer B	RSPO_PO1000007211	-	-	2,100.00
3	Buyer C	RSPO_PO1000001517	-	-	1,035.43
4	Buyer D	RSPO_PO1000006087	-	-	1,652.18
Total				20,741.21	4,787.61

Records of Certified CPO & PK Sold under Credit Trading Palm Trace to Buyers since Last Audit, if any					
If this is the 1 st Main Assessment, the figures used are from the last 12 months. If this is an Annual Surveillance Assessment, the figures used are last audit. The transactions were sighted form the clients registered Green Palm Account.					
No	Buyers Name	Palm Trace ID No	Certified FFB	Certified CPO (MT) Sold	Certified PK (MT) Sold
	Not Applicable				

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Records of Certified CPO & PK Sold Under Other Scheme Buyers since Last Audit, if any				
If this is the 1 st Main Assessment, the figures used are from the last 12 months. If this is an Annual Surveillance Assessment, the figures used are last audit.				
No	Buyers Name	Scheme Name	Certified CPO (MT) Sold	Certified PK (MT) Sold
1	Not applicable			
2				

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6 Certification Decision

6.1 Date of Next Surveillance Visit

The next surveillance audit is scheduled within 9-12 months from certification date.

6.2 Date of Closing Non-Conformities

All major NCs closed by	10/05/2019
All minor NCs to be closed by	Next surveillance audit

6.3 Formal Sign-Off Of Assessment Findings

Certification Decision Date:	30/05/2019
Issued by	TUV Nord Malaysia Sdn Bhd
Certifier name:	Robert Cheong

The undersigned, being the Certifier, confirmed that the information and conclusion stated in this report have been prepared in good manner and the certification decision has been based upon the information stated. It is herewith the decision for the certified complex is in line with the applicable standard and system documents.

The audit was conducted based on a sampling basis, where understandably the limitation of this will result of any non-compliance that may not be detected in this audit that may arise in future audits.

Signature:

A handwritten signature in black ink, appearing to read 'Robert Cheong', written over a white background.

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Annex 2: List of Abbreviations

List of Abbreviations	
CEO	Chief Executive Office
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
ERT	Endangered Rare or Threatened species
FFB	Fresh Fruit Bunch
GAP	Good Agricultural Practice
GMP	Good Milling Practice / Good Manufacturing Practice
GPS	Global Positioning System
na	Hectare
HCV	High Conservation Value
IP	Identity Preservation
IPM	Integrated Pest Management
MB	Mass Balance
MSDS	Material Safety Data Sheet
NC	Non Conformity
OSHAS	Occupational Safety and Health Assessment Scheme
P&C	Principle and Criteria
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PPP	Plant Protection Products (Pesticides & Herbicides)
RSPO	Roundtable on Sustainable Palm Oil
RSPO NI	Roundtable on Sustainable Palm Oil National Interpretation
SA8000	Social Accountability 8000
SCC	Supply Chain Certification
Sdn Bhd	Sendirian Berhad
SIA	Social Impact Assessment
SOCISO	Social Security Organisation
SOP	Standard Operating Procedure
MT	Metric Tonnes