

MSPO Supply Chain Certification Report

Company Name: Syarikat Kretam Mill Sdn Bhd

Certifying Unit: Kretam Mill

Client Number: 92-105

Audit Type: Certification Audit



MSPO SCC CERTIFICATION REPORT

SYARIKAT KRETAM MILL SDN BHD

CERTIFICATION AUDIT

Date: 01/03/2019

TUV NORD (Malaysia) Sdn Bhd
No. 9F-1A, 9th Floor, Tower 2 @ PFCC
Jalan Puteri 1/2, Bandar Puteri Puchong
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1. INTRODUCTION

COMPANY DETAILS	
Company name:	Syarikat Kretam Mill Sdn Bhd
Address:	Off mile 45, Sandakan – Lahad Datu Highway, Sandakan, Sabah
Name of responsible person:	Mr. John Chong
Contact number of responsible person:	+6019 872395
Email of responsible person:	kogutan98@hotmail.com
Type of company for certification:	Single
Type of Activity	Palm Oil Mill

ATTENDANCE DURING THE AUDIT			
Name	Job Title	Present at	
		Opening Meeting	Closing Meeting
Shim Thou Hung	Mill Controller	Yes	Yes
John Chong	Mill Manager	Yes	Yes
Wong Jian Ming	Mill Engineer	Yes	Yes
Kenneth Lee	Sustainability Executive	Yes	Yes
Abdul Hamid Kimar	Assistant Sustainability Manager	Yes	Yes
Isuma Ladari	Document Controller	Yes	Yes
Yong Vin Min	Admin Supervisor	Yes	Yes

AUDIT DETAILS	
Lead Auditor:	Cheong, Chun Yuen (Robert)
Auditor(s):	NA
Date(s) of audit:	01/03/2019
Audit type:	Certification Audit
Proposed date(s) of next audit:	03/01/2020
MSPO Module Audited	SG

SCOPE OF CERTIFICATION

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Production of Crude Palm Oil (CPO) and Palm Kernel (PK)

CLIENT CERTIFICATE DETAILS

Certificate Number:	92-105
Validity of certificate starts:	05-03-2019
Validity of certificate ends:	04-03-2024
Date of first certification:	05-03-2019
MSPO SCCS	

SUBCONTRACTING*

Name	Address	Subcontract Activity	Visited during the audit
NIL			

Note * - only for activities concerning the processing or production of MSPO certified PO or PO products

VOLUME INFORMATION

Please indicate volume and period is being used for volume reporting:				
Volumes Reported	MT			
Period used for reporting	No MSPO palm oil products certified			
Start Date of Volume Reporting:	See above			
End Date of Volume Reporting:	See above			
Supply Chain Model	SG			
Type of Palm Products	CPO	PK		
Last Year Certified Volume	0	0		
Last Year Actual Sold Certified Volume	0	0		
Last Year Actual Sold Volume under Other Schemes	0	0		
Last Year Actual Sold as Conventional	0	0		
New Year Certified Volume	0	0		

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Suppliers Information		
Name	Address	MSPO Certificate Number
Syarikat Kretam Plantations Sdn Bhd	Off mile 45, Sandakan – Lahad Datu Highway, Sandakan, Sabah	TBA
Abedon Sdn Bhd	Off KM 56 Jalan Lahad Datu-Sandakan, Kinabatangan, Sabah	04-300-92-044

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GENERAL CHAIN OF CUSTODY REQUIREMENTS

Clause	Requirement	Findings & Comments	Conformity Yes / No
5.1	Sustainability Policy		
5.1.1	A sustainability policy shall be established by the organisation to demonstrate its commitment towards the sustainable production of certified palm oil products.	SKM has establish MSPO SCCS policy that states commitment towards the sustainable production of certified palm oil products dated 01/01/2019 signed by the Mill Processing Controller.	Yes
5.1.2	The policy shall be communicated to the employees, suppliers, outsourced contractors, customers and relevant stakeholders.	Policy is display at the mill office notice board. Briefing to contractors and internal workers & staff conducted on 27/02/2019	Yes
5.2	Management Representative		
5.2.1	The organisation shall appoint a member of the management who, irrespective of other responsibilities, shall have overall responsibility and authority for the organisation's MSPO SCCS management.	The mill manager is the appointed person responsible for managing the overall supply chain system on 07/01/2019.	Yes
5.3	Record Keeping		
5.3.1	The organisation shall establish and maintain accurate and up-to-date records to provide evidence of conformity in the implementation of MSPO SCCS. The records shall be maintained for a minimum period of three (3) years.	SKM has established SOP Identification and Traceability Doc. No. SKM/SDK-RSPO-15 rev 0 dated 01/08/2018 topic 7 records state retention period of 5 to 7 years	Yes
5.4	Procedures		
5.4.1	The organisation shall establish documented procedures for its supply chain to demonstrate compliance with MSPO SCCS as follows:		
	a. Description of the material flow within the production process;	SKM established Supply Chain Certification Manual Doc. No. SCCS-001 Rev. 1 dated 01/05/2018 describes the process in meeting requirements of both RSPO and MSPO SCCS from receiving of FFB to despatch of CPO / PK.	Yes
	b. Organisational structure, responsibilities and authorities of personnel with respect to MSPO SCCS;	SKM has establish Traceability and SCC Team organisation chart to managing both RSPO and MSPO SCCS dated 16/07/2018. The chart identify the respective responsible persons.	Yes

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		Appointment letter sighted for the team. Example: Document Controller appointed for year 2019.	
	c. Procedures on the supply chain models that enables the identification of incoming material from suppliers and distribution to the buyers;	SKM Supply Chain Certification Manual Doc. No. SCCS-001 rev. 1 dated 01/05/2018 section 5.4 describes the supply chain model for incoming FFB ofr IP/SG or MB. SKM General Chain of Custody Doc. No. SCCS-002 Rev 2 dated 01/05/2018 Section 5.7 Sales and Goods Out describes the type of product either IP or SG or MB for both CPO and PK.	Yes
5.5	Internal Audit		
5.5.1	The organisation shall conduct internal audits at planned intervals to determine whether the MSPO SCCS requirements are effectively implemented and maintained.	SKM has conducted MSPO SCCS internal audit on 26/02/2019 and adopted MSPO SCCS standard as the checklist. There are 4 findings raised and closed out 28/02/2019	Yes
5.5.2	The organisation shall establish corrections and implement corrective actions for any non-conformity raised.	Corrective actions plan and implementation for the findings dated 28/02/2019	Yes
5.6	Management Review		
	The management review of the organisation's MSPO SCCS system shall be conducted at planned intervals to ensure its adequacy and effectiveness, and shall include the following aspects:		
	a. Review input		
	i. Results of internal and external audits	Management review conducted on 28/02/2019 includes internal audit results. No external audits since this is certification audit.	Yes
	ii. Customer feedback	An agenda in the management review. There are no MSPO products sold therefore no feedback from buyers.	Yes
	iii. Process performance and product conformity	No change to the physical production process.	Yes

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	iv. Status of corrections and corrective actions	Findings raised in internal audits are addressed accordingly and closed out.	Yes
	v. Follow-up actions from previous management reviews	There is no previous management review since this is certification audit.	Yes
	vi. Changes that could affect the MSPO SCCS system	No physical change to the documentation system that will affect MSPO SCCS system	Yes
	vii. Recommendation for improvement	No changes to the system therefore no recommendations recorded.	Yes
	viii. Complaints and grievances	No complaints or grievance received for MSPO SCCS as of audit date.	Yes
	b. Review output		
	i. Improvement in the effectiveness of the MSPO SCCS system and its processes	No improvement required at present since SKM is RSPO certified and adopting RSPO documentation.	Yes
	ii. Resources needed	No addition resources required to management the system	Yes
6	Resource Management		
6.1	Competency and Training		
6.1.1	The organisation shall ensure that all personnel engaged in the implementation and maintenance of the MSPO SCCS are competent with appropriate training, skill and experience.	All relevant employees managing MSPO SCCS system documentation according to the organisation chart have attend training conducted on 28/02/2019	Yes
6.1.2	The organisation shall establish an effective training plan according to the roles and responsibilities of personnel.	Training plan for 2019 sighted that include MSPO SCCS as and when required.	Yes
6.1.3	The organisation shall maintain records of the trainings provided to personnel in relation to the implementation of the MSPO SCCS.	Records of training conducted on 28/02/2019 sighted and maintained.	Yes
7	Purchase and Sales		
7.1	The organisation shall ensure that the documents associated with transactions between the customer and supplier of the certified palm oil products shall include at least the following information:		
	a) The name and address of the seller / buyer;	FFB suppliers are from internal estates owned by Syarikat Kretam	Yes

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		<p>Plantations Sdn Bhd and Abedon Sdn Bhd.</p> <p>Sample of weighbridge ticket sighted that states name of estate and location</p> <p>Sample weighbridge ticket for despatch of CPO and PK to buyer states name and address</p>	
	b) Product(s) identification including the applicable supply chain models (mass balance, segregated);	<p>Type of product and model stated in weighbridge either SG or MB</p> <p>Example:</p> <p>Product: CPO or FFB</p> <p>Model: SG</p>	Yes
	c) The quantity of the product delivered;	<p>Quantity of product received or delivered stated in weighbridge ticket and delivery note</p> <p>Example: 39.810/t nett weight</p>	Yes
	d) The loading or delivery date;	<p>Date of delivery stated in weighbridge ticket and delivery note.</p> <p>Example: 25/01/2019</p>	Yes
	e) Related transportation documentation with a unique identification number;	<p>The delivery documents for FFB are either delivery note or weighbridge ticket. The unique identification number is the DN or weighbridge ticket number.</p> <p>Example: DN No: 51008 crosscheck with weighbridge ticket no. FFB 19002803W dated 28/02/2019 states DN No.51008</p> <p>The unique identification for delivery of CPO or PK is the contract number.</p> <p>Example: WB ticket No: CPOSAMPLE01 include contract no. XYZ/VL/12/18/R42612/1901 dated 25/01/2019.</p>	Yes
	f) MSPO Supply chain certificate number; and	<p>Certificate number stated in sample in weighbridge ticket and DN for delivery of CPO and PK</p> <p>Example: MSPO: xx-xxx</p> <p>Certificate number stated in sample in weighbridge ticket for FFB delivered from estates</p>	Yes

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		Example: MSPO AB-XYZ	
	g) MSPO Supply chain certificate validity;	Stated in sample Delivery Note issued by mill to buyer.	Yes
7.2	The organisation shall have a mechanism in place for handling non-conforming palm oil products and/or documents.	SKM establish SOP Control of Non-Conformance Material / Product or Documentation Doc. No. SCCS-010 rev. 0 dated 04/02/2019 Paragraph 5.1 Detection describes the approach to handle non-conforming materials / products or documentations. Relevant forms are establish to record any non-conformance.	
8	Supply Chain Models		
8.1	Segregation		
8.1.1 General	The Segregation (SG) Model assures that MSPO certified palm oil products delivered to the end user come only from MSPO SG certified sources. It permits the mixing of certified palm oil products from a variety of MSPO SG certified sources.		
8.1.2	Requirements		
8.1.2.1	The Segregation approach requires that the MSPO certified palm oil products shall be kept separate from non-MSPO certified palm oil products at every stage of production, processing, refining and manufacturing throughout the supply chain. This model allows mixing of any MSPO SG certified palm oil products from various certified sources. Physical certified palm oil products delivered to the end user shall be traceable to MSPO certified sources.	SKM applied RSPO IP model and MSPO SG model. The FFB processed are IP/SG model delivered from internal estates that owned by KHB group of companies that are RSPO and MSPO certified.	Yes
8.1.2.2	The site shall ensure and verify through clear procedures and record keeping that the MSPO certified oil palm products are kept segregated from non-certified palm oil products including during transportation and storage to strive for 100% separation.	SKM is IP / SG certified mill. SKM establish Supply Chain Certification Manual Doc. No. SCCS-001 rev 1 dated 01/05/2018 describes the process to ensure SG model is maintain through the process and records keeping.	Yes
8.2	Mass balance		
8.2.1 General	The Mass Balance (MB) Model administratively monitors the trade of MSPO certified palm oil products throughout the entire supply chain. MB can only be operated at site level (mass balance claims cannot be transferred from site to site administratively).		

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	The MB Model allows for mixing of MSPO and non-MSPO certified palm oil products at any stage in the supply chain provided that overall site quantities are controlled.		
8.2.2	Requirements		
8.2.2.1	The basis of the MSPO SCCS requirements for MB shall consist of reconciliation between the quantity of MSPO certified palm oil products bought and the quantity of MSPO certified palm oil products sold. This includes control of purchases and sales of MSPO certified palm oil products and its derivatives which shall be independently verified. There are no requirements for separate storage, transportation or controls in the production process.	SKM will not be implementing MB model for this current audit.	NA
8.2.2.2	The organisation shall ensure that the quantity of physical MSPO MB palm oil product inputs and outputs (volume or weight) at the physical site are monitored.	See above	NA
8.2.2.3	The organisation shall ensure that the output of MSPO MB palm oil product supplied to customers from the physical site does not exceed the input of MSPO certified palm oil products received at the physical site, using either a continuous accounting system or a fixed inventory period.	See above	NA
8.2.3	Continuous accounting system		
8.2.3.1	Where a continuous accounting system is in operation, the organisation shall ensure that the quantity of physical MSPO MB palm oil product inputs and outputs at the physical site are monitored on a real-time basis.	SKM applies a continuous accounting system since it is IP SG model certified.	Yes
8.2.3.2	Where a continuous accounting system is in operation, the organisation shall ensure that the material accounting system is never overdrawn. Only MSPO data which has been recorded in the material accounting system shall be allocated to outputs supplied by the organisation.	SKM is RSPO certified. The monitoring of stock movement is using the palmtrace IT platform	Yes
8.2.4	Fixed Inventory periods		
8.2.4.1	Where a fixed inventory period is in operation, the organisation shall ensure that the quantity of MSPO MB palm oil product inputs and outputs (volume or weight) are balanced. The fixed inventory period shall be three (3) months.	SKM is not applying MB model for this current audit.	NA

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8.2.4.2	Where a fixed inventory period is in operation, the organisation may overdraw data when there is evidence that MSPO MB palm oil product purchased for delivery within the inventory period cover the MSPO output quantity supplied.	See above	NA
8.2.4.3	Where a fixed inventory period is in operation, unused credits can be carried over and recorded in the material accounting system for the following inventory period.	See above	NA
8.2.4.4	Where a fixed inventory period is in operation, the organisation shall ensure that the material accounting system is not overdrawn at the end of inventory period. Only MSPO data which has been recorded in the material accounting system within the inventory period shall be allocated to outputs supplied within the inventory period. [Records of any internal processing of MSPO certified products including the respective yields/conversion factor must be available/ accessible during assessment audits] NOTE 1 For oleochemicals and derivatives, please use the conversion factor explained in the <i>Guidance for Oleochemicals and its Derivatives Under MSPO SCCS</i> .	See above	NA
9	Outsourced Activities		
9.1	The organisation which outsources its activities to independent third party or parties shall ensure that it:		
	a) has legal ownership of all input materials during the outsourced activities	All CPO and PK transported to buyer is owned by SKM until delivered to the buyer. There is no change of custody during the transportation process.	Yes
	b) has an agreement/contract covering the outsourced activities with each contractor. This agreement/contract shall include a clause reserving the right of the certification body to audit the outsourced contractor; and	SKM establish has 3 outsource transporters. Sighted agreement between SKM and transporter that include a statement "Inspection by other parties appointed by the company if deemed necessary".	Yes
	c) Has a documented control system with procedures for the outsourced activities	SKM established SOP Outsourcing Activities Doc. No. SCCS-008 rev 0 dated	Yes

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	which are shared with the relevant outsourced contractor.	01/03/2018 a control mechanism for outsourcing activities mainly bulk tankers.	
10	Claim		
10.1	<p>The organisation shall only make claims on the products that contains MSPO certified material from oil palm planted areas which have been certified for the oil palm management certification standard as being sustainably managed.</p> <p>Reference: <i>Issuance of MSPO Logo Usage Licence by MPOCC under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme</i> document. .</p>	<p>SKM is currently does not make claim on product contains MSPO certified material.</p> <p>SKM does not has a licence agreement with MPOCC for logo usage.</p>	Yes
11	Complaints and Grievances		
	The organisation shall have in place and maintain documented procedures for dealing with any substantive and procedural complaints and grievances relating to its stakeholders.	<p>SKM adopted KHB group SOP Compliant & Grievances Doc. No. KHB-HR-P05 rev 1 dated 01/07/2017.</p> <p>No complaints received as at audit date.</p>	Yes
12	IT Platform		
	<p>The organisation within the supply chain must register its production and sale of MSPO certified products in the available system*.</p> <p>NOTE 2: This shall be applicable when the IT Platform is operational.</p>	Not applicable during this audit since MPOCC has not establish an IT platform	NA
13	Logo Usage		
13.1	The organization shall has a Logo Usage Licence Agreement with MPOCC for logo usage	SKM does not has a licence agreement with MPOCC for logo usage.	Yes
13.2	The validity of the license shall be the period of validity of oil palm management certificate or the supply chain certificate or the agreement	SKM does not has a licence agreement with MPOCC for logo usage.	Yes

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Summary of Non Conformities

Detail of Non Conformities identified during this audit

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

AUDIT OUTCOME FOR SCC	
MAJOR Non-Conformities	0

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MSPO SCCS Certification Report

DESCRIPTION OF THE COMPANY'S SYSTEMS
1. Description of the organizational, management and operational systems to ensure compliance with MSPO Supply Chain Certification Systems
Syarikat Kretam Mill Sdn Bhd is a palm oil mill processing certified FFB to certified CPO and PK. Relevant manual, procedures, work instructions and forms are established according to MSPO Supply Chain Certification Standard version 01/10/2018. All trading activities either purchasing or sales of palm products are monitored using an established mass balance system.
2. Other certificates
RSPO P&C (Mill and Supply bases)
3. List of actions taken by the organization to ensure compliance:
Physical stocks and documents monitoring. Conversion rate.
4. List of key attention points for the coming year of assessment
Monitoring of physical stock balance against document stock
5. Certified quantity purchased and claimed
Since this is initial certification audit, certified MSPO palm products have not been purchased.
6. Control of annual certified volume of MSPO certified oil palm products purchased and claimed over a specified period.
No projections yet since no processing of MSPO certified FFBs.
Compliant: <Yes/No>

PREVIOUS AUDIT
Summary of previous assessments and conclusion, with recommendations and/or non-conformances of the previous assessment
NA

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SIGN-OFF OF ASSESSMENT	
Certification Decision Date:	05/03/2019
Certifier:	Nur Amanina Binti Zahir
<p>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.</p> <p>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.</p>	
<p>Signature:</p> 	