

# MSPO CERTIFICATION SUMMARY REPORT

## SILIMPOPON PALM OIL MILL

SURVEILLANCE 1

Date: 06/01/2020

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Company Name: Syarikat Kretam Mill Sdn Bhd

Certifying Unit: Silimpoon Palm Oil Mill

Client Number: 92-047

Audit Type: ASA 1



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## Abbreviations

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

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## 1. INTRODUCTION

Syarikat Kretam Mill Sdn Bhd has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct annual surveillance audit 1 for its Silimpopon Palm Oil Mill according to MS 2530-4:2013 Part 4 General principles for palm oil mills.

### 1.1. Objective

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

### 1.2. Scope

The certification is based on the documentation established by the Silimpopon palm oil mill.

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

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

The following references are used as part of the assessment; the compliance of the requirements of the guidelines applied are checked.

1. Malaysian Sustainable Palm Oil Part 4: General Principles for Palm Oil Mill audit guidance;
2. Palm Oil Supply Chain Traceability Requirements

### 1.3. Appointment and Qualification of team members

The audit team appointed consists of the team leader and 3 team members. The team contributes to the review of documents, assessment of the project activity and preparation of this report.

#### Qualification of the Lead Auditor: Zul Hairi Bin Abu Hassan

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

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Requirement	Qualifications
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	9 years working experience in oil palm plantations.
Successfully completed MS 2530 series of standards training	Successfully completed MS2530 series training
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified as lead auditor based on audit log.
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and/ or any other local language.	Able to communicate in Bahasa Malaysia and English.
Field working experience in the palm oil sector, or demonstrable equivalent	9 years working experience in oil palm plantations.
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	9 years working experience in oil palm plantations.
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Successfully completed ISO 45001:2018 Lead Auditor course.
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme.

### Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following	Muhammad Khairul Anuar Bin Azizul Hasan	Graduate in Plantation Industry Management.	Yes
i) Agriculture;	Khairul Ismail Anwar Bin	Graduate In Agricultural Science	Yes

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Requirement	Assessor	Qualification	Compliance
ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Mohd Nur Amin Bin Mohd Halim (Trainee)	Graduate in Office Management and Technology	Yes
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Muhammad Khairul Anuar Bin Azizul Hasan	7 years working experience in oil palm plantations.	Yes
	Khairul Anwar Bin Ismail	5 years working experience in oil palm plantations.	Yes
	Mohd Nur Amin Bin Mohd Halim (Trainee)	7 years working experience in oil palm plantations.	Yes
Successfully completed MS 2530 series of standards training	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed MS2530 series training	Yes
	Khairul Anwar Bin Ismail	Successfully completed MS2530 series training	Yes
	Mohd Nur Amin Bin Mohd Halim (Trainee)	Successfully completed MS2530 series training	Yes
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Muhammad Khairul Anuar Bin Azizul Hasan	Qualified as auditor, conducted more than 6 on site audits with total more than 20 man days audits.	Yes
	Khairul Anwar Bin Ismail	Qualified as auditor, conducted more than 6 on site audits with total more than 20 man days audits.	Yes
	Mohd Nur Amin Bin Mohd Halim (Trainee)	Auditor in training	Yes
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Muhammad Khairul Anuar Bin Azizul Hasan	Bahasa Malaysia and English.	Yes
	Khairul Anwar Bin Ismail	Bahasa Malaysia and English.	Yes

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Requirement	Assessor	Qualification	Compliance
	Mohd Nur Amin Bin Mohd Halim (Trainee)	Bahasa Malaysia and English.	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Muhammad Khairul Anuar Bin Azizul Hasan	7 years working experience in oil palm plantations.	Yes
	Khairul Anwar Bin Ismail	5 years working experience in oil palm plantations.	Yes
	Mohd Nur Amin Bin Mohd Halim (Trainee)	7 years working experience in oil palm plantations.	Yes
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed IMS 9001, 14001 and 45001 LA course.	Yes
	Khairul Anwar Bin Ismail	Successfully completed IMS ISO 9001, 14001 and 45001 LA course and MSPO scheme auditor.	Yes
	Mohd Nur Amin Bin Mohd Halim (Trainee)	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed SA 8000 Basic training and MSPO scheme auditor	Yes
	Khairul Anwar Bin Ismail	Successfully completed SA 8000 Basic training and MSPO scheme auditor	Yes
	Mohd Nur Amin Bin Mohd Halim (Trainee)	7 years working experience in oil palm plantations.	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes
	Khairul Anwar Bin Ismail	Successfully completed IMS ISO 9001, 14001 and 45001 LA course and MSPO scheme auditor.	Yes
	Mohd Nur Amin Bin Mohd Halim (Trainee)	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes

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## 2. METHODOLOGY

The audit approach consists of the following steps:

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

The surveillance audit is conducted in accordance to the certification procedure.

### Annual Surveillance Audit 1:

Annual Surveillance Audit 1 is conducted on 16/10/2019 to 17/10/2019 covers the following activities but not limited to below:

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

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

### On-site Assessment

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



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

### **Non-conformance:**

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

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

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## 3. ORGANISATION INFORMATION

Syarikat Kretam Mill Sdn Bhd Silimpoon Palm Oil Mill is a subsidiary of Kretam Holdings Bhd located at KM 128, Tawau – Kalabakan Highway, Mukim Sg. Silimpoon, 91000, Tawau, Sabah.

Silimpoon Palm Oil Mill met Malaysia Palm Oil Board licensing requirement.

The mill began operation in 01/10/2012 with an operating capacity of 45 MT per hour.

Name of Mill	Location	Coordinates
Silimpoon Palm Oil Mill	KM 128, Tawau Kalabakan Highway Mukim Sg. Silimpoon, 91000 Tawau Sabah.	N 4°19'31.9 E 117°28'38.2

### 3.1. Production volume

Volume for the past year Jan 2018 to Dec 2018			Actual volumes Jan 2019 to Sep 2019			Projected volume Jan 2020 to Dec 2020		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
206,612.11	42,136.26	10,011.38	140,650.41	29,167.54	6,942.23	209,890.00	45,124.00	10,074.00

### 3.2. Maps of Company and Mill Location

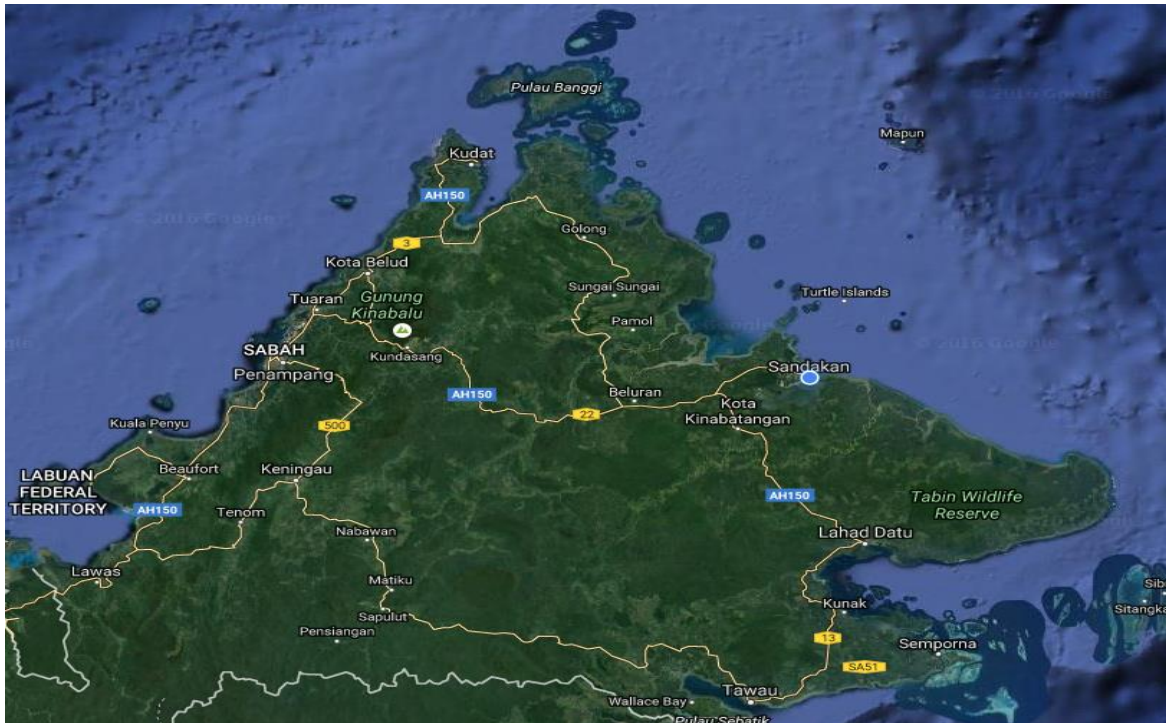


Figure 1: Location of Silimpoon Palm Oil Mill, Tawau Region.

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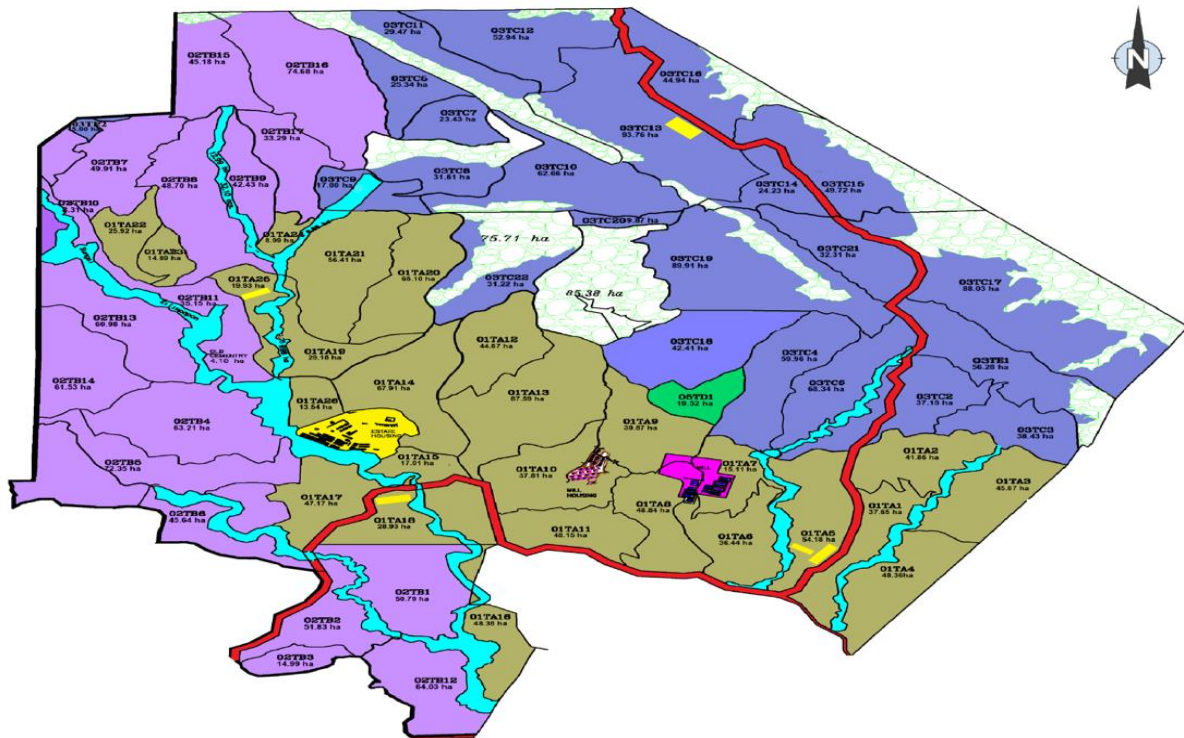


Figure 2: Location of Silimpoon Palm Oil Mill in Silimpoon 1 Estate.

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### 4. CERTIFICATION ASSESSMENT

#### 4.1. Annual Surveillance Audit 1

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

##### 4.1.1. Surveillance Audit 1:

The surveillance 1 audit is conducted on 16/10/2019 to 17/10/2019.

During the Stage II audit, there is one Major and one Minor finding raised. The Major non-conformances raise is closed out by means of documents review that are establish, revised and preventive actions taken. Action plan is submitted for Minor non-conformance with implementation will be review during the next audit.

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

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

The number of audit findings raised in this audit refer to Section 4.6 of this audit report.

#### 4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 11/09/2019 as to accommodate stakeholder's consultation meeting for Silimpopon Palm Oil Mill to provide comments. As at audit date on 16/10/2019 there are no comments received.

Invitation letters are sent on 11/09/2019 to invite relevant stakeholders to attend a local stakeholders' consultation on 14/09/2019 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

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

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

1. Principle 2 Criteria 2 Indicator 1: Consultation and Communication with stakeholders:  
The stakeholders could confirm they have attended meetings with the company on MSPO certification.

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

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

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

The local communities could confirm the company has provide assistance and support to communities.

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

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

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

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

Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from Company as regards to the MSPO audit?	Stakeholders confirmed of MSPO audit via invitation letter received.	Positive comment
2	Social issues	Interview of the stakeholders participant are not local communities or government authorities. Therefore, no input of this topic.	No action required.
3	Type of land title – Country Leased, Provisional Leased, Native title	Interview of the stakeholders participant are not local communities. Therefore, no input of this topic.	No action required.
4	Economy / livelihood Is there any impact on livelihood after the introduction of MSPO?	Interview of the stakeholders participant are not local communities. Therefore, no input of this topic.	No action required.
5	Does MSPO largely benefits the local community?	Interview of the stakeholders participant are not local communities. Therefore, no input of this topic.	No action required.
6	Environmental understanding	Interview of the stakeholders participant are not local communities.	No action required.

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Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
		Therefore, no input of this topic.	
7	Awareness towards species, habitats, and high conservation values	Interview of the stakeholders participant are not local communities. Therefore, no input of this topic.	No action required.
8	Are there any plantation or mill management practices that affect you?	Stakeholders confirmed there is no management practices affect them since the mill is located far from the surrounding villages.	Positive comment
9	Do you consider any management is in conflict with the MSPO principles and criteria?	Stakeholders has confirmed that mill has taken effort to meet the MSPO requirements by improving cooperation and communication.	Positive comment
10	Do you have any suggestions for management?	No suggestion.	No action required.

### 4.3. Summary of Findings

#### Principle and Criteria Assessment Summary

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

Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
4.1.1.1	<p>Silimpoon Palm Oil Mill (SPOM) adopted KHB group Sustainability Policy dated 02/01/2018.</p> <p>The policy states:</p> <p>Promote the innovation of product and implement GAP and GMP for business sustainability.</p> <p>The policy is displayed at the notice board on operation sites</p> <p>Interviewed workers inform they are aware of the policy.</p> <p>Policy training conducted on 17/09/2019 to staff and workers.</p>	Yes
4.1.1.2	<p>SPOM adopted KHB group Sustainability Policy dated 02/01/2018.</p> <p>The policy states:</p>	Yes



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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	KHB committed to strive towards sustainable development whenever practical that will ensure a sustainable future. KHB has adopt best practices from the industry into its daily operations, and throughout the entire operation.	
4.1.2.1	SPOM adopted KHB Internal audit procedure, doc no: KHB/G/SOP-49, rev no: 3, effective date: 15/09/2016, revision date 09/02/2018 approved by Chief Plantation Officer.  SOP states internal audit will be conducted quarterly.  The latest internal audit conducted on 28/08/2019 with 14 Major non-conformities and 1 Minor Non-conformity.	Yes
4.1.2.2	SPOM internal audit conducted on 28/08/2019 with 15 findings and all findings are closed on 30/09/2019 within the time frame of the SOP.  Further check on records and onsite inspection confirmed the findings are closed accordingly.	Yes
4.1.2.3	SPOM internal audit results are discussed in management review meeting conducted on 04/09/2019.	Yes
4.1.3.1	SPOM conducted management review meeting on 04/09/2019 The management review discuss the results of internal audit and action for continual improvement.	Yes
4.1.4.1	SPOM established Continual Improvement Plan (CIP) revision 2 dated 01/09/2019.  The CIP includes improvement plan, expected outcome, timeframe, indicator, responsibility and status of completion with following topics: <ol style="list-style-type: none"> <li>1. Environment</li> <li>2. Waste reduction</li> <li>3. Pollution and emission reduction</li> <li>4. Social impact</li> <li>5. Health and safety</li> <li>6. Legal compliance</li> <li>7. Energy Efficiency</li> <li>8. New technology and technique.</li> </ol>	Yes
4.1.4.2	SPOM adopt KHB group SOP for Improvement and new information dated 01/06/2018 document number SPOM-QSP-11/SOP-04.  Item 5.3 Propose for improvement  Include the identification of improvement, implementation and execute the planning with approval from mill manager and review constantly.  Example CIP:  To separate foreign matters from FFB	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	<p>Expected outcome: Improve product quality and machinery life span.</p> <p>Training for the operation of fruit washing machine conducted on 11/07/2019.</p>	

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>SPOM established list of stakeholders revision 02 updated on 01/08/2019.</p> <p>List of stakeholders includes government agencies, villagers, internal stakeholders, transporters, school, NGOs, FFB supplier, and others.</p> <p>The latest stakeholders meeting conducted on 14/08/2019.</p> <p>Minutes of meeting include environmental and social in the agenda;</p> <p>Stakeholders attended the meeting are villagers, Clinic, School, Police station, Veterinary department, Jabatan Tenaga Kerja, Bomba and surrounding estates.</p>	Yes
4.2.1.2	<p>SPOM establish list of documents and transparency status dated 02/05/2019.</p> <p>List of publicly available documents displayed at the notice board in Bahasa Malaysia and English.</p> <p>Example of publicly available documents;</p> <ul style="list-style-type: none"> <li>• Continuous Improvement Plan</li> <li>• Crop Projection</li> <li>• Environmental Management Plan</li> <li>• List of related laws</li> <li>• List of supplier</li> <li>• SOPs</li> <li>• Stakeholders minute meeting</li> </ul> <p>Example of confidential documents;</p> <ul style="list-style-type: none"> <li>• KHB annual budget</li> <li>• Business management plan</li> </ul>	Yes
4.2.2.1	<p>SPOM adopt KHB group consultation and communication procedure document no. KHB-HR-P08, Revision 1 with effective date 01/08/2018.</p> <p>The purpose of this procedure is to maintain an open and transparent methods of consultation and communication between the employees, estates, mills, local communities and any other affected or interested parties.</p> <p>SOP consultation and communication procedure briefed in stakeholders meeting dated 14/08/2019.</p>	Yes



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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.2.2	<p>SPOM appoints the Mill Manager as person in-charge as communication representative.</p> <p>Person in-charge of consultation and communication is describe in point 5.5 of the SOP.</p>	Yes
4.2.2.3	<p>SPOM established list of stakeholders revision 02 updated on 01/08/2019 includes government agencies, villagers, internal stakeholders, transporters, school, NGOs, FFB suppliers and others.</p> <p>The flow chart in the SOP describe any request will be address within 30 days.</p> <p>There are no requests of information and documents based on review of records.</p>	Yes
4.2.3.1	<p>SPOM adopt KHB group SOP Identification and Traceability, Doc no: SCCS-007, Rev No: 1, effective date: 01/10/2018.</p> <p>This procedure describes and ensure all raw materials and products are appropriately identified at receipt and during processing, storage and sale</p> <p>Documents required are describe in the SOP.</p>	Yes
4.2.3.2	<p>SPOM conducts regular inspection of the traceability system documents by cross-checking FFB received, processes and delivery made.</p> <p>In addition, internal audit includes traceability with no non-conformity raised during the internal audit conducted on 28/08/2019.</p>	Yes
4.2.3.3	<p>SPOM adopt KHB group SOP Identification and Traceability, doc no: SCCS-007, rev no: 1, effective date: 01/10/2018.</p> <p>The person appointed to manage the traceability system is the Mill manager.</p>	Yes
4.2.3.4	<p>Records incoming FFB production, storage and sales of Crude Palm Oil and Palm Kernel are traceable to contracts are well maintained.</p> <p>The SOP states retention records of 10 years.</p>	Yes

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>SPOM established list of permits and licenses</p> <p>Example of permits &amp; licenses</p> <ul style="list-style-type: none"> <li>• Fire Certificate: no: JBPM: SB/7/03/2019 validity period: 28/12/2018 – 27/12/2019.</li> <li>• Skid tank license PPDNHEP.TWU 900-3/1/13-2013 (P) for 20,000 liter diesel and 2,000 liter petrol valid from 23/05/2019 to 22/05/2020.</li> <li>• Jabatan Alam Sekitar license for menduduki atau menggunakan permis yang ditetapkan, no 001896, Jadual pematuhan 01/07/2019 until 30/06/2020.</li> </ul>	Yes

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<b>Principle 3: Compliance to legal requirements</b>		
Indicator	Summary of Assessment	Compliance
4.3.1.2	SPOM establish list of legal documents applicable for mill operations. Example: <ul style="list-style-type: none"> <li>Factories &amp; Machinery Act 1967 (Act 139)</li> <li>Minimum Wage Order 2018 (Amendment)</li> </ul>	Yes
4.3.1.3	SPOM adopt KHB group SOP Mechanism for implementation of legal requirements and system Doc number KHB/G/SOP-36 revision dated 09/02/2018 for tracking changes in the law.	Yes
4.3.1.4	SPOM appoints the sustainability clerk as person in charge for updating legal requirements.	Yes
4.3.2.1	SPOM is located in Silimponon 1 estate. The map is review to confirm the mill location. Therefore, there are no issues arise on land use rights.	Yes
4.3.2.2	SPOM is located in Silimponon 1 estate. The land title for Silimponon 1 estate is country lease issued by Sabah Land Authority to Kretam Holding Bhd.	Yes
4.3.2.3	SPOM is located in Silimponon 1 estate land owned by Kretam Holdings Bhd.	Yes
4.3.2.4	SPOM is located in Silimponon 1 estate. The land title is country lease issued by Sabah Land Authority. Therefore, no disputes on land title.	Yes
4.3.3.1	SPOM is located in Silimponon 1 estate owned by Kretam Holdings Bhd. There is no customary land sub-leased.	Yes
4.3.3.2	SPOM is located in Silimponon 1 estate. Therefore, no disputes and no map established	Yes
4.3.3.3	SPOM is located in Silimponon 1 estate. Therefore, no issue on land use rights and not FPIC or negotiation records.	Yes

<b>Principle 4: Social Responsibility, health, safety and employment conditions</b>		
Indicator	Summary of Assessment	Compliance
4.4.1.1	SPOM conducted SIA on December 2017, updated on 30/09/2019 with next review in March 2020  The SIA includes information from survey with internal and external stakeholders.  The SIA includes a summary of positive and negative impacts and the time bound plan to monitor for completion.  Example Positive Impact: Impact: Keadan jalan ke tempat kerja yang memuaskan Plan: Pemantauan akan diteruskan untuk memastikan implikasi diteruskan PIC: Estate & mill managers	Yes

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Company Name: Syarikat Kretam Mill Sdn Bhd

Certifying Unit: Silimpoon Palm Oil Mill

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Timeline; Julai 2018</p> <p>Status: Completed</p> <p>Example of Negative Impact:</p> <p>Impact: Pembayaran dan inouis kepada pemaekal buah tandan segar sangat lambat di berikan</p> <p>Plan: Pihak Pengurusan kilang akan memaklumkan kepada pihak yang menguruskan bahagian akaun</p> <p>PIC: Admin Officer</p> <p>Timelines: Dec 2019</p> <p>Status: Pemberian inouis lambat di berikan kerana penghantaran akauan di HQ</p>	
4.4.2.1	<p>SPOM adopt KHB group Complaints and grievances SOP doc. No. KHB-PR-P05 rev no. 2 effective date, 01/08/2018 approved by Executive Director available in English and Bahasa Malaysia and display at notice board. .</p> <p>The procedure describe the timelines to attend to any complaint and grievance received will be reported to the management within 10 days and resolved within 30 days after discussion by management.</p> <p>Site interviewed with workers are aware of the complaint and grievance procedure.</p> <p>The complaint and grievance form and complaint box are made available at office and labor quarters.</p>	Yes
4.4.2.2	<p>SPOM adopts KHB group SOP Complaints and grievances doc. No. KHB-PR-P05 rev no. 2 effective date, 01/08/2018 approved by Executive Director.</p> <p>A flow chart in page 7 describing the process complaint to be solved within 30 working days upon received.</p> <p>Interview with workers and dependents confirmed are aware of the complaint process.</p>	Yes
4.4.2.3	<p>A complaint and grievance form complaint box are available at the mill office and housing area.</p>	Yes
4.4.2.4	<p>The stakeholders are briefed on the Complaint and grievances SOP at the latest stakeholder consultation conducted on 14/08/2019.</p> <p>Complaint and grievances briefing to workers conducted dated on 02/07/2019.</p> <p>Site interview with workers confirmed they are aware on the complaints can be made any time when necessary</p>	Yes
4.4.2.5	<p>Complaints records are reviewed and there are no complaints lodged since 2017 until current audit date.</p>	Yes
4.4.3.1	<p>SPOM contributes to local community development by hiring local communities as mill operators and office administrative staff and engage local community to operate the mill canteen.</p>	Yes

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Company Name: Syarikat Kretam Mill Sdn Bhd

Certifying Unit: Silimponon Palm Oil Mill

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.4.1	<p>SPOM adopts KHB group Health &amp; Safety Policy dated 01/04/2019 signed by Chief Executive Officer.</p> <p>The policy is display at mill notice board.</p> <p>Workers are brief on the policy on 17/09/2019 &amp; 29/08/2019.</p>	Yes
4.4.4.2	<p>a</p> <p>SPOM adopts KHB group Health &amp; Safety Policy dated 01/04/2019 signed by Chief Executive Officer</p> <p>The policy is display at the mill notice board.</p> <p>Workers are briefed on policy on 17/09/2019 &amp; 29/08/2019</p> <p>Stakeholders consultation conducted on 15/08/2019 included briefing of the policy.</p>	Yes
	<p>b</p> <p>SPOM establish HIRARC by work area for each activity dated 03/08/2019.</p> <p>The table describe the activity, hazard, injury, risk rating, control measures, residue risk, reduce risk rating, PIC and date review</p>	
	<p>c. i</p> <p>Operators and laboratory personnel who handle chemical are brief on the SOP Chemical Spillage &amp; SOP Chemical Handling training on 25/03/2019</p>	
	<p>c. ii</p> <p>SDSs for chemicals for water treatment plant are available at chemical store and office.</p> <p>Chemicals are stored appropriately with sufficient ventilation.</p> <p>Original labels are intact to the chemical containers.</p>	
	<p>d</p> <p>The type of PPE for each activity is provided in accordance to HIRARC and CHRA assessment.</p> <p>Example: Handling Chemical for Water Treatment Plant</p> <p>PPE: safety helmet, face mask, safety boots and gloves</p>	
	<p>e</p> <p>SPOM establish SOP dated 15/06/2018 for handling of chemical and storage.</p> <p>The handling, storage and precautionary measure stated in the SDS is adopted.</p> <p>CHRA conducted on 07/03/2018 and valid for 5 years.</p>	
	<p>f</p> <p>SPOM appoints the mill engineer as the health and safety coordinator to oversees the health and safety aspects of the mill activities.</p>	
	<p>g</p> <p>SPOM conducts OSH meeting on a quarterly basis with the latest on 26/08/2019 attended by operators' representative and mill management team.</p> <p>There are no incidents and injuries reported for the past 12 months.</p>	
<p>h</p> <p>Accident and emergency SOP dated 03/11/2016 is display at mill notice boards.</p>		

## MSPO Certification Summary Report

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Certifying Unit: Silimpoon Palm Oil Mill

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Training on Fire Drill / Fire extinguisher usage conducted on 06/05/2019.</p> <p>Emergency contact details are available at notice board.</p>	
i	<p>Training &amp; Briefing on First Aid Kits dated 21/08/2019 conducted by competent First Aider Trainer.</p> <p>First aid kits are available at specific operation areas.</p> <p>Example: Boiler Station and laboratory</p>	
j	<p>There are no records of injuries and accidents reported in past 12 months quarterly meetings.</p> <p>Annual JKKP reporting for year 2018 submitted with no reporting of any incidents and accidents.</p>	
4.4.5.1	<p>SPOM adopted KHB group Social Policy dated 15/04/2019 signed by Chief Executive Officer.</p> <p>The policy statement:</p> <p>Equality of opportunity and treatment in respect to employment and occupation; no discrimination on the basis of race, color, sex, religion, political opinion, national or social origin</p> <p>The policy is displayed at mill, housing area, and workshop notice boards.</p> <p>Stakeholders are briefed on the policy meeting conducted on 14/08/2019.</p> <p>Workers are briefed on the policy on 17/09/2019</p> <p>Onsite interview with workers are aware of the policy.</p>	Yes
4.4.5.2	<p>SPOM adopted KHB group Social Policy dated 15/04/2019 signed by Chief Executive Officer.</p> <p>The policy statement:</p> <p>'Equality of opportunity and treatment in respect to employment and occupation; no discrimination on the basis of race, color, sex, religion, political opinion, national extraction or social origin'</p> <p>The policy is displayed on the office notice board.</p> <p>SPOM adopt KHB group Recruitment and Selection Procedure, rev no: 3, effective date: 01/04/2019. The hiring process for local workers is based on skills.</p> <p>SOP Recruitment Of Foreign Worker Procedure, rev no: 2 effective date: 01/09/2019. The hiring process for foreign worker is based on medical fitness, valid passport and visit pass for application of work permit.</p> <p>During site interview with workers confirmed there is no discrimination practice at work place.</p>	Yes
4.4.5.3	<p>SPOM established work agreement for workers in accordance with Sabah Labour Ordinance and Minimum Wage Order 2018. for both local and foreigners..</p>	Yes

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Company Name: Syarikat Kretam Mill Sdn Bhd

Certifying Unit: Silimpopon Palm Oil Mill

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	The wage describe in the work agreement is RM1,100/month or RM42.31/hour and according to Minimum Wage Order 2018..	
4.4.5.4	SPOM monitors contractor wages paid to workers is according to the MMinimum Wage Order 2018 of RM1, 100 / month or RM42.31 / hour.  Contractor workers' wage pay slip is review and according to the Minimum Wage Order	Yes
4.4.5.5	SPOM established list of workers contains worker name, gender, DOB, date of entry, wage, period of employment and nationality.	Yes
4.4.5.6	SPOM established worker's work agreement for every employee hired and duly signed by worker and mill management.  The workers are briefed on the work agreement terms and conditions, wage, benefits, job task and a copy provide to each worker.  Workers' work agreement available in two languages, Bahasa Malaysia and English understood by foreign workers.  Onsite interview of workers confirmed they have a copy of agreement and understand the contents.	Yes
4.4.5.7	SPOM established the thumb print system to capture workers and staff reporting for work and working hours for each day.  The working hours is displayed at the office and security house  Morning shift: 7:00am to 3:00pm with 1 hour rest  Afternoon shift: 3.00 pm – 11.00 pm with 1 hour rest time.  Working overtime when required will be paid according to Sabah Labour Ordinance requirements of 1.5 times for normal working days and 2 times for working on rest days or public holidays.  The workers are on the working hours during signing of agreement  On-site interview with workers they understand working hours and overtime is 1.5 times per hourly rate for normal working days and 2.0 time hourly rate for rest days and public holidays.	Yes
4.4.5.8	SPOM working time is displayed at office and security guard post.  Office:  Working hours: 7.00 am – 4.30 pm  Rest hour: 12.00 pm – 1.30 pm  Morning shift: 7.00 am – 3.00 pm  Afternoon shift: 3.00 pm – 11.00 pm  Rest hour: 1 hour for each shift  The working hour in line with of Sabah Labour Ordinance of 8 hour work with rest time.  Any overtime incurred will be paid according to Sabah Labour Ordinance of 1.5 times for normal working days and 2 times for rest days.	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>The overtime is mutually agreed between workers and management.</p> <p>No complaint had been raised regarding to overtime work.</p>	
4.4.5.9	<p>Wages are paid based on Minimum Wage Order 2018 of RM1,100 / month or RM42.31/day.</p> <p>The pay slip of workers are verified to cross-check on the wage paid according to Minimum Wage Order 2018.</p> <p>The pay slip wages and overtime payment is documented and in line with legal requirements.</p>	Yes
4.4.5.10	<p>SPOM provide benefits to workers and staff such as free medical, recreational facilities, affordable food with a sundry shop located in the estate compound access by mill workers, free electric, free water, housing, free transport and schools for foreign workers children and SOCSO.</p>	Yes
4.4.5.11	<p>SPOM adopts industry best practices for living quarters. The housing compound is well maintained with clean water and electricity provided, recreational area, clinic, shop and gardening area.</p>	Yes
4.4.5.12	<p>SPOM adopted KHB group Social Policy dated 15/04/2019 signed by Chief Executive Officer.</p> <p>The policy statement:</p> <p>Ensure that procedures are in place to prevent sexual harassment and any other form of violent against women, workers and community.</p> <p>The policy is displayed on the office notice board.</p> <p>SPOM brief external stakeholders on policy during meeting conducted on 14/08/2019.</p> <p>Briefing record on policy to workers conducted on 17/09/2019.</p> <p>Worker feedback there is no practice or related cases happened in mill on sexual harassment or violence at workplace.</p>	Yes
4.4.5.13	<p>SPOM adopt KHB group Code of Conduct and Human Right Policy dated 03/01/2017 signed by Chief Executive Officer.</p> <p>The policy statement "respect the freedom of association among workers is available in English and Bahasa Malaysia and display at office notice board.</p> <p>There is no union formed in SPOM.</p> <p>SPOM established JCC committee as a platform of communication between workers and management. The JCC Meeting is conducted quarterly with the latest conducted on 10/09/2018.</p>	Yes
4.4.5.14	<p>SPOM adopted KHB group Social Policy dated 15/04/2019 signed by Chief Executive Officer.</p> <p>The policy statement:</p> <p>Ensure that no child (a person under the age of 15 years) or young person shall be or be required or permitted to be, engaged in any employment other than those allowed by the laws.</p>	Yes



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<b>Principle 4: Social Responsibility, health, safety and employment conditions</b>		
Indicator	Summary of Assessment	Compliance
	Sighted workers list found no child or young person employed. All workers are above 18 years prior joining the mill.	
4.4.6.1	SPOM established Annual Training Plan for Year 2019 dated 08/01/2019. Example of training: SOP - Work Permit - Working at Motor conducted on 01/06/2019. Company Policies conducted on 17/09/2019 & 29/08/2019. Complaints & Grievance Procedure conducted on 25/06/2019.	Yes
4.4.6.2	SPOM established individual training needs analysis for each employee job function. Example of training needs: Electrical Apprentice training for year 2019 such as Confined Space. .	Yes
4.4.6.3	SPOM establish I Annual Training Plan based on training needs analysis for each operator and staff to improve their competency and refresh the requirements. .	Yes

<b>Principle 5: Environment, natural resources, biodiversity and ecosystem services</b>		
Indicator	Summary of Assessment	Compliance
4.5.1.1	SPOM adopt KHB group Environmental Policy dated 02/01/2018 signed by Chief Executive Officer. The policy statement: KHB group committed to minimizing the environmental impact of its operations and understands the importance of conserving natural resources. Strive to promote environmental improvements whenever practical that will ensure a sustainable future. The policy is publicly displayed at the mill notice boards. SPOM established Environmental Management Plan 2019 includes; <ol style="list-style-type: none"> <li>1. Compliance to laws and regulations</li> <li>2. Environmental regulatory compliance monitoring committee</li> <li>3. Process of POM</li> <li>4. Environmental aspects and impacts</li> <li>5. Chemical and container</li> <li>6. POME treatment system</li> <li>7. Future improvement plan</li> <li>8. Monitoring protocol</li> </ol> Environmental aspects and impact assessment includes activities, environmental aspect, environmental impacts, action plans, monitoring frequency and PIC.	Yes



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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Example:</p> <p>Activities: Kernel heating</p> <p>Environmental aspect: Kernel oil dipping from silo</p> <p>Environmental impact: Depletion of resources</p> <p>Action plan: Collecting dipping oil using proper container</p> <p>Monitoring frequency: Daily</p> <p>PIC: Process supervisor</p> <p>Training on environmental policy conducted on 29/08/2019.</p>	
4.5.1.2	<p>a</p> <p>SPOM established Environmental Policy dated 02/01/2018 signed by Chief Executive Officer.</p> <p>The policy statement:</p> <p>KHB group committed to minimizing the environmental impact of its operations and understands the importance of conserving natural resources. Strive to promote environmental improvements whenever practical that will ensure a sustainable future.</p>	Yes
	<p>b</p> <p>SPOM established Environmental Management Plan section 5 describe the Environmental aspects and impact assessment with a table listing activities, environmental aspect, condition, environmental impacts, evaluation, significant, action plans, monitoring frequency and PIC.</p> <p>Example:</p> <p>Activities: Kernel heating</p> <p>Environmental aspect: Kernel oil dipping from silo</p> <p>Condition: N (Normal)</p> <p>Environmental impact: Depletion of resources</p> <p>Environment Impact Type: Non, Medium &amp; Low</p> <p>Significant: Non</p> <p>Action plan: Collecting dipping oil using proper container</p> <p>Monitoring frequency: Daily</p> <p>PIC: Process supervisor</p>	Yes
4.5.1.3	<p>SPOM established Environmental Aspects and Impact Assessment includes negative and positive impacts and action plan.</p> <p>Example:</p> <p>Section: Transporting Sterilized Fruit Bunch by transfer carriage</p> <p>Environmental aspect: Oil dipping on floor</p> <p>Environmental impact: Depletion of resources</p> <p>Action plan: Floor cleaning</p>	Yes

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Company Name: Syarikat Kretam Mill Sdn Bhd

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Monitoring: Weekly</p> <p>Example:</p> <p>Section: Discharge of EFB</p> <p>Environmental aspect: Recycle EFB into field</p> <p>Environmental impact: Positive</p> <p>Action plan: Continuous recycle program</p> <p>Sighted records of EFB sent for mulching at Silimpopon 1 &amp; 2 estates dated 15/10/2019.</p>	
4.5.1.4	<p>SPOM establish Environmental Aspect and Impacts Assessment identified positive impacts and included in continuous improvement plan</p> <p>Example;</p> <p>Location: Wastewater Treatment</p> <p>Activity: Polishing plant</p> <p>Environment Aspect: Further regulate waste water parameter</p> <p>Impact: Positive</p> <p>Action plan: Continuous operation: Improvement Plan: Shedding area for lime tank</p> <p>CIP: Set shedding area for lime tank</p> <p>Implementation: 2019</p> <p>PIC: Mill engineer</p> <p>Status: In progress</p>	Yes
4.5.1.5	<p>SPOM conducted training on environmental policy conducted on 29/08/2019</p> <p>The policy is display at mill notice board.</p>	Yes
4.5.1.6	<p>SPOM established latest environmental meeting between management and workers representative on 22/08/2019.</p> <p>Meeting agenda include environmental matters.</p> <p>Example:</p> <p>Scheduled wastes, air pollution control, effluent report, housekeeping, EFB application and others.</p>	Yes
4.5.2.1	<p>SPOM established baseline for consumption of non-renewable fossil fuel data per ton of FFB processed for 3 years from 2016 to 2018.</p> <p>SPOM monitor monthly diesel consumption</p> <p>Records of comparison diesel usage per ton FFB processed as at audit time in October 2019 is high as compared to previous year period due to low FFB processed.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Indicator	Summary of Assessment	Compliance	
4.5.2.2	<p>SPOM established diesel consumption for FFB processed to compare projection against actual consumed of diesel per ton FFB.</p> <p>Actual fuel consumption found to be higher against budget.</p> <p>Higher diesel consume for power generation due to low FFB process with boiler is not operating to produce power.</p>	Yes	
4.5.2.3	<p>SPOM used fibre and kernel shells as renewable energy to generate steam for mill operation and power generation to reduce usage of fossil fuel.</p> <p>Records of renewable energy maintained for year 2017 to 2019.</p>	Yes	
4.5.3.1	<p>SPOM established Waste Management Plan dated 03/09/2019.</p> <p>In the identification of waste a table listing type, source and effect to environment.</p> <p>For example</p> <ol style="list-style-type: none"> <li>1. Type: Processing Waste</li> <li>2. Waste : Boiler Ash/Soot</li> <li>3. Source: Boiler</li> <li>4. Effect to environment: <ul style="list-style-type: none"> <li>- Produce leachate if mix with rain water</li> <li>- Corrosive to metal</li> <li>- Dusty and untidy environment</li> </ul> </li> </ol>	Yes	
4.5.3.2	a	<p>SPOM established Waste Management plan dated 03/09/2019 has a table for identification of wastes, sources, effect of environment that include pollution.</p> <p>Example:</p> <p>Type: Processing Waste</p> <p>Waste: Palm Fibre</p> <p>Source: Process</p> <p>Effect of Environment: Dusty and untidy environment</p> <p>Monitoring Method: Weighbridge</p> <p>Record: Weighbridge ticket</p>	Yes
	b	<p>SPOM identify wastes generated that could be reduce, reuse &amp; re-cycle for other usage.</p> <p>Example :</p> <ol style="list-style-type: none"> <li>1. Empty Bunch: Mulching in estate,</li> <li>2. Palm Fibre: Boiler fuel</li> </ol>	
4.5.3.3	<p>SPOM established SOP Chemical Handling Doc. No. SPOM-QSP-07 rev. 1 effective date 15/06/2018 to make sure chemical handling procedure is followed including storage.</p>	Yes	

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Principle 5: Environment, natural resources, biodiversity and ecosystem services														
Indicator	Summary of Assessment	Compliance												
	<p>SPOM established SOP Scheduled Wastes Handling Doc. No: SPOM-QSP-06/SOP-03 rev 1 effective date 15/06/2018 to ensure scheduled waste are managed properly based on the procedure for environment protection including disposal through DOE authorised contractors.</p> <p>SPOM monitor scheduled wastes the quantities do not exceed 20mt or kept for more than 180 day.</p>													
4.5.3.4	<p>SPOM adopt KHB group SOP for Waste Disposal dated 04/05/2018.</p> <p>The procedure scope is to ensure waste disposal are treated according to the agreed procedure. The instruction is for environment protection and preservation in waste disposal activities.</p> <p>All empty lubricant containers will be managed accordingly for disposal programme applied which labeled before stored; and sent for disposal treatment facilities with DOE authorised contractor.</p> <p>SPOM established recycling inventory and reused records of empty chemical container.</p>	Yes												
4.5.4.1	<p>SPOM established Pollution Management Plan dated 03/09/2019 section polluting activities table describe polluting activities is focusing on greenhouse gas (GHG) emissions, particulate, soot emissions, scheduled wastes, solid wastes and effluent. Example:</p> <p>Wastewater Treatment Type of GHG: Methane</p>	Yes												
4.5.4.2	<p>SPOM established Action Plan to reduce the pollution describe in the pollution management plan.</p> <p>Example:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Planning</th> <th>Objective</th> <th>Targets</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Flue Gas emission control system</td> <td>Reduce stack emissions</td> <td>20% opacity</td> </tr> <tr> <td>2</td> <td>Biogas Plant</td> <td>Captured methane gas from POME</td> <td>Reduce GHG Emission</td> </tr> </tbody> </table>	No	Planning	Objective	Targets	1	Flue Gas emission control system	Reduce stack emissions	20% opacity	2	Biogas Plant	Captured methane gas from POME	Reduce GHG Emission	Yes
No	Planning	Objective	Targets											
1	Flue Gas emission control system	Reduce stack emissions	20% opacity											
2	Biogas Plant	Captured methane gas from POME	Reduce GHG Emission											
4.5.4.3	<p>SPOM applies the traditional ponding system with polishing plant to treat POME prior to discharge for land irrigation at Silimpoon 1 state.</p> <p>Monthly wastewater analysis conducted for final discharge of POME</p> <p>Latest Certificate of Analysis dated 30/09/2019 with results comply with DOE discharge limits for BOD below 20mg/l.</p>	Yes												
4.5.5.1	<p>a</p> <p>SPOM established water management plan dated 01/08/2019.</p> <p>Stated in the water management plan source of water:</p> <p>Source: Water Catchment pond and rain water</p> <p>Usage: Mill operations and housing</p>	Yes												

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Company Name: Syarikat Kretam Mill Sdn Bhd

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>b</p> <p>SPOM established monitoring plan of outgoing treated wastewater discharge for filed irrigation at Silimpoon 1 estate according to the DOE discharge scheduled requirements.</p> <p>The discharge POME is tested monthly to ensure compliance to the requirements.</p>	Yes
	<p>c</p> <p>SPOM established Water Management Plan: Mechanism to Optimize Water and Nutrient usage to reduce wastage.</p> <p>Example:</p> <ol style="list-style-type: none"> <li>1. Cooling water form steam turbine recycle back to clean water tank at water treatment plan (WTP).</li> <li>2. Water from vacuum dryer recycle back to hot water tank for other usage inside the mill.</li> <li>3. Install rain gutter I to collect rainwater</li> </ol> <p>The water used for FFB processing is monitor daily and recorded in the daily production report. Records of monitoring of piping system for mill and housing compound review that include check piping system on leakage.</p>	Yes
4.5.5.2	SPOM treat POME using traditional ponding system with polishing plant prior to discharge for land irrigation at Silimpoon 1 estate according to DOE approved discharge permit.	Yes

Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>SPOM established master list of y Standard Operating Procedure.</p> <p>Examples of list SOP;</p> <ol style="list-style-type: none"> <li>1. Sterilizing FFB in sterilizer document no SPOM-QSP-03/SOP-05</li> <li>2. Press station document no SPOM-QSP-03/SOP-10</li> <li>3. Oil clarification station document no SPOM-QSP-03/SOP-11</li> </ol> <p>Training on SOP conducted as follow;</p> <ol style="list-style-type: none"> <li>1. Sterilizer station conducted on 12/04/2019</li> <li>2. Press station conducted on 14/08/2019</li> <li>3. Oil clarification station conducted on 20/08/2019</li> </ol>	Yes
4.6.1.2	<p>SPOM implement best practices for mill operations.</p> <p>SPOM established stack emission monitoring with monitoring test conducted on 09/05/2019.</p> <p>Sighted dust and smoke emission monitoring with results below the permitted limit stipulated in the Environmental Quality (Clean Air) Regulation 1978.</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	SPOM conducts monthly wastewater quality tests in accordance to DOE scheduled of discharge requirements. The results of BOD is below the permissible limit of >20 mg/l.	
4.6.2.1	<p>SPOM established Long Term Plan and Financial Projection 2018 – 2024.</p> <p>The financial projection include:</p> <ol style="list-style-type: none"> <li>1. FFB processed, OER, KER, CPO production, PK production, CPO price and PK price.</li> <li>2. Sales of CPO and PK</li> <li>3. Operating cost includes purchase of FFB, mill processing costs, mill overhead costs and depreciation.</li> <li>4. Selling expenses includes CPO sales tax and transport/delivery costs.</li> </ol> <p>Sighted in the environment CIP budget allocation for ESP implementation.</p>	Yes
4.6.3.1	<p>SPOM established agreement for supply of FFB supplies between 3<sup>rd</sup> party supplier dated 04/01/2019 and duly signed by both parties.</p> <p>The payments term and price per ton is stated in the agreement.</p>	Yes
4.6.3.2	<p>SPOM established contract agreement for supply of FFB with terms and conditions duly agreed and signed by both parties.</p> <p>Payment made to FFB supplier is timely according to the terms and conditions stated in the contract.</p> <p>Example;</p> <p>Payment made on 12/09/2019.</p>	Yes
4.6.4.1	<p>SPOM established engage external transporter for delivery of CPO and PK.</p> <p>The contract agreement with a statement fulfill the requirement of RSPO, MSPO, ISCC or other certification system of the company.</p> <p>SPOM conducted training to contractor workers dated 23/09/2019 on MSPO principle, company policies, SOPs and safety briefing.</p>	Yes
4.6.4.2	The contract agreement for transportation of CPO and PK are duly agreed and signed by both parties.	Yes
4.6.4.3	The contract agreement with a statement subject to inspection by our inspection team or other parties appointed by company if deemed necessary.	Yes

### 4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have been implemented to address the identified audit findings.
	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address any nonconformity identified.

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

### 4.5. Detail of Audit Findings Identified During last Audit

AUDIT OUTCOME		
<b>During last Audit</b>	<b>1</b>	<b>MAJOR Non-Conformities</b>
	<b>1</b>	<b>MINOR Non-Conformities</b>

Non Conformity Number 01			
<b>Indicator and Description:</b>	Indicator: 4.4.5.11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.		
<b>Location:</b>	Silimpoon Palm Oil Mill		
<b>Description of Finding / Objective Evidence:</b>			
During inspection on housing compound, it was found that there are mosquito larvae on a drain located nearby housing compound. There is possibility of health risk related to mosquito related disease for residence staying at the housing compound.			
<b>Classification</b>	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
<b>Raise by:</b>	Sheron Pui Ling Wui	<b>Date Raise:</b>	18/10/2018
<b>Deadline for implementation</b>		18/12/2018	
<b>Root Cause Analysis (by company):</b>			
<ol style="list-style-type: none"> <li>The rainfall on previous days is not sufficient to ensure smooth flowing of water.</li> <li>Both end of the drain is higher than middle causing water stagnant.</li> </ol>			
<b>Correction (by company):</b>			
A channel is built at the middle of drain to discharge the stagnant water that causing breeding of mosquito larvae.			
<b>Corrective / Preventive Action (by company)</b>			
<ol style="list-style-type: none"> <li>A checklist is established to study the condition of monsoon drain at housing area. Any possible stagnant water at monsoon drain that will cause mosquitoes breeding shall be modified.</li> <li>All workers &amp; dependents will be brief with awareness campaign from time to time.</li> <li>Spring cleaning will be done quarterly.</li> <li>Internal clinic will do housing inspection monthly.</li> </ol>			
<b>Review of Correction &amp; Corrective / Preventive Action</b>			

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Non Conformity Number 01	
<p>Sighted housing drain monitoring planning inspection form. Drain monitoring has been conducted at Block A, B, C and D from 4<sup>th</sup> week of October onwards.</p> <p>Weekly housing drain monitoring dated 14/11/2018 which include monitoring for:</p> <ol style="list-style-type: none"> <li>1. Present of stagnant water.</li> <li>2. Present of Algae.</li> <li>3. Present of Larvae.</li> </ol> <p>Awareness training on Breeding ground of Aedes at housing compound is conducted for residents dated 21/11/2018 and mill workers dated 13/11/2018.</p> <p>Based on document review, it is sufficient to close the major non-conformity. The effectiveness will be review in the next audit.</p>	
<b>Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Site verification :</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Name of Auditor:</b> Sheron Pui Ling Wui	<b>Date of Closure:</b>
Review of Implementation	
Observation at worker quarters, drains are well maintained	
<b>Name of Auditor:</b> Khairul Anwar Bin Ismail	<b>Date of Review:</b> 16/10/2019
Non Conformity Number 02	
<b>Indicator and Description:</b>	<p>Indicator: 4.5.3.2</p> <p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:</p> <ol style="list-style-type: none"> <li>1. Identifying and monitoring sources of waste and pollution</li> <li>2. Improving the efficiency and recycling potential of mill by-products by converting them into value-added by-products.</li> </ol>
<b>Location:</b>	Silimpocon Palm Oil Mill
Description of Finding / Objective Evidence:	
Silimpocon Palm Oil Mill has established oil traps. However, one of the oil traps located at scheduled waste store contain oil at the last compartment. Records of monitoring shows that the oil trap were cleaned once a month. Management shall consider a mechanism to ensure the oil trap outflow is checked regularly.	
<b>Classification</b>	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
<b>Raise by:</b> Zul Hairi Bin Abu Hassan	<b>Date Raise:</b> 18/10/2018
<b>Deadline for implementation</b>	
Root Cause Analysis (by company):	
<ol style="list-style-type: none"> <li>1. Low rainfall on previous days causing extra low water level in the oil trap.</li> <li>2. Before audit period, there is cleaning activity that causing flushing of water oil mixture into the last compartment of oil traps.</li> </ol>	



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Non Conformity Number 02	
<b>Correction (by company):</b>	
1. Oil is collected and put into sludge oil storage. 2. Oil traps will be check weekly for two months to ensure functionality of the oil trap.	
<b>Corrective / Preventive Action (by company)</b>	
1. The design of oil trap will be reviewed again to ensure no overflow of oil into the last compartment of oil trap. 2. The oil trap will be check monthly to ensure functionality of oil trap.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Form for Oil Trap inspection is established. The form include detail of oil trap condition such as trapped oil, sediments, water level, overflow, structure, cover and drains. Further inspection is added on remark column. Photo of standard design of oil trap that will prevent any spillages. Implementation and site verification will be conducted in next surveillance audit.	
<b>Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Site verification :</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Name of Auditor</b> Zul Hairi Bin Abu Hassan	<b>Date of Closure:</b> Next surveillance audit.
<b>Review of Implementation</b>	
Observation of oil traps at scheduled waste store, workshop and skid tank are in good condition.	
<b>Name of Lead Auditor:</b> Zul Hairi Bin Abu Hassan	<b>Date of Review:</b> 16/10/2019

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

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

AUDIT OUTCOME		
<b>During this audit,</b>	<b>0</b>	<b>MAJOR Non-Conformities</b>
	<b>0</b>	<b>MINOR Non-Conformities</b>

No.	Indicator	Location	Opportunity for Improvement
1.	4.1.2.1	Sustainability	SPOM may consider improve identifying strong and week point in the internal audit.
2.	4.1.2.3	Sustainability	SPOM could consider improve the internal audit report presented in management review
3	4.4.4.2 (g)	Mill Operation	SPOM may consider improve the frequency of Safety and Health Committee meeting programme.
4.	4.4.5.8	Admin	SPOM may consider improve monitoring of rest day.
5.	4.5.1.2	Mill Operation	SPOM could consider improve on aspects and impacts identified in the EMP

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No.	Indicator	Location	Opportunity for Improvement
1.	4.1.2.1	Sustainability	SPOM may consider improve identifying strong and week point in the internal audit.
2.	4.1.2.3	Sustainability	SPOM could consider improve the internal audit report presented in management review
3	4.4.4.2 (g)	Mill Operation	SPOM may consider improve the frequency of Safety and Health Committee meeting programme.
4.	4.4.5.8	Admin	SPOM may consider improve monitoring of rest day.
6.	4.5.1.6	Mill Operation	SPOM could consider improve of participants involved in environmental meeting
7.	4.5.3.1	Mill Operation	SPOM may consider improve waste identification in waste management plan.
8.	4.5.3.3	Boiler area	SPOM may consider improve the handling of boiler ash.
9.	4.5.5.1 (a)	Mill Operation	SPOM may consider improve assessment of water management plan.
10.	4.6.1.1	Workshop	SPOM could consider to improve electrical & mechanical master checklist.

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### 5. CONCLUSION

Kretam Holdings Bhd. has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct annual surveillance 1 audit for its mill according to MSPO 2530-4:2013 Part 4 General principles for palm oil mills.

There is no Major NC and no Minor NC raise in tis audit

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

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

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

Certified CPO January to September 2019:	29, 167.54	mt
Projected CPO October to December 2019	9,986.58	mt
Certified PK January to September 2019:	6,942.23	mt
Projected PK Oct to Dec 2019	2,284.78	mt

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## 6. RECOMMENDATION

The audit team conducted a process-based audit focussing on significant aspects/risks and objectives required by the standard(s). The audit methods used were interviews, observations, sampling of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan included in to this summary report.

The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard(s) and demonstrated the ability of the system to achieve requirements for products and/or services within the scope and the organisation's policy and objectives.

Therefore the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity that this management system certification be

	Recommended for Certification
<b>x</b>	Recommended for Continuity of Certification
	Recommended for Suspension of Certification

Puchong, 06/01/2020

Zul Hairi Bin Abu Hassan  
TUV NORD (Malaysia) Sdn Bhd  
Audit Team Leader

Puchong, 06/01/2020

Nur Amanina Zahir  
TUV NORD (Malaysia) Sdn Bhd  
Certifier / Approver

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### 7. LIST OF INTERVIEWEES

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

No.	Name	Organisation / Function
1.	Ulis	Rhylston Park Sdn Bhd
2.	Tan Kee Siong	Aneka Kerjaya Sdn Bhd

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

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

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

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

Salvo clause:

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

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

## Annex / Enclosures

Annex /  
corresponding audit documentation

- P&C Audit Report / Checklist(s)
- Audit Plan
- Additional annexes, number