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Factory Operation Manual (FOM) 9

9 DISPOSAL OF REJECTED OR OBSOLETE PRODUCTS AND RAW MATERIAL OBJECTIVES

1. To initiate the disposal process of rejected and obsolete products as defined in the Stock Count Procedures.


9.1 DEFINITION OF REJECTED ITEMS/PRODUCT

Type	Explanation
Scrap	Non-conformance to quality, cannot be used at all
Downgrade	Degraded material/product due to cosmetic defect, discoloration, low quality or averaged (obsolete) but still having market value as a second-grade product.
Re-blend/ work-off	Disposal into own mix at 5% or 10% or as specified in specification
Residue	Specifically, for return by customer/PMD Bitumen drum, left-over after cleaning off drums

PROCEDURES

For Rejected Products

1. QC Executive will verify and propose on further actions:
 - I. Emulsion - to scrap or to downgrade.
 - II. Thermoplastic - to scrap or to re-blend
 - III. Rotomoulding - to scrap or to downgrade
 - a) For downgraded product, the selling price is the cost of production per item (in pieces, liter or kg), for further price reduction, QC Executive is to seek for an approval from Head of ACP - DMT.
 - b) Re-blending, QC - Executive will provide special disposal instruction or as Specified in the specification.
 - c) All rejected products that need to be scrapped must be verified by QC-Executive and approved by Factory Head.

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For Obsolete or over aged Products/Raw material

1. Base on the monthly or yearly stock take, products will be categorized as obsolete/over aged as per following reasons:

Items	Shelf life
Thermoplastic	6 months
Bitumen	6 months
Rotomoulding	1 year
Raw material for production	1 year or as specified by supplier
Natural element (aggregate, quarry dust,	Nil

2. QC Executive will verify the obsolete or over aged products /material and propose for Disposal (scrap, downgrade or re-blend).
3. For raw material that above the shelf life, a lab test or and visual inspection is required as per raw material testing method.

For Residue emulsion from factory waste and returned drum by customer or PMD

1. Selling price for the bitumen residue or rejected bitumen emulsion is at half price of current price of K1 -40 not inclusive the drum cost.
2. To seek further approval from Head of ACP-DMT for further price reduction.

Factory Operation Processes Waste

1. Factory process waste are materials residual from the rejected process.
2. This residual is not suitable product and cannot be sell.
3. Due to the environmental issue of disposal, this rejected / process waste is disposed by all means necessary as a non-value material.