

# RSPO PRINCIPLES & CRITERIA

## PUBLIC SUMMARY REPORT

### ANNUAL SURVEILLANCE ASSESSMENT 4

Malaysia  
**PINANG POM**  
Kuala Lumpur Kepong Berhad  
2017

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## PART 1: SCOPE OF THE CERTIFICATION ASSESSMENT AUDIT

### 1.1 Company and Contact Details

Company Name:	KL – KEPONG (SABAH) SDN BHD (Tawau Region)
Business Address:	KL – KEPONG (SABAH) SDN. BHD., LOCKED BAG NO.3, 91009 TAWAU, SABAH
Contact Person:	Mr. Sin Chuan Eng
Office Telephone:	+60127621582
E-Mail:	<a href="mailto:ce.sin@klk.com.my">ce.sin@klk.com.my</a>
Web Site:	<a href="http://www.klk.com.my">www.klk.com.my</a>
Other Certifications Held:	ISCC

### 1.2 RSPO Membership & Certification Details

RSPO Membership Number:	1-0014-04-000-00
Registered Client Name:	Kuala Lumpur Kepong Berhad
Certificate Number:	CU-RSPO-808656
Start Date Of Certificate:	04/03/2014
End Date Of Certificate:	03/03/2019
Date Of Original Certification:	04/03/2009
Scope:	Certification of the Palm Oil Mill and Supply Bases
Type Of Certification:	Single site <input checked="" type="checkbox"/>
Duration Of Certificate:	5 Years from date of certification

### 1.3 Annual Surveillance Assessment Details

Dates Of This Audit:	18 - 21 - December - 2017
Audit Number:	ASA4

### 1.4 Assessment Type

This is a RSPO Principles & Criteria Compliance assessment of the palm oil mill and its respective supply bases as listed in this report below.

### 1.5 Location of the Palm Oil Mill

Name Palm Oil Mill (POM)	Mill Capacity MT/Hour	Location Address	GPS Reference	
			Longitude	Latitude
PINANG MILL	45	MILE 45, TAWAU-SEMPORNA HIGHWAY, TAWAU, SABAH.	118° 16' 41.50" E	4° 27' 1.49" N

### 1.6 Palm Oil Mill Output and Approximate Tonnages Certified

If the Mill is receiving FFB from uncertified supply bases outside the audit scope, such uncertified sources is highlighted under the following sections as seen applicable:

- PART 1, Section 1.7 – General Description of Supply Base,
- PART 2: Partial Certification, Section 2.4 – Uncertified Units or Holdings,
- PART 5: RSPO Supply Chain Certification of this report

Projected Production from the last 12 Months (MT)			Actual Production for this Audit Year Dec 2016/Nov 2017 (MT)			Projected 12 Months (MT) Forecast Volume in this Report		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
212,064	53,017	7,422	199,005.42	45,814.46	6,477.07	218,239	52,378	7,638

Note : refer to part 5.2 for e-trace certified volume

### 1.7 General Description of Supply Base

The supply bases are the 4 estates located near Tawau in Sabah, East Malaysia. All supplying estates listed below are owned by KL-Kepong Berhad and no FFB is sourced from independent suppliers.

1.7.1 Location of the Supply Base						
OPP	Oil Palm Plantation	Location	GPS reference		Area Summary (Ha)	
	Name	Address	Longitude	Latitude	Total	Mature
OPP 1	Ladang Pinang	Mile45, Tawau-Semporna Highway	118° 16' 15.72" E	4° 25' 57.58" N	2,329	2,071
OPP 2	Ladang Pangeran	Mile45, Tawau-Semporna Highway	118° 16' 3.90" E	4° 26' 31.18" N	2,714	2,644
OPP 3	Ladang Jatika	Mile42, Tawau-Semporna Highway	118° 17' 27.37" E	4° 33' 28.81" N	3,201	2,469
OPP 4	Ladang Sigalong	Mile45, Tawau-Semporna Highway	118° 17' 52.52" E	4° 26' 45.49" N	2,770	2,330
<b>TOTAL</b>					<b>11,014</b>	<b>9,514</b>

1.7.2 Statistics of the Supply Base and Estimated Tonnes of FFB produced per year				
OPP	Oil Palm Plantation	Estimated FFB/Year (MT)	Planting Years	Cycle (Years)
OPP 1	Ladang Pinang	49,410	1997-2013	30 max
OPP 2	Ladang Pangeran	61,907	2004-2014	30 max
OPP 3	Ladang Jatika	50,836	1992-2014	30 max
OPP 4	Ladang Sigalong	56,086	1991-2000	30 max
<b>TOTAL</b>		<b>218,239</b>		

Only use data from 1.7.3 in the eTrace Summary

1.7.3 Conservation and HCV Area (Ha)				
OPP	Oil Palm Plantation	Conservation Area (Ha)	HCV Area (Ha)	* HCV part of Conservation
OPP 1	Ladang Pinang	42	0	No
OPP 2	Ladang Pangeran	42	0	No
OPP 3	Ladang Jatika	259	0	No
OPP 4	Ladang Sigalong	19	0	No
<b>TOTAL</b>		<b>362</b>	<b>0</b>	

\* Indicate if HCV area is part of the Conservation Area. If the HCV area is part of the Conservation Area, then "YES" otherwise, "No"

1.7.4 Percentage of Planted Oil Palm by different Age Ranges							
OPP	Planting Years by 5 year Ranges						
	1991-1995	1996-2000	2001-2005	2006 – 2010	2011-2015	2016-2018	Total
OPP 1	0	1.07%	20.35%	43.79%	23.7%	11.07%	2,329 (100%)
OPP 2	0	0	18.09%	43.73%	38.17%	0	2,714 (100%)
OPP 3	22.6%	22.76%	8..19%	0	30.72%	15.73%	3,115 (100%)
OPP 4	29.27%	54.83%	0	0	7.29%	8.59%	2,770 (100%)

1.7.5 Calculation of the Number of Production Units (N) to Sample for the Mill			
N = 0.8vY, where "Y" is the number of units, with the result always to be rounded "up" to the next whole integer. Where only a sample of the supply base is assessed, units not previously assessed, or assessed earlier in the certification program, are to be preferred over those more recently assessed			
<b>For the Mill, how many units make up the production base?</b>			
Owned estates (Y)	N = 0.8vY	Smallholders (Z)	N = 0.8vZ
4	4	-	-
<b>Explanation as to the selection of estates sampled</b>			
2 Estates were selected (Jatika Estate and Pinang Estates were selected for this assessment. The other two estates were selected during last audit).			

### 1.8 Progress of associated Smallholders or Out-growers, if applicable to this assessment

Progress of associated Smallholders or Out-growers towards Compliance with relevant Standards - should be in accordance to the 3 year implementation plan, if applicable to this assessment

No smallholder under the mill or supplying FFB to this mill.

### 1.9 Location Map for this Certification Unit (See Appendix 1)

## PART 2: PARTIAL CERTIFICATION

The rules for partial certification allow organizations that have a majority holding in and /or management control of more than one autonomous company growing oil palm to certify individual management units and / or subsidiary companies subject to certain rules.

### 2.1 Management Structure

Section	Criteria	Yes/No	If "Yes"	If "No"
2.1.1	Is the certified operation (POM and supply base as detailed above) a stand-alone operation and there are no other plantations or mills owned by the same company?	No	Section 2 is N/A	Go to 2.1.2
2.1.2	Is the certified operation part of a simple structure of operations owned by one company?	Yes	Go to 2.1.5	Go to 2.1.3
2.1.3	Are there statements of the ultimate controlling shareholders and directors in the managing agency company/companies: a. Explaining the legal relationship and the management arrangements with the subsidiary companies and /or with any operating groups?	-	Go to 2.1.4	Go to 2.2.1
2.1.4	b. A statement of commitment to complying with the spirit of the RSPO for all companies and subsidiaries involved with the growing of oil palm and for the production of palm oil?	-	Go to 2.4	Go to 2.2.2
2.1.5	Is there a time bound plan in place for all subsidiaries, estates and palm oil mills?	Yes	Go to 2.3	2.2.3
2.1.6	Is the parent company or one of its majority owned and / or managed subsidiaries a member of RSPO.	Yes		

### 2.2 Non-compliance Identified with 2.1 Above

Section	Non-compliance findings	NC raised	Category
2.2.1	There is no explanation as to the company's structure and therefore it is not possible to conduct an effective audit against the rules for partial certification.	-	Major
2.2.2	There is no statement of commitment to complying with the spirit of the RSPO for all companies within the company structure.	-	Major
2.2.3	There is no time bound plan in place for the certification for all subsidiaries, estates and mills.	-	Major
2.2.4	No applicable membership of the RSPO.	-	Major

### 2.3 Summary of the Time Bound Plan

Section	Requirement	Findings and any action required	Compliance
2.3.1	Does the plan include all subsidiaries, estates and mills?	The time bound plan does include of the subsidiaries, mills and estates owns by KLK. The Paloh Palm Oil Mill in Johor (currently running alternatively and under consideration on top management to shutdown) and Mill 1 in Sabah are not part of the time bound plan as it meant for out growers and smallholder	Yes

		group. The status is independent mill which is received 100% FFB from independent smallholders.  This has been communicated with RSPO in 2015.	
2.3.2	Is the time bound plan challenging? ➤ Age of plantations. ➤ Location. ➤ Mill development. ➤ Infrastructure. ➤ Compliance with applicable law.	The plan is achievable unless otherwise with unforeseen circumstances. The risk involves varies from: <ul style="list-style-type: none"> <li>• To engage certification bodies and their availability.</li> <li>• Laws and regulations in Indonesia –a lot uncertainty.</li> <li>• In Indonesia ISPO precede other certification standards.</li> <li>• In Indonesia, it finds mobilizing the internal resources to different geographical locations.</li> <li>• Land compensation process with RSPO.</li> </ul>	Yes
2.3.3	Have there been any changes since the last audit? Are they justified?	The latest time bound plan dated on 22/04/2016 was reviewed and changes were discussed during verification. In Kaltim, Jabontara POM had been newly included. Both Jabontara and Berau mill target to be certified by 2017 which a year delay [2016] than planned. This was due to RSPO Compensation Scheme [Compensations Concept Note was submitted to RSPO].	Yes
2.3.4	If there have been changes, what circumstances have occurred?	New inclusion of mill and supply base. No changes on the targeted time line.	Yes
2.3.5	Have there been any stakeholder comments?	On PT Menteng Jaya Sawit Perdana IUP for 7,400 Ha approval no: 525.26/153/II/EKBANG/2007 dated on 13 February 2007 and Izin Lokasi (IL) is renewed and documented no: 188.45/359/HUK-BPN/2013 dated: 1 <sup>st</sup> August 2013 which includes an approval clause 1a that this IL will remain in force until land swap process is finalised and as at now, the land / boundary survey on-going.  3,509 Ha has been approved to spend for Hutan Tanaman Rakyat (SK.659/Menlhk/Setjen/PLA.2/8/2016) 26 Aug 2016.	Yes
2.3.6	Have there been any newly acquired subsidiaries?	Refer below time bound plan.	Yes
2.3.7	Have there been any isolated lapses in the implementation of the plan?	No lapses  Lapses found been justified from land compensation process with RSPO.	Yes
2.3.8	Has there been any systematic failure to proceed with the implementation of the plan?	No	Yes
2.3.9	General statement as to progress made since the last audit?	The target to certify all the units within year 2017 remain same.	Yes

2.4 Un-Certified Units or Holdings			
NOTE:	Companies may demonstrate compliance by clear evidence of a self-audit (i.e. an internal audit for all subsidiaries, estates and Palm Oil Mills)		
Section	Requirement	Findings and any action required	Compliance
2.4.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p>Since all the facilities in Malaysia were certified, therefore the facilities in Indonesia monitor by the Pak Steven and once in 3 months, a review with Sustainability Head will be done in KLK HQ in Ipoh. The internal control points have included all the requirements to validate the compliance against uncertified units or holdings as per partial.</p> <p>Joint venture in Liberia does not required internal audit as it is part of EPO as stand-alone entity.</p> <p>However, starting from 2017 Liberia units has been included in this year time bound plan as starting this year, all communication related to EPO will be under KLK. Sighted email communication on March 2017 with RSPO.</p>	Yes
2.4.2	<p>No replacement after dates defined in NIs Criterion 7.3 of:</p> <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	There will either be a moratorium on development or for new areas to be developed the HCS Approach method will be employed until the exercise of convergence is completed.	Yes
2.4.3	Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	There is no NPP applicable. There will either be a moratorium on development or for new areas to be developed the HCS Approach method will be employed until the exercise of convergence is completed.	Yes
2.4.4	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with	<p>PT Adei Plantation land conflicts around 2,544 Ha are still in progress of negotiation and the land area been enclave.</p> <p>Process completed with all 2,544 Ha land has been enclave to Masyarakat Sakai Melayu/Jiat and Tanah Putih and been taken out from PT. Adei HGU. Sighted email evidence from the GM dated on 9 Aug 2017.</p>	Yes



	RSPO criteria 6.4, 7.5 and 7.6.		
2.4.5	Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	None noted. No stakeholder comments or complaints received through central complaint record in HQ. All uncertified units in Indonesia has passed the Stage 1 audit for ISPO. In Liberia units, any complaint also will come through central complaint procedure.  Further, complaint procedure available in respective units and internally been verified during company internal audit.	Yes
2.4.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	None noted. No legal non-compliance.	Yes

TIME BOUND PLAN FORECAST FOR RSPO CERTIFICATION OF ALL PALM OIL MILLS & SUPPLY BASES						
s/n	Palm Oil Mill	Country	Supply Bases (estates, plantations, associations)	Area [Ha]	Targeted RSPO Certification Year	Current Certification Status as per this Audit
1	Batu Lintang	Kulim, Kedah, Malaysia	Pelam Estate*	2,960	2013	Certified
		Serdang, Kedah, Malaysia	Batu Lintang Estate* Buntar Estate	1,808 899		
		Batu Kurau, Perak Malaysia	Subur Estate	1,290		
2	Kekayaan	Paloh, Johor, Malaysia	Landak Estate Kekayaan Estate Paloh Estate	4,451 4,436 2,029	Oct 2011	Certified
		Tenang, Johor, Malaysia	Voules Estate* New Pogoh Estate*	2,969 1,545		
		Kulai, Johor, Malaysia	Fraser Estate	2,928		
		Bekok, Johor, Malaysia	Sg Bekok Estate	625		
		Pagoh, Johor, Malaysia	Ban Heng Estate	631		
		Renggam, Johor, Malaysia	See Sun Estate	589		
		Bandar Tenggara, Johor, Malaysia	Sg Penggeli Estate	942		
3	Jeram Padang	Bahau, Negeri Sembilan, Malaysia	Ayer Hitam Estate Jeram Padang Estate*	2,640 2,114	Sept 2012	Certified
		Telemong, Pahang, Malaysia	Renjok Estate* Tuan Estate*	1,578 1,353		

		Lanchang, Pahang, Malaysia	Sg Kawang Estate*	1,889		
		Rompin, Negeri Sembilan, Malaysia	Batang Jelai Estate*	2,148		
		Simpang Durian, Negeri Sembilan, Malaysia	Gunung Pertanian Estate*	686		
		Pedas, Negeri Sembilan, Malaysia	Ulu Pedas Estate*	922		
		Rantau, Negeri Sembilan, Malaysia	Kombok Estate*	1,915		
4	Tanjong Malim	Tanjung Malim, Perak, Malaysia	Changkat Asa Estate*	1,716	2013	Certified
		Kerling, Selangor, Malaysia	Kerling Estate*	619		
		Serendah, Selangor, Malaysia	Sg Gapi Estate	603		
5	Tuan Mee	Sungai Buloh, Selangor, Malaysia	Tuan Mee Estate	1,556	2013	Certified
6	Kuala Pertang	Kuala Krai, Kelantan, Malaysia	Pasir Gajah Estate	2,107	By 2014	Certified
		Tanah Merah, Kelantan, Malaysia	Kerilla Estate* Sg Sokor Estate*	2,176 1,603		
7	Mill 2	Tawau, Sabah, Malaysia	Pang Burong Estate Sri Kunak Estate Tundong Estate Ringlet Estate	2,548 2,770 2,155 1,834	March 2009	Certified
8	Pinang	Tawau, Sabah, Malaysia	Jatika Estate Sigalong Estate Pangeran Estate Pinang Estate	3,508 2,864 2,855 2,420	March 2009	Certified
9	Lungmanis	Lahad Datu, Sabah, Malaysia	Tungku Estate Bukit Tabin Estate Lungmanis Estate	3,418 2,916 1,656	July 2010	Certified
10	Rimmer	Lahad Datu, Sabah, Malaysia	Rimmer Estate Sg. Sibalukan	2,730 2,654	July 2010	Certified
11	Bornion	Kinabatangan, Sabah, Malaysia	Bornion Estate Segar Usaha Estate	3,233 2,792	July 2010	Certified
12	Changkat Chermin	Manjung, Perak, Malaysia	Lekir Estate Changkat Chermin Estate Raja Hitam Estate	3,313 2,530 1,497	2013	Certified
		Parit, Perak, Malaysia	Glenealy Estate* Serapoh Estate*	1,059 936		

		Padang Rengas, Perak, Malaysia	Kuala Kangsar Estate*	843		
		Trong, Perak, Malaysia	Allagar Estate	805		
13	Berau	Berau, Kaltim, Indonesia	Kebun Malindomas Perkebunan, Kebun Hutan Hijau Mas, Kebun Anugrah Surya Mandiri	7,971 [2006] 7,317 [2006] 2,682	By 2017 2018 (Pending compensation process from RSPO)	Pending
14	Jabontara	Berau, Kaltim, Indonesia	Kebun Jabontara Eka Karsa	14,086 [2007]	By 2017	Audited in March
15	Steelindo Wahana Perkasa	Belitung, Indonesia	Kebun Steelindo Wahana Perkasa	14,065	By 2013	Certified (2015)
16	Parit Sembada	Belitung, Indonesia	Kebun Parit Sembada	3,990	By 2015	Certified
			Kebun Alam Karya Sejahtera	2,336 [2009]	By 2018 (Under review consignment note for compensation)	
17	Mandau	Riau, Sumatera, Indonesia	Kebun Mandau*	14,799	Oct 2012	Certified
18	Nilo 1	Riau, Sumatera, Indonesia	Kebun Nilo Timur	12,860	By 2013	Certified (2014)
19	Nilo 2	Riau, Sumatera, Indonesia	Kebun Nilo Barat		By 2013	Certified (2014)
			Kebun Mutiara	1,400 [2005]	By 2018 (Stage 1 – pre- assessment done Feb 2017)	Pending
20	Tapung Kanan	Riau, Sumatera, Indonesia	Kebun Sekarbumi Alamlestari	6,200	By 2013	Certified
21	Stabat Mill (PT. Langkat Nusantara Kepong)	Langkat, Sumatera Utara, Indonesia	Kebun Basilam*	2,697 [2001]	By 2017	Certified on August
			Kebun Gohor Lama* Kebun Tanjung Beringin	3,323 [1992] 3,936 [2000]		
		Langkat, Sumatera Utara, Indonesia	Kebun Padang Brahlang Kebun Bukit Lawang Kebun Tanjung Keliling Kebun Bekiun	1,949 [1979] 1,377 [1995] 2,407 [2407] 2,979 [1984]	By 2017	Certified on August

			Kebun Maryke	2,704 [2007]		
22	MAP	Mentaya Hulu, Kalteng Indonesia	Kebun Karya Makmur Abadi	13,148  9397 Ha (HGU 73/HGU/K EM- ATR/BPN/ 2016 dated 28 Oct 2016)  3406 Ha  (in progress of HGU)  [2008]	By 2017	Pending
		Kebun Mulia Agro Permai, Baamang, Kalteng Indonesia	Kebun MAP	9,056 [2006]		
		Kebun Menteng Jaya Sawit Perdana, Mentaya Hilir, Kalteng Indonesia	Kebun Menteng Jaya Sawit Perdana	5,893 [2009]		
23	Equatorial Palm Oil	Palm Bay Estate	County Bassa	13,007 [2013]	2022	Pending
		Butaw Estate	Sinoe County	8,011 [2013]		

**With reference to time bound plan, the following issues were reviewed openly with the Control Union audit team during the assessment and which may be in conflict with the rules for partial certification, if applicable**

Name of Mill or Plantation	*Area of concern (See examples below)
N/A	N/A
<p>Include any known concerns, media reports and major issues both present and from the past covering, for example:</p> <ul style="list-style-type: none"> <li>• Replacement of primary forest or any area containing HCV's since November 2005.</li> <li>• Evidence of non-compliance with the law</li> <li>• Legal issues</li> <li>• Compensation payments</li> <li>• Social relations</li> <li>• Burning</li> <li>• Labor disputes</li> </ul>	

## 2.5 Summary of the findings for Partial Certification

The audit team assessed compliance with the above requirements during this audit. Failure to address any non-compliance identified may lead to certification suspension.

This 2017 verification was attended by Mr. Sin Chuan Eng and Ms. Lee Kuan Yee from the Sustainability Department. On behalf of CUC, Supun Sachithra Nigamuni [General Manager] Muhd Jamalul Arif [Scheme Coordinator], Nur Atiqah [Certifier], Mr. Izzat [Planner] were involved. The verification was found satisfactory with documented evidences of latest time bound plan, detail discussions on NPP and the challenges in meeting the time bound plan. There were no non-conformities found, below is the status of land bank owned by KLK [certified and none].

Country	Region	Name of POM	Area [Ha]
Malaysia	Peninsular Malaysia	Batu Lintang	61,508
		Tanjung Malim	
		Kekayaan	
		Tuan Mee	
		Paloh	
		Changkat Chermin	
		Jeram Padang	
		Kuala Pertang	
	Sabah	Mill 1	40,353
		Mill 2	
		Rimmer	
		Bornion	
		Lungmanis	
	Pinang		
Indonesia	Kaltim	Berau	32,056
		Jabontara	
	Riau	Mandau	35,259
		Nilo 1	
		Nilo 2	
		Tapung Kanan	
	Belitung	Parit Sembada	20,391
		Steelindo Wahana Perkasa	
	Sumatera Utara	Gohor Lama	21,372
		Padang Brahrang	
Kalteng	MAP	28,097	
			27,751 (KMA)
<b>Total</b>			<b>239,036</b>

## 2.6 Partial Certification Audit Agenda

Date	Location	Agenda
28/08/2017	KLK Wisma Taiko, Ipoh	Documentation review and interview.

## PART 3: AUDIT PROCESS

### 3.1 About the Certification Body

Control Union Certifications is a member of the Control Union World Group – an international inspection and certification body. CUC performs Audits and certification in many agricultural based fields such as FSC, RSPO, and Organic production, Sustainable Textile Production, Organic Exchange, GLOBALGAP, HACCP, BRC, GMP and GTP.

CUC is accredited by the Dutch Council of Accreditation (RVA) on the European quality standard EN 45011 for the inspection and certification of CUC Organic program (according to the EU regulation 2092/91) and EUREPGAP program. When requested a copy of the accreditation certificate can be obtained from CUC.

**Control Union (Malaysia) Sdn Bhd is a registered affiliate member of RSPO and is a private limited company owned by the Control Union World Group based in Malaysia. Control Union (Malaysia) Sdn Bhd is authorized to conduct and issue certification on behalf of RSPO and Control Union Certifications.**

### 3.2 Audit Team

<b>Lead auditor:</b>	Mr. Mohd Farul B. Rosli
Team member 1:	Mr. Mohd Ezani B. Abd Aziz
Team member 2:	Ms. Nor Ashikin Shafinaz
Team member 3:	Ms. Mohd Fadzli B. Bistamam
Shadow Auditor:	Mr. Muhd Jamalul Arif B. Hamid

#### 3.2.1 Qualifications of the Lead Auditor

Requirement	Qualifications
A minimum of post high school (post-secondary school) training in either agriculture/forestry, environmental science or social sciences;	Diploma in Mechanical Engineering. Certified lead auditor ISO 9001 and OSHAS 18001 Lead Auditor.
At least 5 years professional experience in area of work relevant to the assessment (e.g., palm oil management; agriculture/forestry; ecology; social science);	Involved in RSPO auditing since 2012. Working experience as Sustainability and Safety in Oil Palm Plantation for 5 years.
Training in the practical application of the RSPO criteria, and RSPO certification systems;	Involved in RSPO assessment since 2014. Member of CUC RSPO audit team. Involved in audits conducted in Malaysia and Papua New Guinea.
Successfully completion of an ISO 9000:19011 lead auditors course;	Completed ISO 9001:2015 and OSHAS 18001:2007 lead auditor course in 2017.
Training in the practical application of RSPO certification systems.	Involved in RSPO assessment since 2014. Member of CUC RSPO audit team. Involved in audits conducted in Malaysia and Papua New Guinea.
A supervised period of training in practical auditing against the RSPO criteria or similar sustainability standards, with a minimum of 15 days audit experience and at least 3 audits at different organizations.	Involved in RSPO assessment since 2014. Member of CUC RSPO audit team. Involved in audits conducted in Malaysia and Papua New Guinea.
RSPO endorsed lead auditors course.	Completed RSPO Lead Auditor training in August 2017.
Signed code of conduct.	Yes
<b>General knowledge of:</b>	
• RSPO P&C standards.	Yes
• CUC organizational structure.	Yes
• CUC quality systems.	Yes
• Lead auditor role.	Yes
• Report writing.	Yes
• Stakeholder consultation.	Yes
• Certification decision process.	Yes

• RSPO SCCS program manual.	Yes
• CUC filing systems.	Yes
• Correct use of RSPO trademarks.	Yes
• History and objectives of RSPO.	Yes
• CV available.	Yes
Completion of CUC RSPO lead auditor training.	Yes

3.2.2 Qualifications of the Assessment Team		
RSPO Requirement	Team Member Name	Qualifications
Fluent in main local languages and English.	Mohd Ezani B. Abd Aziz	Fluent in both English and Malay
	Nor Ashikin Shafinaz	Fluent in both English and Malay
	Mohd Fadzli B. Bistamam	Fluent in both English and Malay
Field working experience in the palm oil sector, or a demonstrable equivalent.	Mohd Ezani B. Abd Aziz	Graduated from University Putra Malaysia in 2005 and held a Bachelor Degree in Biological & Agricultural Engineering majoring in Biosystems.  A member of Incorporated Society of Planters since 2015. With more than 10 years working experience in various plantation company. Involved in RSPO assessment since 2010. Trained and completed the lead auditor course for ISO 9001:2015, RSPO P&C, MSPO. Member of CUC RSPO audit team. Fluent in English and Bahasa Malaysia/Indonesia.
	Nor Ashikin Shafinaz	Graduated from Universiti Kebangsaan Malaysia in Chemical Engineering. Been part of RSPO P&C and SCC team member during audits in Malaysia and Indonesia. Trained on ISO 9001 and GAP. Also certifier for SCC. Fluent in English and Bahasa Malaysia/Indonesia.
	Mohd Fadzli B. Bistamam	Post graduate qualification in agriculture with more than 5 years working experience in various plantation company. Fully trained in similar agriculture certification programs such as RSPO and SCCS. Completed and certified ISO 9001:2008, attended RSPO Lead Auditor course in November 2014 and qualified others sustainable standard such as MSPO and ISCC. Involved in RSPO assessment since 2014. Member of CUC RSPO audit team. Bachelor Degree in Plantation Engineering. Fluent in English and Bahasa Malaysia/Indonesia.
Good agricultural practices (GAP), integrated pest management (IPM), pesticide and fertilizer use.	Mohd Fadzli B. Bistamam	Post graduate qualification in agriculture with more than 5 years working experience in various plantation company. Fully trained in similar agriculture certification programs such as RSPO and SCCS. Completed and certified ISO 9001:2008, attended RSPO Lead Auditor course in November 2014 and qualified others sustainable standard such as MSPO and ISCC. Involved in RSPO assessment since 2014.

		Member of CUC RSPO audit team. Bachelor Degree in Plantation Engineering. Fluent in English and Bahasa Malaysia/Indonesia.
Health and Safety auditing on the farm and in processing facilities. (For example OHSAS 18001 or occupational. Health and safety assurance system).	Mohd Fadzli B. Bistamam	Post graduate qualification in agriculture with more than 5 years working experience in various plantation company. Fully trained in similar agriculture certification programs such as RSPO and SCCS. Completed and certified ISO 9001:2008, attended RSPO Lead Auditor course in November 2014 and qualified others sustainable standard such as MSPO and ISCC. Involved in RSPO assessment since 2014. Member of CUC RSPO audit team. Bachelor Degree in Plantation Engineering. Fluent in English and Bahasa Malaysia/Indonesia.
	Mohd Farul B. Rosli	Diploma in mechanical engineering. Involved in RSPO auditing since 2012. Working experience as Sustainability and Safety in Oil Palm Plantation for 5 years. Trained and completed the lead auditor course for ISO 9001:2015, OSHAS 18001:2007, RSPO P&C, MSPO and ISCC standard.
Workers welfare issues and social auditing experience. (For example with SA8000 or related social or ethical accountability codes).	Nor Ashikin Shafinaz	Graduated from Universiti Kebangsaan Malaysia in Chemical Engineering. Been part of RSPO P&C and SCC team member during audits in Malaysia and Indonesia. Trained on ISO 9001 and GAP. Also certifier for SCC. Fluent in English and Bahasa Malaysia/Indonesia.
Environmental and ecological auditing. (For example experience with organic agriculture, ISO 14001 or environmental management systems).	Mohd Ezani B. Abd Aziz	Graduated from University Putra Malaysia in 2005 and held a Bachelor Degree in Biological & Agricultural Engineering majoring in Biosystems.  A member of Incorporated Society of Planters since 2015. With more than 10 years working experience in various plantation company. Involved in RSPO assessment since 2010. Trained and completed the lead auditor course for ISO 9001:2015, RSPO P&C, MSPO. Member of CUC RSPO audit team. Fluent in English and Bahasa Malaysia/Indonesia.
Economic issues.	Mohd Farul B. Rosli	Diploma in mechanical engineering. Involved in RSPO auditing since 2012. Working experience as Sustainability and Safety in Oil Palm Plantation for 5 years. Trained and completed the lead auditor course for ISO 9001:2015, OSHAS 18001:2007, RSPO P&C, MSPO and ISCC standard.



### 3.3 Audit Methodology

#### 3.3.1 General Overview

The Audit was carried out in conformity with the procedures as laid down in the CUC Procedure Manual and the RSPO Program Manual for the auditors and Certifier. During the Audit the qualified CUC auditors used the RSPO standard as endorsed for the country in which the audit took place and recorded their findings.

Workers and local communities were interviewed and evidence sought to confirm ongoing compliance to include:

- **Chemical stores.** Storage, MSDS leaflets, Herbicide mixing areas, PPE, Ventilation, Security.
- **Field inspections.** Herbicide application programs. Harvesting sites and efficiency. Fertilizing operations. SOP's. Soil maps. Land preparation. Ground cover. IPM. First aiders and boxes. Ground cover. Soil erosion. Field observations of all operations.
- **Worker interviews.** OSH. Sexual, religious, racial harassment. Pay and contracts. Child labor. First aid. Awareness.
- **Re-planting sites.** Zero burn.
- **HCV's.** Identification. Management plans. Environmental Impact Assessments. Implementation.
- **Riparian zones.** Width. Current and future management. Non maintenance regimes.
- **Water management.** Water courses. Water monitoring.
- **Road maintenance.** Run off.
- **Social amenities.** Social Impact Audits.
- **Local communities.** Contributions made. Employment opportunities. Social impacts. Complaints procedures.
- **Workshops.** Oil traps. Safe working environment. PPE. Diesel tanks. Environmental waste management.
- **Line sites.** Interviews with householders. Inspection of water discharge points. Water improvement plans. Waste disposal.
- **Documentation review.**

**The Palm Oil Mill audit verification included the following activities:**

- **Mill and workshop inspections.** Documentation review & worker interviews.
- **Mill.** SOP's. Safe working environment. Gen sets. Walk ways. Signs. EFB. POME treatment. Emissions. Mass balance. Diesel tanks. PPE. Fire extinguishers. First aiders and boxes. Fuel and water usage.
- **OSH.** Training. Management structure. First aiders.
- **Full document review.** Completion of the checklist. Review and documentation of evidence. All aspects of RSPO P&C's applicable.
- **Worker interviews.** OSH. Sexual, religious, racial harassment. Pay and contracts.
- **Compliance against the RSPO SCCS certification scheme.**

**Verification:**

Verification of implementation was done through field observations, workshop and chemical store inspections, worker and community interviews and mill inspections as summarized above.

#### 3.3.2 Assessment agenda for this Audit

Date	Location	Main activities
13/12/2017	KLK Tawau Club House	Opening meeting combined with Mill 2 Palm Oil Mill
18/12/2017	Pinang POM Meeting Room (All Auditor & Client) Farul	<b>09:00 – 17:30: SCCS Document review</b> <b>Supply Chain Certification Assessment of the POM (RSPO SCCS)</b> <ul style="list-style-type: none"> <li>• Demonstration of legal entity</li> <li>• Roles and responsibility</li> <li>• Procedures/manual/SOP</li> <li>• Record of purchase – RSPO certified product</li> <li>• Record of sales – RSPO certified product</li> <li>• RSPO logo &amp; claims</li> </ul>

	Fadzli/Ezani/ Shikin	<p><b>09:00 – 17:30 : Document review – RSPO P&amp;C</b></p> <ul style="list-style-type: none"> <li>Document review [SOP, EIA, SIA, CIP, Management Plan, Business Plan etc]</li> <li>Complaint mechanism/ Request &amp; Respond</li> <li>Best agricultural practices</li> <li>Safety and Health, Environment, Social issues etc</li> </ul> <p><b>10:30 – 12:30: Site verification (Mill)</b></p> <ul style="list-style-type: none"> <li>Mill inspection</li> <li>Workshops</li> <li>Stores</li> <li>POM application</li> <li>Safety and Health / PPE / Signage</li> <li>Waste Management / Environment</li> <li>Workers interview</li> <li>Stakeholder consultation if required.</li> </ul> <p><b>13:00 – 14:00 : Lunch Break</b></p>
19/12/2017	Jatika Estate  Farul Fadzli/ Ezani/ Shikin	<p><b>08:30 – 17:30 : Document review – RSPO P&amp;C</b></p> <ul style="list-style-type: none"> <li>Document review [SOP, EIA, SIA, CIP, Management Plan, Busi-ness Plan etc]</li> <li>Complaint mechanism/ Request &amp; Respond</li> <li>Best agricultural practices</li> <li>Safety and Health, Environment, Social issues etc</li> </ul> <p><b>10:30 – 12:30: Site verification (Estate)</b></p> <ul style="list-style-type: none"> <li>Best agricultural practices</li> <li>Manuring, Spraying, Harvesting,</li> <li>HCV / Conservation Area</li> <li>Legal compliance/ boundary</li> <li>Chemical / Pesticide/ Fertilizer Stores</li> <li>Workers interview</li> <li>Worker’s facilities (housing, pay, etc)</li> </ul> <p><b>13:00 – 14:00 : Lunch Break</b></p> <p><b>Field operations (as above)</b></p>
20/12/2017	Pinang Estate  Farul/ Fadzli/Ezani/ Shikin	<p><b>08:30 – 17:30 : Document review – RSPO P&amp;C</b></p> <ul style="list-style-type: none"> <li>Document review [SOP, EIA, SIA, CIP, Management Plan, Business Plan etc]</li> <li>Complaint mechanism/ Request &amp; Respond</li> <li>Best agricultural practices</li> <li>Safety and Health, Environment, Social issues etc</li> </ul> <p><b>10:30 – 12:30: Site verification (Estate)</b></p> <ul style="list-style-type: none"> <li>Best agricultural practices</li> <li>Manuring, Spraying, Harvesting,</li> <li>HCV / Conservation Area</li> <li>Legal compliance/ boundary</li> <li>Chemical / Pesticide/ Fertilizer Stores</li> <li>Workers interview</li> <li>Worker’s facilities (housing, pay, etc)</li> <li>Stakeholder consultation if required.</li> </ul> <p><b>13:00 – 14:00 : Lunch Break</b></p> <p><b>Additional field visits and meetings with managers as necessary.</b></p>

21/12/2017	Staff Club (All Auditor & Client)	<p><b>08.30 : Preparation for closing meeting</b> Additional field visits and meetings with managers as necessary</p> <p><b>09.00 : Closing meeting</b></p> <ul style="list-style-type: none"> <li>• Presentation of findings by the audit team</li> <li>• NC closure dateline (if any)</li> <li>• Questions and answers</li> <li>• Final summary by team leader</li> </ul> <p><b>End of assessment</b></p>
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## PART 4 ASSESSMENT FINDINGS

### 4.1 Lead Assessor's Summary and Recommendation for Certification

The mill and supply base are as per the above table 1.5 and 1.7.1 visited was assessed at field, office, facilities, stores and document review carried out in accordance to the RSPO principles and criteria. Partial Requirements audit were conducted for all KLK subsidiaries. Please refer to whole of Part 2 for more details. Common systems were identified and specific evidence was recorded for individual estate and mill.

Interviews with Estate Managers, Mill Manager, and members of workers representatives took place in both formal and informal environments and worker interviews were conducted in all estates and in the mill. Subsequent to the stakeholders' interview, the surrounding communities were visited so as to capture more feedback from the stakeholders.

There were no complaints received during the field assessment and during interview with the external stakeholders. Up to the time of writing this report, there were neither feedbacks nor comments received from the other external stakeholders and community leaders. Since the RSPO certification, the management adequately practicing the respect of human rights and as evidence, there isn't discrimination of workers at work place and no land disputes and issues with local communities.

The mill is fully verified for RSPO SCCS system verification and it is found to be in full compliance. Refer the whole of Part 5.

#### Summary of Non-Conformance and Current Status

There is no non-conformance raised for RSPO P&C audit.

It is therefore the recommendation of the lead assessor that:

- A certificate of compliance is maintained.

Signed:



Name: Mohd Farul B. Rosli

Date: 4-01-2017

### 4.2 Summary of the findings by Principles and Criteria

- Over the 5 year period of the life of the certificate, there will be 4 annual surveillance audits
- Identified Non-Conformities and noteworthy Positive and Negative Observations.
- The RSPO require that this report contain findings by each principle and some example criteria. Please see table below.

Principle 1: Commitment to Transparency		
Criterion by Audit	Summary	Requests made by stakeholder were responded to and all these are well documented. Adequate information are made available to public. Company's policies are well communicated and understood by all level employees.
ASA4	1.1	<p>Company has establish procedure SOP 1.0 Stakeholder Engagement/ Negotiation Issue/Rev 1/0 dated 01/06/2015 is established as the consultation and communication procedures to relevant stakeholders. SOP has outlined the request &amp; response, consultation &amp; communication and complaint &amp; grievance mechanism in order to handle issues highlighted by stakeholders. Stakeholder consultation was last conducted on 27/11/2017 attended by 11 participants. Meeting briefed previous meeting issues, KLK sustainability policy, continuous improvement plan and response from stakeholder.</p> <p>Stakeholder logbook is available in place for Pinang POM, Jatika Estate and Pinang Estate to recorded stakeholder's request. 17 consultation &amp; communication, 4 request &amp; response has been made to date. All response have been taken prompt action and review by management. Sighted sample:</p> <p><u>Consultation &amp; Communication</u></p> <p>Pinang POM From Barry Queh (Kejuruteraan Sawit Timur) dated 26/10/2017 for casual visit and delivery of product.</p> <p>Jatika Estate Jhona (Forest Ranger) dated 22/11/2017</p> <p>Pinang Estate From Jomat Bakron dated 04/11/2017 to access CHRA</p>
ASA4	1.2	<p>Management document including relevant monitoring report regarding environment, social and best practices such EIA and SIA management plan. All these document are publicly available upon request as defined by the management. Document such ERT species monitoring need special approval from management to be provided due to sensitivity and to avoid the negative impact such illegal hunting.</p> <p>Company establish and publicly available documents are listed in SOP 9.0 Appendix 1B, Master List of Documents as sighted below:</p> <ul style="list-style-type: none"> <li>• Legal documents: Sabah Biodiversity Enactment 2000, Sabah Water Resources Enactment, Factories and Machinery act with Regulations</li> <li>• OSH documents: Management review, Safety and Health committee, SDS and chemical register</li> <li>• DOE documents: Correspondent, DOE officer visit, renewal of license</li> <li>• MPOB documents: License 1&amp;2, monthly report, seminar/training</li> <li>• Management document: weekly production report, FFB grading, FFB intake</li> <li>• Government document: 'Jabatan Perangkaan Malaysia', JTK, JPJ</li> </ul>
ASA4	1.3	<p>The commitment of the ethical conduct in business is outlined in the KLK Sustainability Policy, signed by Tan Sri Dato' Seri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 which covers all requirements mentioned in this criterion.</p>

		<p>Training for code of ethical conduct is done as sighted training record: 'Penerangan Tentang Polisi' given by Hayatih Sinar dated 07/01/2017 to 43 participants. Also sighted training record, 'Taklimat Polisi Kelestarian' done on 19/10/2017 given by Salihati Gala to 20 workers. Briefing of sustainability policy last conducted on 02/10/2017 by Mr. Maslan (Asst. Manager) to 197 workers. Corporate quality policy, corporate environment policy, corporate OSH policy, ISCC policy, MSPO policy and KLK sustainability policy are briefed during the training.</p>
<b>Principle 2: Compliance with Applicable Laws and Regulations</b>		
Criterion by Audit	Summary	<p>The mill and estates have demonstrated compliance to all its applicable legal requirements. Legal ownership of land and its land use is clearly demonstrated through the respective land titles. Boundaries have been clearly demarcated. There have been no land disputes or claims involving the mill and estate.</p>
ASA4	2.1	<p>The complete list of legal requirements are available at the mill and estate. It is documented in SOP 2, appendix 1, issue 1 titled List &amp; Summary of applicable laws &amp; regulations dated 1.6.15. The list was last updated on 28.9.17. All relevant legislation and any particularly important requirements were identified. Sighted 37 law/legal documents that listed and summarized. Some of the listed law and legislation documents are OSHA and regulations 1994 (Act 514), Pesticides Act and Regulations (Act 149), Poison Act and Regulations 1952 (Act 366), Minister of Trade, MPOB and etc. Similarly, Ringlet Estate has identified 41 laws while Jatika and Pinang Estate has identified 21 laws which are applicable to them.</p> <p>The operating units also have identified person responsible for legal compliance. Person in charge for the mill legal compliance is Assistant Manager. Sighted legal compliance checklist dated 1.6.15, which was last updated on 14.12.17. For Jatika Estate is by Estate Sr. Manager, Mr. Mohan, while for Pinang Estate is estate manager Mr. Sabaruding, with legal compliance checklist last update on 12.10.2017.</p> <p>The mill and estates carry out periodic review and evaluation and also internal audit on the Laws &amp; regulations list to ensure that any new/addition as well as changes and amendments are captured and update, through the following manner of enquiring the laws books publisher (Federal Government Gazette Latest New Law – The requirement), Communication with law/enforcement officers.</p> <p>The estate's legal compliance checklist included license to employ non-resident workers (20-1-18), certificate of fitness for unfired pressure vessels (2.10.18), scheduled control items permit (exp: 26.9.18), business license (exp 31/12/17), MPOB license (exp 31.7.18), dresser license (exp 31 12.17) and salary deduction permit (exp 19.10.18).</p> <p>The mill and estate office will receive notification email from HQ informing any changes of legal requirement. The email derives the information from the government website for any changes and amendments of law and regulations.</p>

ASA4	2.2	<p>Documents showing legal ownership and the actual use of the land are available for the mill and estates. Sighted the map/layout plan of the mill at the scale of 1:750 prepared by Ir. Lue Soon Lee in July 2009. Titled no. CL 125317562 Pangeran, Pinang &amp; Sigalung Estate at 14443 acre. Map of Jatika Estate at the scale of 20000 And the location of the boundary stone were marked in the map. Sighted 11 boundary stone. The land tax payment for 4363.49 acres. All the above lands are acquired from the state government.</p> <p>As for estate boundaries, there is a clear boundary map established with exact coordinate to show its boundaries. The Jatika Estate management has a mechanism to monitor and repair legal boundaries demarcations that is done on monthly basis Sighted the boundary markers monitoring checklist for block 16A and 17 c. There were 96 markers in good condition as per inspection conducted on 16A &amp; 17C. A fix schedule has been established to conduct monitoring.</p>																																												
ASA4	2.3	<p>There is no evidence of conflict present in all of the operating units. Also there is no evidence of instigated violence in maintaining peace as the company has a clear procedure for dealing with land conflict. There is no customary right as the lands are acquired from the government with proper documentation with clear demarcation its boundaries.</p>																																												
<b>Principle 3: Commitment to Long-Term Economic and Financial Viability</b>																																														
Criterion by Audit	Summary	Three year management plan is available for the mill and estates that details revenue and costs of operation. Replanting programme for the estates for the next five years are also available.																																												
ASA4	3.1	<p>The company has established 3 years management plan titled "3 years Projection for KLK Tawau Region from year 2018 –2021. The 3 year projection includes land statement for mature and immature, FFB yield, FFB crop, OER, Oil produced, production cost and revenue. The projection includes Mill 2 Supply bases – Pang Burong Estate, Tundong Estate, Sri Kunak Estate and Ringlet Estate.</p> <p>Example of projection figures sighted as follow:</p> <table border="1" data-bbox="619 1290 1279 1559"> <thead> <tr> <th></th> <th>2018/2019</th> <th>2019/2020</th> <th>2020/2021</th> </tr> </thead> <tbody> <tr> <td>FFB Crop (Mt)</td> <td>215,418</td> <td>214,063</td> <td>227,250</td> </tr> <tr> <td>OER %</td> <td>25.0</td> <td>25.0</td> <td>25.0</td> </tr> <tr> <td>CPO (Mt)</td> <td>53,855</td> <td>53,516</td> <td>56,813</td> </tr> <tr> <td>Prod. Cost RM/Mt FFB</td> <td>170.03</td> <td>178.53</td> <td>187.46</td> </tr> </tbody> </table> <p>The projection plan reviewed annually by the Mill Manager. The projection includes Jatika Estate. Projection sighted for Jatika Estate as follow, and reviewed annually by Estate Manager:</p> <table border="1" data-bbox="619 1675 1305 1944"> <thead> <tr> <th>Data</th> <th>2017/2018</th> <th>2018/2019</th> <th>2019/2020</th> </tr> </thead> <tbody> <tr> <td>Mature (Ha)</td> <td>2246</td> <td>2293</td> <td>2187</td> </tr> <tr> <td>Immature (Ha)</td> <td>955</td> <td>918</td> <td>1014</td> </tr> <tr> <td>FFB Yield M/Ha</td> <td>22.3</td> <td>22.3</td> <td>22.0</td> </tr> <tr> <td>FFB Crop (Mt)</td> <td>50,446</td> <td>48,114</td> <td>57,687</td> </tr> <tr> <td>Prod. Cost RM/Mt FFB</td> <td>238.13</td> <td>250.03</td> <td>262.53</td> </tr> </tbody> </table>		2018/2019	2019/2020	2020/2021	FFB Crop (Mt)	215,418	214,063	227,250	OER %	25.0	25.0	25.0	CPO (Mt)	53,855	53,516	56,813	Prod. Cost RM/Mt FFB	170.03	178.53	187.46	Data	2017/2018	2018/2019	2019/2020	Mature (Ha)	2246	2293	2187	Immature (Ha)	955	918	1014	FFB Yield M/Ha	22.3	22.3	22.0	FFB Crop (Mt)	50,446	48,114	57,687	Prod. Cost RM/Mt FFB	238.13	250.03	262.53
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		<p>Jatika estate has established and documented 5 years replanting programme and for Pinang Estate, last replanting on 2017 for 92A (36 Ha) and there will be no replanting programme until 2022. Details of replanting programme sighted as follow for Jatika Estate:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Field</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>91A</td> <td>32</td> </tr> <tr> <td>2019</td> <td>93A, 94B95A</td> <td>272</td> </tr> <tr> <td>2020</td> <td>92C(1), 93D,93E</td> <td>210</td> </tr> <tr> <td>2021</td> <td>92C, 93C</td> <td>212</td> </tr> <tr> <td>2022</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table> <p>There is no fragile/ peat soils identified for this estate. Monitoring of replanting progress is done on monthly basis and review of the programme is once a year.</p>	Year	Field	Ha	2018	91A	32	2019	93A, 94B95A	272	2020	92C(1), 93D,93E	210	2021	92C, 93C	212	2022	Nil	Nil
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<b>Principle 4: Use of Appropriate Best Practices by Growers and Millers</b>																				
Criterion by Audit	Summary	<p>The mill and estates have complies with company Standard Operating Procedures and has continuously monitored its adherence. Soil fertility is maintained along with soil erosion prevention that continuously carried out. IPM implemented in Pinang Estate and the uses of chemicals are in accordance with the regulations. There is a comprehensive OSH policy implemented throughout the estate and mill. Trainings are being carried out as per the Annual Training Plan.</p>																		
ASA 4	4.1	<p>The company has established two types of operating procedures namely Standard of Procedure (SOP) &amp; Safety Operation Procedure (SaOP) for the efficient, effective and safe operation of the palm oil mill. The SOP covers all operations of the mill such as storage and Issue of security seal, lubricant store, laboratory, Boiler, engine room, reception station of FFB, etc. Some of the SOP sighted includes [SOP 1] – Weighbridge, Sterilizer, Reception Station, Laboratory, Air Compressor. The Sustainability SOP consist information such as receiving material, processing material and dispatching material. All SOPs are found during site visit to be publicly displayed on mill notice boards for each station. The SOPs are written in local language (Bahasa Malaysia).</p> <p>For Jatika &amp; Penang estate operation, they use Good Agriculture Practice (GAP) that outlined in the estates GAP policy no GP/AGRIC/OP, 01-01-2007 and GAP manual as well as in its Standard of Procedure (SOP). GAP manual is covering operations from land clearing, replanting, harvesting, up keeping, Roads &amp; Drains. Estates have furnished SOP for all stage of operations and in accordance with RSPO requirements.</p> <p>The mechanism to ensure implementation sighted through internal audit. The purpose of the internal audit is to verify records and procedure against specific requirement and relevant standards requirements. Latest internal audit carried out on August 2017 by Mr. Thien, Mr Syafiq and Mr. Imran. Sighted internal audit record which divided into OSH audit, RSPO audit and internal department audit. Non-conformities found were review and closed by management before external audit.</p> <p>This mill only receives crops from own estates.</p>																		
ASA4	4.2	<p>Estates are governed by SOP no. 04 dated 01/6/2016 in maintaining soil fertility. The SOP titled “Soil Erosion &amp; Fertility and Road Maintenance”</p>																		

		<p>which covered on identification, Implementation &amp; maintenance and Review of soil condition.</p> <p>Foliar analysis conducted annually by R&amp;D Department, AAR Resources Sdn Bhd. All fertilizer recommendation is based on foliar analysis only. Soil analysis was conducted at initial stage of developing the plantation. Further, manuring program will be developed by estate according to the R&amp;D Department recommendation as evidence in Oil Palm Manuring Recommendation 2016/2017.</p> <table border="1" data-bbox="619 546 1145 714"> <thead> <tr> <th>Fert</th> <th>Date</th> <th>Field</th> <th>Act Appl (bag)</th> </tr> </thead> <tbody> <tr> <td>BRP</td> <td>4.12.17</td> <td>98B</td> <td>194</td> </tr> <tr> <td>BRP</td> <td>5.12.17</td> <td>98B</td> <td>91</td> </tr> <tr> <td>BRP</td> <td>9.12.17</td> <td>13A</td> <td>190</td> </tr> </tbody> </table> <p>The Estate Management is applying organic fertilizer such as EFB as part of the nutrient recycling strategy. Records of application is available in Costing EFB Mulching application. Palm fronds cut from harvesting operation are place in between planting rows to reduce woodies up-growth and improve soil fertility from the decomposed fronds. Application of inorganic fertilizer is being conducted in Pinang Estate. Application record for DDS (Dry decanter solid) is documented in SOP 4. For FY2016/2017, there was total of 4,953.54MT of DDS had been applied covering area of 232.19ha.</p> <p>Besides that, as sighted from site visit, the Estate Management is conserving ferns (Nephrolepis) at OP inter-row for the purpose of:</p> <ol style="list-style-type: none"> <li>1. Moisture content</li> <li>2. Preventing soil erosion</li> <li>3. Act as ground cover</li> </ol>	Fert	Date	Field	Act Appl (bag)	BRP	4.12.17	98B	194	BRP	5.12.17	98B	91	BRP	9.12.17	13A	190
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ASA4	4.3	<p>Sighted Jatika Estate soil map prepared by AAR Sdn. Bhd. The estate soil type according to the soil map consists of Batang (Deep), Juak, Kapilit, Kobovan, Koyah, Sipitas and Tanjung Lipat. For Pinang Estate, the soil map consists of apas, gading, inanam, kabovan, kumansi, lumisir, pallu, sipit and tanjung lipat. There is no peat identified for the estate as per soil series map prepared by AAR.</p> <p>Both the estates practice company policy of no planting on slopes that exceed the limit area based on topography map AAR/19/06/2007.</p> <p>At Jatika Estate Road maintenance programme is available in accordance with SOP 4.0 Appendix 02 "Road Maintenance Programme for". Sighted road maintenance record for 2017 as evidence.</p> <p>Example Records:</p> <ol style="list-style-type: none"> <li>1. Road No: 16B Length: 293 ch</li> <li>2. Road No: 16A Length: 598 ch</li> <li>3. Road No: 02A Length: 158 ch</li> </ol>																



		<p>For Pinang Estate total budget allocated for road maintenance for FY2017/2018 is RM296.46/ha where the estate has spent total of RM35.45/ha to date (6 months).</p>
<p>ASA4</p>	<p>4.4</p>	<p>Water management plan have been established, implemented and monitored for mill and estates for the efficient usage and prevent pollution, in document no. SOP 5.0 (Surface &amp; Ground Water Management) dated on 01/06/2015. This SOP also includes Water Sampling Procedure &amp; Emergency Response Plan (ERP) on Water Pollution. Water usage monitor daily basis as per recorded and summarize on monthly basis (Water usage/tonne FFB process).</p> <p>Jatika Estate have establish water management plan as per SOP 05. 8 point have been identified to be sampled and test every 6 months. Latest sampling for treated water was conducted on 08.11.2017 as per KDC Lab Report No: R17/11/57 dated 16.11.17. Example parameters monitored for Home Div:</p> <ol style="list-style-type: none"> <li>1. pH: 7.8 (Per. Limit 6.5 – 9.0)</li> <li>2. E. Coli: Negative</li> <li>3. Turbidity: 1.1 NTU (Per. Limit 5)</li> <li>4. Cl: 15 mg/l (Per. Limit 250)</li> <li>5. Al: &lt;0.1 mg/l (Per. Limit 0.2)</li> </ol> <p>Pinang Estate have identified 8 point to be sampled every 4 months for river water and domestic waste water. While for threated water, sampling is done every 6 months. Latest sampling for treated water was conducted on 15.11.2017 as per KDC Lab Report No: R17/11/64 dated 19.11.17. Example parameters monitored for Home Div:</p> <ol style="list-style-type: none"> <li>1. pH: 7.5 (Per. Limit 6.5 – 9.0)</li> <li>2. E.Coli: Negative</li> <li>3. Turbidity: 1.7 NTU (Per. Limit 5)</li> <li>4. Cl: 12 mg/l (Per. Limit 250)</li> <li>5. Al: &lt;0.1 mg/l (Per. Limit 0.2)</li> </ol> <p>Jatika estate has maintained 20 meter buffer zone alongside the Sipit River. Buffer zone demarcated by “Red &amp; White” mark on the palm tree and proper signboard, as sighted during site visit. There is no chemical spraying allowed along the buffer zone area as per SOP 5.0 Surface &amp; Groundwater Management Issue/Rev 1/0 dated 01/06/2015.</p> <p>Pinang Estate maintain total of 21.59Ha has been identified along 2 main streams flowing inside the estate. As sighted during field visit, the Management has planted “Guatemala Grass” along its riparian zone with distance of at least 20meters from both side of the stream. Besides that, the estate has also planted jungle trees along this area as per reported in “Ladang Pinang – Jungle Tree &amp; Beneficial Plant Record Book”.</p> <p>Pinang POM generated effluent and treated prior to releasing for land application. Permit from DOE is evident during the audit (License No: 004524, valid from 01 July 2017 – 30 June 2018). Quality for effluent final discharge is monitored on monthly basis as required by the DOE. Latest sampling result</p>

		<p>was sent on 06.11.207 (Ref: PiPOM/2017/11/346). Example parameters monitored:</p> <table border="1" data-bbox="874 286 1187 452"> <tr> <th>Para.</th> <th>Result</th> <th>Limit</th> </tr> <tr> <td>pH</td> <td>7.8</td> <td>5.0 - 9.0</td> </tr> <tr> <td>BOD</td> <td>19</td> <td>&lt;100</td> </tr> <tr> <td>COD</td> <td>305</td> <td>-</td> </tr> </table> <p>Monitoring of water usage of POM is being implemented as documented in “Pinang POM Water Usage (RSPO Report) 2017/2018”. The target set by the mill is 1.00 m<sup>3</sup>/T FFB processed. Example record sighted:</p> <table border="1" data-bbox="826 604 1235 797"> <thead> <tr> <th colspan="3">Mill Water Usage</th> </tr> <tr> <th>Month</th> <th>Oct'17</th> <th>Nov'17</th> </tr> </thead> <tbody> <tr> <td>Usage m<sup>3</sup></td> <td>14,156</td> <td>12,583</td> </tr> <tr> <td>FFB MT</td> <td>16,269</td> <td>18,523</td> </tr> <tr> <td>m<sup>3</sup>/T FFB</td> <td>0.87</td> <td>0.68</td> </tr> </tbody> </table>	Para.	Result	Limit	pH	7.8	5.0 - 9.0	BOD	19	<100	COD	305	-	Mill Water Usage			Month	Oct'17	Nov'17	Usage m <sup>3</sup>	14,156	12,583	FFB MT	16,269	18,523	m <sup>3</sup> /T FFB	0.87	0.68
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ASA4	4.5	<p>Implementation of IPM for both estates is based on the SOP no 7.0 integrated pest management date on 01/04/2015. The SOP contain information regarding on the implementation of IPM, including Spraying, Trunk injection and Rat baiting. As sighted from field visit to Jatika Estate, it is observed that the Management is planting beneficial plant such as Cassia and Antigonon along the road side to attract natural predator for leaf eating caterpillar, thus reducing chemical usage for P&amp;D operations. Record for planting beneficial plants documented in “Ldg Jatika – Nursery Record Book)”. Census record sighted during the audit:</p> <ol style="list-style-type: none"> <li>1. Setora census</li> <li>2. Rhino Census</li> <li>3. Rats Census</li> <li>4. Ganoderma Census</li> </ol> <p>Record of rat baiting is evident during the audit. Latest baiting was conducted on 10.11.2017 in field 17A/123 HA.</p> <p>Planting of beneficial plant is sighted in Pinang Estate during site visit to the field. Records of planting sighted as documented in “Ladang Pinang – Jungle Tree &amp; Beneficial Plant Record Book”. Census record sighted during the audit:</p> <ol style="list-style-type: none"> <li>1. Setora census</li> <li>2. Rhino Census</li> <li>3. Rats Census</li> <li>4. Ganoderma Census</li> </ol> <p>For ganoderma infected palms, they will be felled and chipped to avoid the spreading to neighboring palms. Records of deboiling for ganoderma infected palms sighted in “Ladang Pinang – History of Ganoderma Treatment by Fields”.</p> <p>The company provides training to workers who are involved in chemical spraying and IPM programs to create awareness and IPM benefit. Training on IPM implementation has been conducted by Jatika Estate on 19.04.2016 as per estate training record and training on IPM implementation for Pinang Estate has been conducted on 02.12.2017 as per estate training record (attended by 198 workers).</p>																											

ASA4	4.6	<p>Chemical Health Risk Assessment is available for the mill. A chemical health risk assessment was prepared on the 30th August 2013 by Mr. William Pius Ladius (JKKP Reg. No: JKKP HIE 127/171-2(291). The new CHRA visit has been conducted on 05.12.2017 as evident in letter (Re: CONFIRMATION OSH SERVICES – CHEMICAL HEALTH RISK ASSESSMENT CHRA) from DAB OH Sdn. Bhd (Ref No: DABOH GEN/112017-037) dated 29.11.2017. All chemical used by mill included in list of chemical and available in the mill as registered in “Appendix A: Register of Chemical Hazardous to Health” for Pinang POM (DOSH Reg No: HIK1218) dated 16.10.2017).</p> <p>All chemical used for operation in both estate were included in list of chemical available in the estate as registered in “Appendix A: Register of Chemical Hazardous to Health” for Jatika Estate (DOSH Reg. No: SB/07/04/1052) dated 30.10.2017) and for Pinang Estate (DOSH Reg. No: SB/07/04/1056) dated 30.11.2017). Justification of chemical used in the estate is documented in SOP6.0: Justification on Agrochemicals Used prepared on 03.01.2017. Example chemical used, Glyphosate (For circle spray), Basta (For circle spray), Alion (Pre-emergence chemicals), Bugster (P&amp;D Control) and Starane (For creepers).</p> <p>Pesticide and herbicide usage for both estates is available and update daily basis. Record of herbicide usage available in “Spraying Costing Logbook” that includes date, area treated, hectare, quantity, type of herbicide, a.i/hectare and cost included. Spraying application sighted for 2016/17 prepared by Jatika Estate staff and will summarize and review monthly basis.</p> <p>There is no use of class 1 pesticides or that are listed by the Stockholm or Rotterdam Conventions for both estate. There is no usage of Paraquat. Chemical storage store being effectively managed and well protected from any unauthorized entry. Observed secondary containment, bund and oil sump sighted with good practice.</p> <p>There is a standard operating procedure in place for safe chemical handling, documented in “Safe Operating Procedure: Working in Lab” Revision 01/2017. Proper training are provided to workers for those who handling chemicals. Training for Lab assistants and other operators who handling the chemical was conducted on 15.08.2017 by OSH Personnel, Mr. Hafiz Syafiq as per training record and the training material. List of SDS is available in mill chemical register. All laboratory workers who handle chemicals use appropriate PPE such safety helmet, shoes, semi leather glove, cotton glove, rubber glove, respirator &amp; dust mask. Applicable SDS is displayed at the product for easy reference.</p> <p>At Jatika Estate, chemical activity was carried out by qualified workers which have attended certain training. Sighted training conducted for chemical handling in the estate on 07.12.2017 for spraying standard training and 10.08.2016 for spraying technique. For Pinang estate, estate management conduct training related with chemical handling on 22.03.2017 as per SOP for spraying. Observed all workers wearing proper PPE and understanding of the hazards and risks related to chemicals used when interviewed during site visit.</p>
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	<p>Sighted from site visit to the mill lab and chemical store that all chemicals are properly store in dedicated storage and locked to avoid usage from non-lab personnel. Powder chemical (Soda Ash) is stored separately from liquid chemical such as Sodium Hydroxide. All SDS are displayed outside the chemical stores and in good condition.</p> <p>During site visit to Jatika Estate and Pinang Estate, sighted the schedule waste store well managed. Both estate chemical store in well ventilated building label and locked. A sump and bunds are built to prevent the pesticide from leaking into the monsoon drain. The liquid containers are kept at the bottom racks to prevent foul up with powder chemicals in case of leaking. Pesticide containers are triple rinse before disposal. All containers were sent to Pang Burong Estate for centralized collection by G-Planter. Record of disposal sighted in "G-Planter UPPCR Collection Form". Sighted General Delivery Note Form (No:66334) dated 25.07.2017:</p> <p>In both estates, sighted the required PPE, first aid equipment, spillage kits, fire extinguishers, eye washing area, dressing room for female workers and emergency shower adequately made available. Safety signage are both in English and Malay and emergency contact list observed at all visit areas. SDS were briefed to workers and seen effectively display at necessary location. Eating, drinking and smoking are strictly prohibited at the chemical store.</p> <p>Annual medical surveillance has been conducted for mill workers exposed to chemical as per requirement from the CHRA report. Surveillance conducted by DAB OH Sdn Bhd on 06.07.2017 for 54 employees (Jatika Estate) and 39 employees (Pinang Estate) on 5.07.2017 for chemical handler and sprayer. All workers examined are fit to work. Example report sighted: Name: Mohammed Ridwan Work: Workshop Date Examined: 07.07.2017 Examiner: Pathology &amp; Clinical Laboratory (M) Sdn Bhd Pathlab No: 24046387</p> <p>Besides that, the Management also conducted Audiometric test on annual basis for its 39 employees on 02.06.2017. Two of the total workers sent, needed to be retested and was sent again on 05.07.2017.</p> <p>Pinang POM has maintained a list of all women workers who handle chemicals in the estate. In total there are 22 female, however, there are 2 female workers involved in laboratory works and they are not breastfeeding and pregnant during the works. It is requirement any female worker who is suspect to be pregnant, to inform the Mandore and the estate office will arrange transport to pick her to company clinic located in Pinang Estate. If clinical test found to be positive, clinic will produce a letter to verify. This will be follow up by management to transfer the worker to non-related chemical work. Sample sighted for No: PiPOM/2015/05/266 dated 27.05.15, Cherlina Muhammad Nur was changed the work station from laboratory to office effective 01.06.15. Also, sighted letter from company to Cherlina titled "Pertukaran Stesen Kerja Selepas Melahirkan" dated 15.05.2016. There is SOP for the pregnant and breast feeding is well mentioned in SOP 14 Rev 1, date 01.06.2015 - Employment of Workers/Staffs. All pregnant and breast-feeding women are prohibited from working / handling chemicals as per</p>
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		<p>company SOP and verified through interview with female spraying workers during estate field visit.</p>
<p>ASA4</p>	<p>4.7</p>	<p>The company has established Occupational Safety and Health Policy governs both mill and estates. The mill has develop OSH plan for year 2017 with objective to provide and maintain a safe work environment and system of work, to identify and manage the risk to our employee and encourage behavior that reduced accidents/injury in workplace, to provide and encourage employee to have healthy life and diet.</p> <p>Mill's OSH plan also includes 2017 annual training programme; appoint PIC for monitoring usage of PPE, OSH meeting &amp; Management Review, SOP Review, OSH audit and outcomes/recommendation.</p> <p>At mill sighted HIRARC documents latest revision on 03/01/2017 prepared by Mr. Imran (OSH Executive) according to JKKP HIRARC form. HIRARC includes information such as Hazard Identification, Type of activities, Hazard and Effect. OHS risk are analyzed based on Current risk control, Severity, Seriousness, Risk scale and Risk Control measures that already in place. The HIRARC also has identified propose measure control and person in-charge for the action.</p> <p>Pinang Mill and both Estate has established Safety training programme for year 2017. Sighted record of all OSH programme fully conducted and covering key operation aspects of the estate. The Training includes, Fire Drill (25/01/17), Confined space entry (12/05/17), Noise Training (21/08/17). All the trainings were conducted by OSH Department and Estate Management.</p> <p>The company has identified person for OSH in Pinang POM is mill manager, Mr. Zaki. Sighted appointed letter and OSH organization chart display at office notice board. Mill's OSH committee meeting is conducted on quarterly basis with worker &amp; management representative. Last meeting was held on 4/12/2017.</p> <p>Person responsible for OSH in Jatika Estate is Estate Manager Mr. Mohan. OSH Meeting conducted as per required by OSHA 1994 every 3 month, last meeting for the estate was conducted on 5/12/2017. All safety committee members attended has attended the meeting. Record of meeting minute available including review of last period accidents case. In Pinang Estate OHS meeting being planned once in 3 every months. Meeting is organized by OHS person in charge Mr. Sabaruding (Estate Manager), sighted the recent meeting minutes dated on 19/10/2017. The minutes attached with attendance list as well photos taken during the meeting. Based on the report and interviewed with workers, there is no major accident [more than 4 days medical leave] happens in both estate.</p> <p>All the Emergency Response Plan procedures (local language) are found to be displayed on mill notice boards for easy reference during emergency situation. Emergency exit route is displayed in strategic places around the mill compound. Assembly Points also are clearly marked around the mill compound. Fire drill and firefighting training was conducted on 25.01.2017 attend by 99 employees.</p> <p>Sighted Jatika estate conduct training for 23 person for first aider and first aid kit have been provide to mandore for all activity.</p>

		<p>The group insurance policy applicable that managed by AXA Affin General Insurance Berhad. Sighted the recent Policy LWX/93246849/37/09/HHT Period: 01.01.2017 – 30.09.2018 for foreign workers. Local workers all covered by SOCSO, verified from deduction of workers’ pay slip. At Pinang POM workforce consist of 22 local workers with 75 foreign workers.</p> <p>For Jatika Estate Foreign workers are covered by Workmen Compensation by AXA Affin General Insurance Bhd: Policy No: LWX/93246876/37/09/HHT Period: 01.10.2017 – 30.09.2018 No. workers covered: 276 and Pinang Estate foreign workers are covered by Workmen Compensation by AXA Affin General Insurance Bhd: Policy No: LWX/93246429/37/09/HHT Period: 01.10.2017 – 30.09.2018 No. workers covered: 251. All local workers covered by SOCSO, verified from deduction of workers’ pay slip.</p> <p>Occupational injuries records of accident is available during for all site during the audit. JKKP8 Form will be submitted to DOSH on annual basis. Latest submission by the mill on 21.01.2017 where 8 cases of Mild Hearing Impairment were reported. For 2016, there is no major accident case and total man-hours work recorded for the mill was 252,904 hours.</p>
ASA4	4.8	<p>Mill’s training programme designed to cover all workers and relevant contractor workers in mill. Mill has completed list of workers. Training programme on 2017 successfully covered such as KLK Safety &amp; Policy Training, PPE Usage Training, Safety Awareness Training, Safety Chemicals &amp; Handling Training, Health Awareness Training, First aid, fire drill, road safety and ERP Training, and Environmental Training.</p> <p>For Jatika Estate, there are training programs in place for safety, social and environment. Almost 90% of all planned programs were accomplished and training records well maintained. Training programs are normally determined by the OHS officer with consultation of Estate Manager. The HIRADC and EIA used as reference for the training proposed. Sighted training plan and attendance records for “Safety and Health Policy training” dated 23/01/2017 that were attended by all workers. This was attached with assessment comments by the trainer [Mr. Imran – OHS Officer]. Sighted training records, attendance list and training materials for “Rubbish Disposal / triple rinse” dated On 16/08/2017, conducted by Asst. Manager.</p> <p>Pinang Estate has planned and conducted trainings for its workers. Records are maintained for training provided for each worker. Verified record of training for worker name, Lorina Hatab (Training attended: 2), Samad Sakka (Training attended: 4), Rosmawati Ali (Training attended: 2 Candra Halim (Harvester) for 2017. Sampled Safety aspect in chemical handling training (4/01/17), Spraying technique training (10/08/2017), and RSPO training (2/10/2017). Both estate maintain and monitor training record and review annually.</p>

Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
Criterion by Audit	Summary	Environmental Impact Assessment has been carried out by the mill and estates. A comprehensive identification of all waste has been recorded and disposal of scheduled waste has been carried out by an approved and registered collector. Sources of GHG emission been identified and reduction plan is in place.
ASA4	5.1	<p>KLK has established the first EIA SOP in 01/07/2008. The company has re-established the Environmental Impact Assessment procedure to “EA &amp; IA for Mill 2 POM” - SOP#10.0 dated 4/12/2015. The mill &amp; estate has established an EIA which includes the identification of major activity, waste generated, aspect &amp; impact identifications, existing control measures, risk assessment and management control plan which consists of management action plan, person responsible, target completion and status of implementations. It covered key areas such as building new roads, processing mills or other infrastructure, putting in drainage or irrigation systems, replanting and/or expansion of planting areas, management of mill effluents, clearing of remaining natural vegetation and management of pests and diseases palms by controlled burning. The risk rating value (frequency value) for year 2015 included very rare, rare, possible, likely, and very likely. While for impact value included Insignificant, Minor, Moderate, Major, Catastrophic.</p> <p>The Pinang POM has established the environmental improvement plan last updated in 1.19.17. The objectives of the plan were to further reduce BOD level in POM, to increase environmental awareness of PIPOM workers and staff and to increase the efficiency of non-renewable energy use.</p> <p>The Pinang &amp; Jatika Estate also conducted identification of major activity which leads to positive impact. The major activity which identified as leads to positive impact is the empty chemical containers store for storage facilities process.</p> <p>The major activity in Pinang POM which leads to the highest rating (12 medium risk) was the steam generation using water tube boiler. The existing control implemented was by monitoring the soot blower every 4 hours as to ensure the generation of noise to be reduced. In additional the mill provide the employees with ear muff and ear plug as stated in the individual PPE issuance and maintenance record 2017 of En. Mohd Faizan the fireman (boiler). Sighted The issuance date of PPE 2/1/17, 3/8/17, and 2/9/17.</p> <p>The management action plan for the activity was to conduct a training on pollution awareness. Sighted a record on noise training record conducted by manager En. Mohd Zaki B. Jamaludin on 21.8.17. The training was attended by 88 employees. Sighted photos, training module and evaluation of the training.</p> <p>Example: En, Faizan B. M. Nasir has undergone several trainings according the training needs analysis which were safety on boiler emergency shutdown 29.11.17, Policy awareness training – 25.1.17 sighted the environmental policy signed by Mr. Eyu Teong Po the KLK Regional Director. The policy translated the commitment of the KLK in ensuring the environment is clean, safe and at good state. According to the policy the conservation activity are the responsibility of each individual in the</p>



	<p>company. Sighted the evaluation form of En. Mohd Faizan after completing the training of noise pollution training on 21.8.17. He was getting 60 out of 100 and passed the evaluation. No need to be retrained.</p> <p>The EIA for Pinang Estate was prepared by En. Maslan bin Muin the Assistant Manager on 26.1.17. The highest rating 12 (medium) major activity was disposal of rubbish and waste water under the process of disposal of domestic water. The waste were generated from the major activity were the non-bio degradable waste, organic waste and line site wastewater. Based on the table, identified aspect was the waste water which it leads to the water pollution. The estate initiated to establish water sumps for the existing control. The EIA was Approved by Mr Sabaruding Utoh the Estate Manager.</p> <p>Pinang Estate also has conducted the training by En Maslan b. Muin on awareness pollution/recycle training on 2.5.17 attended by 202 employees. Oral evaluation/assessment was conducted after finishing the training. The estate provided a training module which consists of information on recycling method. Sighted the sales receipt of can, old newspaper and glass at the cost of RM17.50 on 16.9.17 by En. Adzlizan bin Laabo.</p> <p>For major activity of spraying, the estate managed to revise the spraying round from 4 a year to twice a year. This was due to the usage of premergence herbicide alion. As being sighted in spraying programme 2017/2018- circle &amp; spot for PM 08B.</p> <p>The EIA for Jatika Estate was prepared on 16.1.17 and approved by Mr. Mohan. One of the major activity sighted was spraying (rating 6 medium) and it was generated by empty pesticide container and empty fertilizer bag. The identified aspect was GHG which basically leads to global warming. The estate practices reduction of spraying round by using a lost lasting chemical which is alion (Active Ingredient Al indazflam), a pre-emergence pesticide. Sighted also the weeding round book of Jatika Estate titled interval round spray home division for December 17 weeding interval for 93A at 247 days and 99A at 133days spraying interval. The monitoring was carried out based on site verification of the palm circle condition during supervision. The record was prepared by En. Jaklin Lakung.</p> <p>The company has established an SOP 7 Maintenance of soil fertility at optimum level of production dated 1.6.17 line 9 stated; existing hilly forest areas with slope greater than 25 degrees are left untouched. The waste generated from the manuring activity was the EFB. The rating was 6 medium. Sighted the EFB application on 21.9.17 at 3.35mt and to date 603.86mt in the summary of EFB. DDC &amp; belt press application record for 1999A.</p> <p>Sighted Jatika Estate fertilizer bag record as the monitoring measure to monitor the usage of fertilizer bag. As to date the estate has stored 46954 empty bags and on 15.12.17 150 empty bags were received and stored. The estate utilized the bags for loose fruit collection and soil bunding.</p>
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		<p>The estate has conducted weekly inspection of the vehicle and machinery in order to monitor and as preventive against the emissions of GHG. Sighted the vehicle inspection checklist of lorry plat no. ST 9512N Hino operated by En. Idris. It was remarked with the battery water need to be refilled. The driver thumbprint was sighted. The checklist consist of, engine oil inspection, water level in the radiator tank, hub leakage in front of drive shaft, clutch, grease pump and etc.</p>
ASA4	5.2	<p>HCV assessments for both estates were conducted based on SOP 11.0 – High Conservation Value (HCV) &amp; Conservation Area Management. The HCV assessment for Jatika Estate and Pinang Estate was conducted on December 2016 by Mr. Thien Jing Wen from the KLK sustainability department. There is no HCV 1 to 6 identified in both the estates. The assessment done by using HCV Tool Kit by WWF Malaysia.</p> <p>The HCV assessment was performed in consultation with the relevant stakeholders. Sighted the interview inputs in the report. As an example, the interview conducted with the worker, En Sukri Pudding. He has been in the estate for nearly 30 years and currently hold a post of bunch counter. He was aware of the management control on area of riparian zone such as, erection of signboard, prohibition of spraying and manuring activities, and demarcation of red and white paint along the riparian zone and planting of jungle tree (flame of the forest, Dedap, Bintagor &amp; Gmelina Arborea).</p> <p>The biological record such as water sampling, was a part of the assessment. For HCV 4 the estate conducted water sampling at the identified points. Sighted upstream water sampling point 1 result of various parameter such as, pH=6.4, BOD=2, COD=23, SS=7, AN&lt;1, DO=71.3 and WQI=88 on 8.4.17 and remarked clean. The record were sighted in certificate of analysis approved by Mr. Then Jing Wen dated 14.4.17. Sighted the existence of the stream and riparian zone in the mill and estate map.</p> <p>Both estates monitor and identified conservation area periodically. The management plan includes Erect warning signage’s such as “No Hunting”, “No Tress Passing”, “No Poaching”, Trenching constructed around the estate and Patrolling by estate management. During the site visit noted that these has been implemented. Records of monitoring results are recoded in “Riparian Zone / HCV / Conservation Area Checklist”. Last monitoring was done on 02/01/2016 by each Estate Manager.</p> <p>As to ensure the workforce were regularly educated of the HCV and RTE status, the mill and estate has established 2 years training program which inclusive training on HCV and RTE awareness. Furthermore the information was conveyed through morning muster briefing daily. Briefing on riparian zone, HCV and IPM was conducted on 2.12.17 and attended by 198 employees. The module being used was the Introductory to HCV concept by Wild Asia. It was conducted once a year.</p> <p>The mill and estate has listed Sabah Biodiversity Enactment 2000 to deal with application of access license if anyone is attending to obtain access to biological resources and penalty for any illegal activities. This enactment is under governance of Sabah Biodiversity Council.</p>
ASA4	5.3	<p>Mill and estates have identified wastes generated from its operations in their respective waste management plan. The mill has identified and documented 36 types of waste that generated from its operation in a waste</p>

		<p>management plan titled “Identification of all waste products and operational plan to reduce pollution”. The plan has also identified source of pollution, mitigation measures, target, person responsible, and status. For example Spent Lubricant (SW305) from vehicle and machinery are disposed by DOE approved Contractor and person in charge for the implementation is Asst. Mill Manager Mr Husain Kasim on 18.11.2017. Wastes identified in the plan includes spent lubricant oil, spent oil filter, spent batteries, used cotton rags, palm oil effluent, black smoke, dust, etc.</p> <p>Pinang Estate sent all chemical container to Pinang POM for disposal as per inventory record on 14.12.2017 (GDR 7-737). Jatika estate monitor the transaction of the schedule waste through UPPCR collection form states the quantity of 65 unit’s storm containers. The form was signed by the manager.</p> <p>The mill and estates have established the environmental aspect &amp; impact assessment respectively. One of the identified aspect was the GHG from the mill process waste. This pollution was due to the poor management of effluent pond as being described in the source of pollution. The mill has conducted the installation of paddle pump to stir the effluent surface and increasing the oxygen permeability to lower down the procedure. The ongoing process comprises of the installation of several ponds in the mill. As to date 2 ponds has being equipped the aerators which were aerobic 1 and aerobic 2. There were different result after the installation. The COD was decreased from 2713 mg/l to 2218 mg/l as being recorded in the effluent test report dated 16.10.17 approved by Mr. Thien Jing Wen. According to the interview with the mill personnel, the significant difference will come down to 500 mg/l.</p> <p>The waste products were monitored by quantity and parameters monitoring. Sighted fiber and shell monitored in Fiber &amp; shell estimation table, list of spent lubricating oil, filters, batteries in the in inventory on schedule waste Pinang POM and EFB, POME and decanter cake in the palm mill waste product list were recorded. As at Nov 17 the POME was recorded at the quantity of 8856m3, decanter cake 504.26mt, EFB 4435.08mt, fiber 1667mt and shell 3148.92mt.</p>																																																
ASA4	5.4	<p>The mill &amp; estate monitors diesel usage for its activities. Diesel is mainly used for genset and tractor operation. Following is the diesel record sighted for year 2017 for the estate based on litter/ Mt FFB.</p> <table border="1" data-bbox="627 1503 1201 1944"> <thead> <tr> <th>Month</th> <th>Diesel (Litre)</th> <th>FFB (Mt)</th> <th>Litre / FFB Mt</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>50436</td> <td>12333.55</td> <td>4.09</td> </tr> <tr> <td>Feb</td> <td>37497</td> <td>15946.03</td> <td>2.35</td> </tr> <tr> <td>Mar</td> <td>31641</td> <td>24009.19</td> <td>1.32</td> </tr> <tr> <td>Apr</td> <td>38477</td> <td>20084.18</td> <td>1.92</td> </tr> <tr> <td>May</td> <td>37507</td> <td>17418.63</td> <td>2.15</td> </tr> <tr> <td>Jun</td> <td>26633</td> <td>16510.2</td> <td>1.61</td> </tr> <tr> <td>July</td> <td>34812</td> <td>15662.41</td> <td>2.22</td> </tr> <tr> <td>Aug</td> <td>34241</td> <td>15700.96</td> <td>2.18</td> </tr> <tr> <td>Sep</td> <td>31879</td> <td>15821.42</td> <td>2.01</td> </tr> <tr> <td>Okt</td> <td>41950</td> <td>16269.19</td> <td>2.58</td> </tr> <tr> <td>Nov</td> <td>32479</td> <td>18523.06</td> <td>1.75</td> </tr> </tbody> </table>	Month	Diesel (Litre)	FFB (Mt)	Litre / FFB Mt	Jan	50436	12333.55	4.09	Feb	37497	15946.03	2.35	Mar	31641	24009.19	1.32	Apr	38477	20084.18	1.92	May	37507	17418.63	2.15	Jun	26633	16510.2	1.61	July	34812	15662.41	2.22	Aug	34241	15700.96	2.18	Sep	31879	15821.42	2.01	Okt	41950	16269.19	2.58	Nov	32479	18523.06	1.75
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ASA4	5.5	<p>The company has established “zero burning” policy dated 01/12/2014 signed by company’s CEO, Mr Tan Sri Dato’ Seri Lee Oi Hian. There is no evidence of fire been used sighted during field visits to estates. The implementation of pulverizing after 45 days of felling and chipping is the effort of the estate to imply zero burning policy at replanting. It was sighted in policy no. GP/agri/op7 replanting -3 issued in 15 July 2005</p>																																																																																				
ASA4	5.6	<p>Refer Appendix 2 for Summary of GHG Emissions</p> <p>The EIA for Pinang POM, Pinang and Jatika Estate assessed all polluting activities such as gaseous emissions, particulate/soot emissions and effluent.</p> <p>Sighted the aspect of smoke emission of GHG from diesel engine which can effect to global warming. The estate conducted an inspection to detect the faulty of the machine as being stated in EIA conducted 16.1.17. As a control management plan, an ongoing preventive maintenance is to be carried out as to ensure the optimal level of low smoke production. Mill’s effluent treatment by ponding system with 5 anaerobic ponds, 2 aerobic pons and 2 cooling ponds and then belt pressed. Final discharge sent to own estates by piping and furrow system by gravity.</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Biomass Pollutants</th> <th>Control measure</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>POME</td> <td>-effluent pond checklist -provide enough retention time -Belt press operation</td> </tr> </tbody> </table>	No.	Biomass Pollutants	Control measure	1	POME	-effluent pond checklist -provide enough retention time -Belt press operation																																																																														
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		2	Biogas	-Provides spill kits & SOP													
		3	Boiler soot	-Stack monitoring program -Continues monitoring emission system -Training on boiler operation													
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		6	flume gas Particulate	Provides spill kits & SOP													
		7	wet shell	Maintenance of winnowing & LTDS trunking													
		8	Fiber	Maintenance of winnowing & fiber cyclone													
		9	Scrap iron	SOPO													
		10	Used lubricant	Bund & oil trap													
		11	old battery	Periodic vehicle maintenance													
		12	old tires	SOP													
		13	Hazardous chemical containers	-Provides spill kits & SOP -PPE													
<p>POME discharges are monitored on monthly basis. (Refer to Monitoring of POME application was done by Lab Assistant. Seen the Effluent Treatment Plant System Map 12-09-2015 DRG NO: KLK/PPM/EFF/01.</p> <p>As sighted in the Pinang Mill EIA report for FFB crop reception, power generation, oil palm product storage &amp; dispatching process, mill water &amp; waste treatment, harvesting &amp; upkeep and general upkeep process;</p> <table border="1" data-bbox="619 1442 1401 1877"> <thead> <tr> <th>Aspect identified</th> <th>Major Activity in mill</th> </tr> </thead> <tbody> <tr> <td rowspan="10">Emission of GHG from diesel engine</td> <td>Weighing in MBS lorry</td> </tr> <tr> <td>Loading &amp; Unloading of FFB into ramp</td> </tr> <tr> <td>Shovelling in graded FFB</td> </tr> <tr> <td>Generating electricity using steam turbine and diesel generator</td> </tr> <tr> <td>Transportation of CPO to refinery</td> </tr> <tr> <td>Storage of kernel</td> </tr> <tr> <td>Transporting kernel to kernel crushing plant.</td> </tr> <tr> <td>Pumping/recycling of effluent</td> </tr> <tr> <td>Effluent sampling</td> </tr> <tr> <td>Grass cutting at linesite, office, buffer zone and field</td> </tr> </tbody> </table> <p>Pinang &amp; Jatika Estate EIA report for oil palm replanting, immature palm upkeep, mature palm upkeep</p>					Aspect identified	Major Activity in mill	Emission of GHG from diesel engine	Weighing in MBS lorry	Loading & Unloading of FFB into ramp	Shovelling in graded FFB	Generating electricity using steam turbine and diesel generator	Transportation of CPO to refinery	Storage of kernel	Transporting kernel to kernel crushing plant.	Pumping/recycling of effluent	Effluent sampling	Grass cutting at linesite, office, buffer zone and field
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<b>Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers</b>																								
Criterion by Audit	Summary	The mill and estate have conducted the social impact assessment. The relevant policies are in place and are fully implemented across the board. Communication and consultation as well complaints and grievances procedure are well communicated and adhered to. There are evidences of workers not been discriminated against in any way and all are being paid their fair wages.																						
ASA4	6.1	<p>Mill and estate have conducted and updated their Social Impact Assessment for year 2017. Mill has conducted its SIA and stakeholders meeting on 09/10/2017 which was participated by 19 stakeholders. Jatika Estate conducted on 16/11/2017 during Construction of New Workers Quarters and Pinang Estate conducted “Ladang Pinang Minit Mesyuarat SIA, Penaiktarafan Lencongan Jalan Utama- Highway” dated 02/10/2017 which attend by 22 stakeholder.</p> <p>Mill and both estate distributed questionnaires to all stakeholder, for mill there are 38 correspondence has been assessed while both estate have 55 correspondence. 30 Social impact assessment – questionnaire for estate internal stakeholder ‘Penilaian Impak Sosial Terhadap Pembinaan Rumah Pekerja Baru’ dated 16/11/2017, 9 Social impact assessment – questionnaire for estate internal stakeholder ‘Penilaian Impak Sosial Terhadap Penaiktarafan Stor Am Masjid’ dated 25/02/2017 and 16 questionnaires were distributed among internal stakeholder. ‘Soalan Penilaian Bagi Impak Sosial bagi Pelaksanaan Penaiktarafan Lencongan Jalan Utama- Highway’ dated 02/10/2017 are available in place.</p>																						

		<p>Mill establish management plan “In-House Social Impact Assessment” shown 2 negative impacts and 3 positive impacts where management plan included description, impact, mitigation measures, PIC and status prepared 14/10/2017. There are 3 positive impacts and none negative impact were identified in SIA for Pinang estate. To promote this impacts, management plan for SIA is outlined and stated in In-House Social Impact Assessment ‘Meningkatkan Tahap Keselamatan dan Keselesaan Pengguna Jalan’ prepared by Mr. Maslan (Asst. Manager) dated 02/10/2017.</p>
ASA4	6.2	<p>The company establish SOP 1.0 Stakeholder Engagement/ Negotiation Issue/Rev 1/0 dated 01/06/2015 as the consultation and communication procedures to relevant stakeholders. SOP has outlined the request &amp; response, consultation &amp; communication and complaint &amp; grievance mechanism in order to handle issues highlighted by stakeholders.</p> <p>Each operating unit officially nominated responsible person in charge for handling social issue. Mr. Husain Kassim is nominated for mill on 8/8/2017, for Jatika Estate, Mr. Mohan on 8/8/2017 and Pinang estate appoint Estate manager Mr. Sabaruding as in charge of setting stakeholders issue as per stated in ‘Pelantikan Sebagai Orang Bertanggungjawab Untuk Prosedur Komunikasi Dan Konsultasi Dengan Stakeholder Terbabit’.</p> <p>Stakeholder logbook is available in place recorded stakeholder’s request. 17 consultation &amp; communication, 4 request &amp; response and 10 complaint &amp; grievance has been made to date. All response have been taken prompt action by management. Stakeholder consultation for mill was last conducted on 27/11/2017 attended by 11 participants, there are 110 stakeholders identified by mill as verified stakeholder list dated 20/11/2017. Jatika estate held their stakeholder consultation last conducted on 20/09/2017 where 22 participants had attended as meeting minutes, ‘Minit Mesyuarat Stakeholder 2017’ while Pinang Estate update stakeholder list on 1/10/2017 and conduct stakeholder consultation meeting on 7/4/2017 attend by 12 stakeholders.</p>
ASA4	6.3	<p>SOP 1.0 Stakeholders Engagement/Negotiation Issue/Rev 1/0 has been established dated 01/06/2015. The SOP has been developed in order to deal with complaints and grievances for affected parties.</p> <p>SOP outlined the method of handling requests, complaints and grievances, identified and registered all stakeholders, record of request and response, resolving consultation, resolving communication and complaint and grievance.</p> <p>For the purpose of private and confidentiality, protection of whistle blower is stated in KLK Sustainability Policy Issue/Rev. 1/0 approved by Tan Sri Dato’ Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 Clause 3.2 (xii) where the group shall provide a confidential means for all personnel to report illicit (unethical or illegal) activities.</p>
ASA4	6.4	<p>The communities consist of different clans and are the ingenious people. The company has established Land acquisition (for OP planting) SOP 3A issue/rev 1/0 dated 01/01/2017 outlined the procedure for identifying</p>

		legal, customary or user rights. This is endorsed for claiming on land ownership and consideration of compensation.
ASA4	6.5	<p>The management signs contract with workers in regards to employment conditions. Sighted contracts and interviewed workers on the employment terms. Workers' salaries are in compliance with minimum wage requirement. (Minimum wage policy follows Federal Government Gazette P.U. (A) 214 states RM 920 for Sabah). Sample for mill workers, Halpin Tupasan (Workshop), November 2017, 26 working days x RM 35.385: RM 920.01.</p> <p>Workers are provided with adequate housing, water &amp; electrical supply, medical facilities, educational and welfare amenities above the minimum national standards, where no such public facilities are available or accessible. 68 house units is available in housing complex and occupied by mill's workers. The inspection of housing complex is done by Suwedi (head village) and recheck by mill assistant. Last monitoring was done on 30/11/2017. Sighted Pinang Palm Oil Mill "Jadual Pemeriksaan Kawasan Perumahan 2017". 168 house units is provided by the estate where monitoring of rubbish collection, cleanliness, open burning, drains, septic tanks and sanitary landfill is checked.</p> <p>Water source is from water catchment which then being treated with soda ash, alum, polymer and chlorine before being supplied to housing complex. Certificate of analysis report no.: R17/7/162 shown result of negative e-coli for water sampling with chlorine. Certificate of analysis report no.: R17/10/170 shown result of negative e-coli for water sampling with chlorine. Certificate of analysis report no.: R17/11/65 shown result for water sampling treated water: pH: 7.6 standard: 6.5-9.0 E-coli: negative Turbidity: 1.5 NTU, standard: 5 Chlorine: 11 mg/l, standard: 250 Aluminium: &lt;0.1 mg/L, standard: 0.2 Electrical source is generated from genset and turbine and subsidized for 20 kw/hr.</p> <p>Grocery shop nearby housing complex is accessible to buy food and other house facilities. Kunak, Semporna or Tawau town are accessible with public transportation and their own transport.</p>
ASA4	6.6	<p>The company has established policy entitled 'KLK Sustainability Policy' approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 which under clause 3.2 (v) indicates Freedom of Association and Right to Collective Bargaining where workers are allowed to join collective association.</p> <p>Local or foreign workers are given the freedom which it is an optional for them to join worker union formed in mill or estate. Thus, their freedom are not restrict by mill or estate management.</p>



ASA4	6.7	<p>Stated in 'KLK Sustainability Policy approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 clause (3.2) (ii) 'No Child Labour' where company outlined the commitment to comply with national law in regards to minimum age requirement. The youngest worker employed at mill and estate operation is within allowable age as per national law requirement.</p>
ASA4	6.8	<p>The company has established 'KLK Sustainability Policy approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 Clause 3.2(ix)-Equal Employment Opportunities' described company's policy with regards to equal opportunities and no discrimination practice among employed worker. Local employees are given 1<sup>st</sup> priority for employment (Positive).</p> <p>Notice interview for job vacancy showing the equal opportunities offered last done on 15/04/2016 and displayed at mill's gate. In recruitment process, workers will be selected based on KLK Sustainability Policy SOP 14: Employment of Workers/Staffs dated 01/06/2015. Sighted 'Borang Temuduga Pekerja' fill up by Pirdaus Pide (28/04/2017) and Padyly Abdullah (13/11/2017). FOMEMA test will be done to foreign workers prior their work. The medical fitness test can be seen in GROWARISAN Sdn. Bhd. where health status is shown. Sampled worker, Sabriani Abdullah undergone FOMEMA test on 16/03/2017 shown she is fit to work.</p> <p>Verified through interview with gender committee chairwomen, they are treated equally regardless their origin and gender. Opportunities are given to all level of workforce without being discriminated.</p>
ASA4	6.9	<p>Company establish of KLK Sustainability Policy issue/rev 1/0 dated 01/06/2015 approved by KLK CEO Tan Sri Dato' Seri Lee Oi Hian dated 01/12/2014 clause 3.2 (xi) Harassment and violence stated the group and its supplier/contractor shall not tolerate any type of harassment or violence. The gender committee is formed in mill and estate management. Sighted organization chart display and brief to all level of employees and there is representative for each operating unit.</p> <p>For mill, the committee chaired by Hayatih Sinar and Gender committee meeting on 09/12/2017, as sighted Mesyuarat Gender Committee 2017 (4<sup>th</sup> Meeting). No pending issues identified. Gender meeting conducted 4 times annually. Policy is publicly displayed at general hall and office no case of sexual harassment happen. Gender committee had conducted activities such as:</p> <ul style="list-style-type: none"> <li>• Maulidur Rasul Event, Kg. Sri Bayu PIPOM dated 01/12/2017</li> <li>• Visit at housing complex dated 25/11/2017</li> <li>• Annual Mill Feast dated 11/09/2017</li> <li>• Health Day Campaign dated 13/08/2017</li> <li>• Cooking competition dated 18/06/2017</li> <li>• Women Futsal Tournament</li> </ul>
ASA4	6.10	<p>The mill is an IP complex. FFB received only from internal and own qualified supply bases. There is contract agreement is available and maintained in mill as sighted for Sabah Steel Engineering Works, contractor's agreement</p>



		<p>03/06/2016 and Tank Rental Agreement March 2017-February 2018 between Felda bulkers Sdn. Bhd. and KL-Kepong (Sabah) Sdn. Bhd. contract no.: FBSB/LTERM/KLK/Y2017.</p> <p>Company will issued the payment once the designated work already carried out. Sighted payment record done to respective business as Sabah Steel Engineering Works invoice: 10145 dated 12/09/2017 by mill, for estate, Jatika estate have made payment to Yuletek Engineering S/B based on Tax Invoice No.: 1709-032 dated 26/09/2017. Payment evidence in Payment Checklist For Buildings dated 04/11/2017.</p>
ASA4	6.11	<p>Corporate social responsibility is carried out by management as contributions to local development. This is done based on budget allocated as verified in (CSR) Capturing of Performance and Expenditure (Social FY 2016/17) for Humana School, kindergarten, creche expenses, maternity allowance and head village's allowance.</p> <p>Several occasions are also held for the workers such as:</p> <ul style="list-style-type: none"> <li>• Maulidur Rasul Celebration dated 10/12/2017</li> <li>• Cross Country Event</li> <li>• 'Sepak Takraw' Mini Tournament</li> </ul>
ASA4	6.12	<p>The company strictly prohibit the use of any form of forced or traffic labour in employment of workers or staff. This is stated in KLK Sustainability Policy SOP 14: Employment of Workers/Staffs dated 01/06/2015. SOP 14 clearly outlined the restriction to practice force or trafficked labour.</p> <p>Legal foreign employees are coming from Indonesian and Philippines. Foreign workers are having legal identification such as valid permit and passport and have legality to work in mill and estate operational activity. Passport is kept by the employees themselves in safety boxes located at their own houses.</p> <p>Induction training is done on their first day. Sighted 'Training Material Untuk Pekerja Baru' gave briefing for company's policy, 3P, RSPO principles, minimum wages, deduction, entitled leave, amenities etc. induction was done to Pady Abdullah dated 02/12/2017 as sighted 'Rekod Latihan/Kursus Tahunan Pekerja' in KL-Kepong</p>
ASA4	6.13	<p>There is stated in company policy to respect human right in KLK Sustainability Policy Issue/Rev 1/0 dated 01/06/2015, Drive Positive Socio-Economic Impact For People And Communities, stated KLK respect, support and uphold fundamental human rights.</p> <p>Mill conduct training on 25/1/2017 and policy training for both estate conduct for workers and staff done on 19/10/2017 given by Salihati Gala to 20 workers. Briefing of sustainability policy last conducted on 02/10/2017 by Mr. Maslan (Asst. Manager) to 197 workers. Corporate quality policy, corporate environment policy, corporate OSH policy, ISCC policy, MSPO policy and KLK sustainability policy are briefed during the training. The policy has been communicated to all levels of employees.</p>

<b>Principle 7: Responsible Development of New Plantings</b>		
Criterion by Audit	Summary	There were no new plantings carried out.
<b>Principle 8: Commitment to Continuous Improvement in Key Areas of Activity</b>		
Criterion by Audit	Summary	Sighted continuous monitoring, review of activities and development are implemented along with action plans that allow demonstrable continual improvement in key operations such as in minimizing use of certain pesticides, environmental impacts, maximizing recycling and minimizing waste or by-products generation, pollution prevention plans
ASA4	8.1	<p>Mill and estates have established Continuous Improvement Plan for year 2017 as per SOP 16, Appendix 1 Issue/Rev: 1/0 dated 01/06/2015. Sighted mill's continuous improvement plan prepared by mill management. There are topics discussed for social, environment and 4 CIP topics for OSH activity. All the CIP topics in 2017 has been successfully implemented with the historical photos of the improvement area for before and after. Sample of continues improvement plan:</p> <ol style="list-style-type: none"> <li>1. To install additional mixer at effluent pond for better solid production for belt press and enhancing homogenous mixture at pond.</li> <li>2. To recycle mineral bottles by using it at irrigation project in estate field.</li> <li>3. To reduce dust pollution of CaCO<sub>3</sub> by using conveyor and a mini hopper to dose.</li> <li>4. Mosquito fogging in workers' linesite</li> <li>5. To repair leakage and upgrade Humana School Roofing</li> <li>6. Upgrading landscape inside mill compound.</li> </ol> <p>Jatika estate and Pinang estate also establish and monitor Continuous Improvement Plan for year 2017 on 05.01.2017. Plan for both estate are to maximizing recycling and minimize waste, planting of jungle trees along riparian reserves, planting of beneficial plants to increase the planting density, thus improving the IPM implementation, to have fogging and pest spraying for malaria prevention and to conduct OSH training as per requirement.</p>

#### 4.3 Non-conformity Raised During this Audit and Any from the Previous Year, if applicable

This section gives an over view of new or revised non-conformities raised during this audit and of action taken to close out non-conformities raised during the previous audits, if applicable

- If a minor-non-conformity raised at the last audit, is not closed out, then this will be raised to Major status and the company given 60 days to close this out.
- The NC number is comprised of 2 parts to include the year in which the NC was raised as well as a sequential number.

##### 4.3.1 Non-Conformities Identified during this Audit

Non-were raised during this audit.

##### 4.3.2 Non-Conformity Identified during the last ASA, not applicable for MA

Non-were raised during the last audit.

##### 4.3.3 Observations Raised During this Audit

Non-were raised during this audit.

#### 4.4 Issues that were raised during the Stakeholder Consultation, if any

Stakeholders that are likely to have information relevant for the evaluation was identified during the evaluation planning process.

- For Main and Re-Assessments, a 30 day Stakeholder consultation announcement is published on the RSPO website prior to the audit. The same announcement is circulated by the client and independently by the Control Union prior to the audit.
- For subsequent Annual Assessments, it is based on stakeholders reading the approved public summary reports available on the RSPO website, the client's procedures in receiving on-going feedback or if feedback was sent directly to Control Union prior to an audit or thorough RSPO complaints procedures .

Prior to and during all assessments (Main and annual), the audit team will seek to gather evidence about all relevant principles and criteria directly from stakeholders including statutory bodies, indigenous peoples, local communities (including displaced communities, if any), workers and workers' organizations [including migrant workers], smallholders, and local and national NGOs.

During each assessment the audit team will review the company's implemented procedures in receiving feedback and will execute field visits and interviews. Not limited to the following questions, any feedback received is reviewed and summarized in this summary report for either Part 2 – Partial Certification or Part 4 – Assessment Findings above or noted below, if applicable:

1. Do you have any remarks on the RSPO standard?
2. What is your relation with the applicant?
3. Are there any plantation or mill management practices that affect you?
4. Do you consider any management is in conflict with the RSPO principles and criteria?
5. Do you have any suggestions for management?
6. Are you aware of any HCV in the plantations or in adjacent land?
7. Are you aware of any endangered or rare species?
8. Are there any adverse (or positive) effects on local communities?
9. Additional comments?
11. Do you have any comments about the assessment team and would you like to meet with them?
12. Do you have any comments for the client's management of any other plantations?

RSPO Principle	Stakeholder comment	CUC response [In case this has resulted in an NC, make reference to the NC number]
<b>1 – Commitment to transparency</b> <b>2 - Compliance with applicable laws and regulations</b> <b>3 - Commitment to long-term economic and financial viability</b> <b>4 - Use of appropriate best practices by growers and millers</b> <b>5 - Environmental responsibility and conservation of natural resources and biodiversity</b>	This stakeholder comments are including all 8 main principles complied with RSPO Principles & Criteria. Below are the cited responses gained during consultation: <ul style="list-style-type: none"> <li>• Adequate housing facilities are provided with good sanitation condition</li> <li>• Housing are also provided with free water supply and subsidized electrical supply</li> <li>• Workers' children are provided with school bus transportation</li> <li>• Good business engagement with long time contractors and suppliers</li> </ul>	All are positive findings

<b>6 – Responsible consideration of employees, and of individuals and communities affected by growers and mills</b>	<ul style="list-style-type: none"> <li>Complaint from workers are resolved with prompt action</li> <li>Upgrading and maintenance of facilities is done at mosque, HUMANA etc.</li> <li>Smallholders are granted with road access</li> <li>Stakeholders involvement and invitation during consultation is done frequently.</li> </ul>	
<b>7 - Responsible development of new plantings</b>		
<b>8 - Commitment to continuous improvement in key areas of activities</b>		

#### PART 5: RSPO SUPPLY CHAIN CERTIFICATION

The palm mill mentioned in the scope of the audit was audited against the requirements of the following: RSPO Supply Chain Certification Systems. November 2014  
RSPO Supply Chain Certification Standard. November 2014

#### 5.1 POM Included In The Scope Of The Audit

Name Palm Oil Mill	Mill Capacity	Location	Supply Chain Model
(POM)	MT/Hour	Address	(IP or MB)
Pinang POM	45	Mile 45, Tawau - Semporna Highway, Tawau, Sabah	IP

#### 5.2 Confirmation Of The Company's Summary Of Annual Certified Volume Of RSPO Certified Palm Oil And Palm Kernel Over A Specified Period

Product CU Code	CPO (MT)	PK (MT)	Specified 12 month period
POM 1	45,814.46	6,477.07	Actual volumes between December 2016 to November 2017.

#### 5.3 Summary Report Including A Brief Description Of The Scope Of Certification

A full RSPO SCCS certification audit was used during this annual assessment and the findings support the certification based on supply chain model listed above.

#### 5.4 Monthly Records of Certified and Uncertified FFB Received Since the Last Audit In case of Main Assessment, it shall be the last 12 month figure.

Figure are actual FFB production on monthly basis

No	MONTH-YEAR	Certified Supply Bases (MT)	Uncertified Supply Bases (MT), if any	Total (MT)
1	Dec 2016	11,295.82	-	11,295.82
2	Jan 2017	12,333.55	-	12,333.55
3	Feb 2017	15,946.03	-	15,946.03
4	Mar 2017	24,009.19	-	24,009.19
5	Apr 2017	20,084.18	-	20,084.18
6	May 2017	17,418.63	-	17,418.63
7	June 2017	16,510.20	-	16,510.20
8	July 2017	15,662.41	-	15,662.41
9	Aug 2017	15,700.96	-	15,700.96
10	Sept 2017	15,821.42	-	15,821.42
11	Oct 2017	15,699.97	-	15,699.97
12	Nov 2017	18,523.06	-	18,523.06
	<b>TOTAL</b>	199,005.42	-	199,005.42

**5.5 Monthly Records of Certified CPO and PK Since the Last Audit**  
In case of Main Assessment, it shall be the last 12 month figure.

Figure are actual CPO and PK production on monthly basis

No	MONTH-YEAR	Certified CPO (MT)	Certified PK (MT)
1	Dec 2016	2,573.427	341.670
2	Jan 2017	2,736.810	372.070
3	Feb 2017	3,613.156	480.430
4	Mar 2017	5,585.050	728.040
5	Apr 2017	4,444.787	657.280
6	May 2017	3,960.923	554.940
7	June 2017	3,799.200	546.050
8	July 2017	3,641.630	528.650
9	Aug 2017	3,704.125	538.130
10	Sept 2017	3,702.212	532.790
11	Oct 2017	3,798.098	556.15
12	Nov 2017	4,255.038	640.87
	<b>TOTAL</b>	<b>45,814.46</b>	<b>6,477.07</b>

**5.6 Records of Certified CPO & PK Sold under GreenPlam to Buyers since the Last Audit, if Any**  
In case of Main Assessment, it shall be the last 12 month figure.

Figure are actual Certified CPO & PK Sold under GreenPlam to Buyers on monthly basis

No	Buyers Name	GreenPalm Trading No	Certified CPO (MT) Sold	Certified PK (MT) Sold
1	N/A			

**5.7 Records of Certified CPO & PK Sold under UTZ eTrace to Buyers since the Last Audit, if Any**  
In case of Main Assessment, it shall be the last 12 month figure.

If this is an Annual Surveillance Assessment, the figures used are since the last audit.  
The transactions were sighted from the clients registered UTZ eTrace Account.

No	Buyers Name	UTZ eTrace Trading No	Certified CPO (MT) Sold	Certified PK (MT) Sold
1	Astra-KLK Pte.Ltd. 00515	TR-ddoed9co-852F	1,000	
2	Astra-KLK Pte.Ltd. 00516	TR-e52e49c5-od26	1,000	
3	KLK EMMERICH GmbH 00532	TR-2B59o2d9-2204	500	
4	KLK EMMERICH GmbH 00533	TR-4b103710-4F8d	500	
5	Louis Dreyfus Company Asia Pte.Ltd 00557	TR-f5b3f1df-ffRH	500	
6	KLK EMMERICH GmbH 00623	TR-f5f5fd4d-a8dc	500	
7	Louis Dreyfus Company Asia Pte.Ltd 00638	TR-1896b324-1414	500	
8	KLK EMMERICH GmbH 00623-5A	TR-f5f5fd4d-a9dc	157	
9	KLK EMMERICH GmbH 00624	TR-f9807808-bc6b	500	
10	KLKPO 00542	TR-cfdf701f-1487	500	
11	KLKPO 00543	TR-d76903ge-b787	500	
12	KLKPO 00544	TR-F026b464-5849	300	
13	KLKPO 00611	TR-b3261b38-eclf	500	
14	KLKPO 00612	TR-P5b6eFbe-3804	500	
15	KLKPO 00613	TR-a486cfe3-d05d	500	
16	KLKPO 00614	TR-aedc948b-70a5	200	
17	KLKPO 00640	TR-51c619ea-9c85	500	
18	KLKPO 00641	TR-578999be-c053	500	
19	KLKPO 00664	TR-b63c49co-422b	500	
20	KLKPO 00665	TR-a61038fd-1502	500	

21	KLKPO 00712	TR-1838bdd5-ac37	1,000	
22	KLKPO 00721	TR-bc436296-1778	1,000	
23	KLKPO 00749	TR-44133166-e34d	500	
24	Louis Dreyfus Company Asia Pte.Ltd 00768/MB	TR-ff6a1a41-4b92	750	
25	Genting Musimmas/00774-S/CPO-MB	TR-207b99c9-30ce	500	
26	KLKPO KCP 00180	TR-66190da6-62d8		400
30	KLKPO KCP 00219	TR-1do74115-236b		300
31	KLKPO KCP 00228	TR-9de02dd5-6498		350
32	KLKPO KCP 00236	TR-7cbbe701-2917		450
33	KLKPO KCP 00254	TR-1cc77614-foeo		200
34	KLKPO KCP 00237	TR-524072b3-1ddb		350
35	KLKPO KCP 00259	TR-91297c29-9676		300
36	KLKPO KCP 00238	TR-126c53ce-1487		700
37	KLKPO KCP 00239	TR-eabe6e0-4897		650
38	KLKPO KCP 00269	TR-1e2dcc51-577c		550
39	KLKPO KCP 00276	TR-a41fd394-6f4e		450
40	KLKPO KCP 00292	TR-BF590136-B0C6		500
41	KLKPO KCP/00284-S/PK-IP	TR-18158cdd-21aa		250
42	KLKPO KCP/00285-S/PK-IP	TR-9cc9ae96-fd96		250
43	KLKPO KCP/00299-S/PK-IP	TR-f06205f8-4b10		200
44	KLKPO KCP/00303-S/PK-IP	TR-7e49d85a-0e53		300
45	KLKPO KCP/00312-S/PK-IP	TR-814cb857-e069		100
<b>Total</b>			13,907	6,300
CPO sold as other certified scheme (eg: ISCC)			22,546.56	

### 5.8 Non-Conformities Identified during this Audit

#### Timeline for compliance:

- All non-conformances observed during an audit shall be classified as 'major' since all requirements for Supply Chain certification have to be met before granting certification.
- For Main Assessments, all non-conformances shall be addressed satisfactorily by the operation before certification may be granted by the certification body. If non-conformances are not addressed within three (3) months of the audit, a full re-audit shall be required. The certification body shall assess the effectiveness of the corrective and/or preventive actions taken before closing out the non-conformances.
- For Annual Surveillance Assessments, non-conformances raised after the certification are serious (i.e. must be considered as a major) and the integrity of the RSPO Supply Chain Certification is at risk. A maximum of one month is to be given to the certified client to satisfactorily address the non-conformance. The certification body shall assess the effectiveness of the corrective and/or preventive actions taken. Should the nonconformance not be addressed within the one-month maximum timeframe, a suspension or withdrawal of the certificate and a full re-audit may be necessary.
- If no non-conformances are observed at an audit or when the corrective action plan has satisfactorily addressed raised non-conformance(s), the client shall be recommended for (re-) certification.

Non-were raised during this audit.

### 5.9 Description of the Organizational Management Systems

Including organizations, management and operational systems to ensure compliance with the RSPO Supply Chain Certification Systems and Standards as detailed above

It is the responsibility of the department heads to ensure that they and their subordinates comply with the requirements and procedures stated in SOP manual. It is their responsibility to maintain records that will allow verification of the RSPO status of the material. The MR is having the overall responsibility for and authority over the implementation of the requirements and compliance with all applicable requirements. He is having the full understanding and awareness of supply chain certification system and the facilities procedures for the implementation of the standard.

### 5.10 Final Certification decision by Control Union for the RSPO SCCS Audit of the POM

<b>Recommendations made:</b>	<b>Yes</b>
<b>Summary of non-compliances:</b>	<b>Nil.</b>
<b>Certification status of client:</b>	<p>The POM included in the scope of this audit demonstrated full compliance with the RSPO SCCS.</p> <p>With effect from the certification date given in the RSPOPC certificate, this POM mentioned in the scope of this report is considered to be certified in accordance with the RSPO SCCS.</p>

**PART 6: CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

**6.1 Date of next ASA**

The provisional date for the next ASA is: December 2018

**6.2 Date for Closure of Non-Conformities**

See sections above for details of NC's, if any

- All major NCs to be closed by: N/A as no major NC open
- All minor NCs to be closed by: N/A as no minor NC identified

**6.3 Signing by the Client**

I the undersigned, being the most senior relevant management representative of the operation seeking or holding certification, agree with the contents and audit findings as presented in this document .

I also confirm:

- Acceptance of liability in execution of the instructions given.
- That this company was made aware that the findings of the audit team are tentative; pending review and decision making by the duly designated representatives of Control Union Certifications.
- That during the closing meeting all agenda items was covered by the Lead Auditor.

**Acknowledged by:**

Name: Thien Jing Wen  
Position: Laboratory Manager  
Date: 28/02/2018



Signature

**6.4 Signing by the Lead Auditor**

I the undersigned, being the Lead Auditor, confirm that this report is an accurate record of the findings and of the closing meeting. I further confirm that the summary of the findings as presented in this report are a true representation of the actual findings of the audit team.

**Acknowledged by:**

Name: Mohd Farul B. Rosli  
Position: Lead Auditor  
Date: 19/01/2018



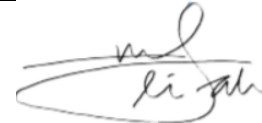
Signature

**6.5 Signing by the Certifier**

I the undersigned, being the Certifier, confirm that the information and conclusions included in this report have been prepared in good faith and that the certification decision has been based upon this information.

**Acknowledged by:**

Name: Nor Atiqah Bt. Saipul Bahri  
Position: Certifier  
Date: 01/03/2018



Signature





## Appendix 2: Summary of GHG Emissions

All data inputs and the use of RSPO PalmGHG Calculator (include the version number) have been verified with the final summary of the net GHG emissions (tCO<sub>2</sub>e/tCPO) figure in relation to C5.6

Calculation option applied for the reporting: Full Version / Apply November 2005 cut off for LUC / Exclude LUC Emission [Select as applicable]

All information and data below can be retrieved from the summary report generated through PalmGHG Calculator.

### Summary of Net GHG Emissions

Emissions per Product	tCO <sub>2</sub> e/tProduct
CPO	0.55
PK	0.55

Extraction	%
OER	23.42
KER	3.26

Production	t/yr
FFB processed	199005.42
CPO Produced	45814.46

Land use	ha
OP planted area	9192
OP planted on peat	0
Conservation (forested)	0
Conservation (non forested)	0
<b>Total</b>	<b>9192</b>

### Summary of Field Emissions and Sinks

	Own Crop		Group		3rd Party		Total	
	tCO <sub>2</sub> e	tCO <sub>2</sub> e /tFFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e /tFFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e /tFFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e /tFFB
<b>Emissions</b>								
Land Conversion	86387.38	0.47	0	0	0	0	86387.38	0.47
*CO <sub>2</sub> Emissions from Fertiliser	8821.68	0.05	0	0	0	0	8821.68	0.05
**N <sub>2</sub> O Emissions	9224.59	0.05	0	0	0	0	9224.59	0.05
Fuel Consumption	2452.6	0.01	0	0	0	0	2452.6	0.01
Peat Oxidation	0	0	0	0	0	0	0	0
<b>Sinks</b>								
Crop Sequestration	-81883.79	-0.44	0	0	0	0	-81883.79	-0.44
Conservation Sequestration	0	0	0	0	0	0	0	0
<b>Total</b>	<b>25002.46</b>	<b>0.14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25002.46</b>	<b>0.14</b>

**Summary of Mill Emissions and Credits**

<i>tCO<sub>2</sub>e</i>	<i>tCo<sub>2</sub>e/tFFB</i>
<i>Emissions</i>	
<i>POME</i>	0
<i>Fuel Consumption</i>	0.01
<i>Grid Electricity Utilisation</i>	0
<i>Credits</i>	
<i>Export of Grid Electricity</i>	0
<i>Sales of PKS</i>	0
<i>Sales of EFB</i>	0
<i>Total</i>	0.01

**Palm Oil Mill Effluent (POME) Treatment**

Divert to compost	%
Divert to anaerobic digestion	%

**POME Diverted to Anaerobic Digestion:**

Divert to anaerobic pond	%
Divert to methane capture (flaring)	%
Divert to methane capture (electricity generation)	%

**Appendix 3: GHG assessment for new plantings**

GHG assessment report for new plantings developed as per 'Chapter 6 – Reporting of GHG assessment for new plantings' within RSPO GHG Assessment Procedure for New Plantings Version 3 was verified by the auditors as part of this evaluation in relation to C7.8

Note: Extract the GHG assessment for new plantings developed by the client under 'Chapter 6 – Reporting of GHG assessment for new plantings' in RSPO GHG Assessment Procedure for New Plantings Version 3 and list below.

<b>Appendix 4: List of Abbreviations</b>	
BRC	British Retail Consortium
CHRA	Chemical Health Risk Assessment
CoC	Chain of Custody
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
CU	Control Union
CUC	Control Union Certifications
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
ERT	Endangered Rare or Threatened species
EU	European Union
FFB	Fresh Fruit Bunch
FSC	Forest Stewardship Council
FSC COC	Forest Stewardship Council Chain of Custody
FSC FM	Forest Stewardship Council Forest Management
GGL	Green Gold Label
GMP	Good Manufacturing Practice
GOTS	Global Organic Textile Standard
GTP	Good Trading Practice
GPS	Global Positioning System
HACCP	Hazard Analysis and Critical Control Point
HCV	High Conservation Value
HCVF	High Conservation Value Forest
IPM	Integrated Pest Management
JAS	Japanese Agricultural Standard
MDC	MDC Publishers Sdn Bhd ( Company Name)
MSDS	Material Safety Data Sheet
NC	Non Conformity
OE	Organic Exchange
OSH	Occupational Safety and Health
OSHAS	Occupational Safety and Health Assessment Scheme
P&C	Principle and Criteria
PEFC	Programme for the Endorsement of Forest Certification
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
RSPO NI	Roundtable on Sustainable Palm Oil National Interpretation
SA8000	Social Accountability 8000
Sdn Bhd	Sendirian Berhad
SIA	Social Impact Assessment
SOCISO	Social Security Organisation
SOP	Standard Operating Procedure
USDA/NOP	United States Department of Agriculture – National Organic Program
MT	Metric Tonnes
WHO	World Health Organization