

RSPO PRINCIPLES & CRITERIA

PUBLIC SUMMARY REPORT

ANNUAL SURVEILLANCE ASSESSMENT 2

Malaysia
RIMMER PALM OIL MILL
Kuala Lumpur-Kepong Berhad
2017

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Control Union Certifications	
<p>Control Union Certifications is a member of the Control Union World Group - an international inspection and certification body. CUC performs assessments 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.</p> <p>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 GLOBALGAP program. When requested a copy of the accreditation certificate can be obtained from CUC.</p> <p>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.</p>	
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PART 1: SCOPE OF THE CERTIFICATION ASSESSMENT AUDIT

1.1 Company and Contact Details

Company Name:	Kuala Lumpur Kepong Sabah, Sdn. Bhd
Business Address:	KLK (Sabah), Lahad Datu Region, P.O.BOX 60999, 91118 Lahad Datu, Sabah.
Contact Person:	Mr. Sin Chuan Eng
Office Telephone:	+6089-887240
E-Mail:	ce.sin@klk.com.my
Web Site:	www.klk.com.my
Other Certifications Held:	RSPO SCCS, 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-821298
Start Date Of Certificate:	06 th July 2015
End Date Of Certificate:	05 th July 2020
Date Of Original Certification:	06 th July 2010
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:	20 th April 2017 – 22 nd April 2017
Audit Number:	ASA2

1.4 Assessment Type

This assessment was conducted against the National Interpretation of RSPO Principles and Criteria [MYNI 2015] - Endorsed by the RSPO Board of Governors on 06th March 2015 (RSPO P&C) - for the Sustainable Palm Oil Production and RSPO Supply Chain System & Standard 21st November 2014.

1.5 Location of the Palm Oil Mill

Name Palm Oil Mill (POM)	Mill Capacity MT/Hour	Location Address	GPS Reference	
			Longitude	Latitude
Rimmer POM	60	KM 29, Jalan Lahad Datu – Tungku, Lahad Datu, Sabah.	E 118° 34' 17.4"	N 5° 1' 9.48"

1.6 Palm Oil Mill Output and Approximate Tonnages Certified

Figures below are from:

- Only from certified supply bases (Y/N). **YES**
- Combining certified with uncertified supply bases (Y/N). **NO**
- 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) Oct'15 – Sept'16			Actual Production for this Audit Year 2015/2016 (MT) Oct'15 – Sept'16			Projected 12 Months (MT) Forecast Certified in this Report July'17 – June'18		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
136,564	30,727	7,238	118,641	25,541	6,164	161,676	35,013	9,704

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

1.7 General Description of Supply Base

Rimmer mill receives FFB from its own estates which are the Rimmer estate and Sungai Silabukan estate. The mill no longer receives FFB from outsiders since September 2012. Sighted the crop distribution list from respective supply base. The mill management closely monitor the crop projections for the OER concern and during this audit, observed the SPDR [Summary of Production & Despatch Record] for justification of OER.

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	Rimmer	KM 29, Jalan Lahad Datu – Tungku, Lahad Datu, Sabah.	118°34'12.543"E	5°1'13.962"N	2,672	2,324
OPP 2	Sungai Silabukan	KM 29, Jalan Lahad Datu – Tungku, Lahad Datu, Sabah.	118°35'31.39"E	5°0'10.94"N	2,622	2,622
TOTAL					5,294	4,946

1.7.2 Statistics of the Supply Base and Estimated Tonnes of FFB produced per year

OPP	Oil Palm Plantation	Estimated FFB/Year (MT) Oct'16 to Sept'17	Planting Years	Cycle (Years)
OPP 1	Rimmer Estate	47,744	90, 91, 95	25 to 30
OPP 2	Sungai Silabukan Estate	72,534	94, 97, 98	25 to 30
TOTAL		120,278		

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	Rimmer Estate	16	16	Yes
OPP 2	Sungai Silabukan Estate	42	42	Yes
TOTAL		58	58	No

* 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				TOTAL
	Before 1998 – 2002	2003 – 2007	2008 – 2012	2013 – 2017	
OPP 1	86.98%	-	-	13.02%	100%
OPP 2	100%	-	-	-	100%

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

$N = 0.8\sqrt{Y}$, where "Y" is the number of units, with the result 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

For the Mill, how many units make up the production base?

Owned estates (Y)	$N = 0.8\sqrt{Y}$	Smallholders (Z)	$N = 0.8\sqrt{Z}$
2	2	NA	NA

Explanation as to the selection of estates sampled

Both Rimmer Estate and Sungai Silabukan Estate were selected in this 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 years implementation plan, if applicable to this assessment

There is no associated smallholder or outgrower.

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:	-	Go to 2.1.4	Go to 2.2.1
	a. Explaining the legal relationship and the management arrangements with the subsidiary companies and / or with any operating groups?			
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?	Yes, the time bound plan does include of the subsidiaries, mills and estates owns by KLK. The Paloh Palm Oil Mill in Johor and Mill 1 in Sabah are not part of the time bound plan as it meant for out growers and smallholder group. This has been communicated with RSPO in 2015. For the Sumatra Utara, Gohor Lama and Padang Bharang mills been merged and named as Stabat mill.	Yes
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"> • To engage certification bodies and their availability. • Laws and regulations in Indonesia – a lot of uncertainty. • In Indonesia, ISPO precede other certification standards. • In Indonesia, it finds mobilizing the internal resources to different geographical locations. 	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 st 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.	Yes
2.3.6	Have there been any newly acquired subsidiaries?	No.	Yes
2.3.7	Have there been any isolated lapses in the implementation of the plan?	No lapses.	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			
Section	Requirement	Findings and any action required	Compliance
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)		
2.4.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	Since all the facilities in Malaysia were certified, therefore the facilities in Indonesia monitor by the Pak Stephen and once in a 3 month 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. Joint venture in Liberia does not required internal audit as it is part of EPO as their stand-alone entity.	Yes
2.4.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 	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 st 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 RSPO criteria 6.4, 7.5 and 7.6.	PT Adei Plantation land conflicts around 2,544 Ha are still in progress of negotiation and the land area been enclave.	Yes
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	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 stakeholder comments or complaints received.	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,	Tuan Mee Estate		2013	Certified

		Selangor, Malaysia		1,556		
6	Kuala Pertang	Kuala Krai, Kelantan, Malaysia	Pasir Gajah Estate	2,107	By 2014	Certified by SGS in 2014, currently engaging new CAB.
		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		

Note: Above marked * is combination of total rubber and palm oil area within stated plantation where the exact certified or under certification of each plantation will be according to the respective public summary report

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
Include any known concerns, media reports and major issues both present and from the past covering, for example: <ul style="list-style-type: none"> • Replacement of primary forest or any area containing HCV's since November 2005. • Evidence of non-compliance with the law • Legal issues • Compensation payments • Social relations • Burning • Labor disputes 	

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 verification was attended by Mr. Sin Chuan Eng and Ms. Lee Kuan Yee from the Sustainability Department. On behalf of CUC, Mr. Simon [Certifier], Ms. Mozhi [Program Manager], Mr. Jamal [Auditor] and Mr. Mahas [Auditor] 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 and as at 01/04/2016, 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	
Indonesia	Kaltim	Berau	32,056
		Jabontara	
	Riau	Mandau	35,259
		Nilo 1	
		Nilo 2	
	Belitung	Tapung Kanan	20,391
		Parit Sembada	
	Sumatera Utara	Steelindo Wahana Perkasa	21,372
		Gohor Lama	
	Kalteng	Padang Brahrang	28,097
MAP			
Total			239,036

2.6 Partial Certification Audit Agenda

Date	Location	Agenda
22/04/2016	KLK Wisma Taiko, Ipoh	Documentation review

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.

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3.2 Audit Team

Lead auditor:	Muhammad Syafiq Abd Razak
Team member 1:	Muhammad Faizul bin Yusoff
Team member 2:	Chathuranga Iroshan Deshapriya
Team member 3:	Nor Ashikin Shafinaz Whayab

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;	Post graduate qualification in agriculture with more than 5 years working experience in various plantation company. Completed and certified ISO 9001:2008.
At least 5 years professional experience in area of work relevant to the assessment (e.g., palm oil management; agriculture/forestry; ecology; social science);	More than 5 years of working experience in plantation with various plantation company. Fully trained in similar agriculture certification programs such as RSPO and SCCS.
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 Indonesia.
Successfully completion of an ISO 9000:19011 lead auditors course;	Completed and certified ISO 9001:2008, attended RSPO Lead Auditor course in November 2014.
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 Indonesia.
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 audits conducted in for many different companies in Malaysia and Indonesia.
RSPO endorsed lead auditors course.	Attended and successfully completed RSPO Lead Auditor training in November 2014 and April 2015.
Signed code of conduct.	Yes
General knowledge of:	
• 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.	Muhammad Faizul bin Yusoff	Fluent in both English and Bahasa
	Chathuranga Iroshan Deshapriya	Fluent in both English and Bahasa
	Nor Ashikin Shafinaz Whayab	Fluent in both English and Bahasa
Field working experience in the palm oil sector, or a demonstrable equivalent.	Muhammad Faizul bin Yusoff	Diploma of Agriculture Science and Bachelor of Applied Chemistry holders which involved in MSPO, ISCC & ISO 9001 audit since 2014. Has undergone the necessary RSPO Lead Auditor Course for both P&C as well as the Supply Chain Certification System (SCCS). Also as a qualified auditor for MPOB Codes of Practice Nurseries, Estates, Palm Oil Mills, Refineries, Bulking Station and Kernel Crushers Plant. Possesses more than 8 years working experiences in palm oil plantation management and 3rd party auditing (ISO & Palm Oil sustainability standard).
	Chathuranga Iroshan Deshapriya	B.Sc. Forestry and Environmental Science (Special), Second Class Upper Division - University of Sri Jayewardenepura. Lead Auditor/Auditor (Forestry Programs, RSPO, ISO 14001 EMS, ISO 50001 EnMS). 2 years of Auditing experience in Forestry and Plantation Industry, Timber Processing Industry, Rubber and other NTFP processing Industry and Printing and Publishing Industry. Also as an Assessor (Carbon Neutralized, Water Footprint and Energy Footprint Assessments). Experience in Steam Generation and Distribution System, Electricity System, Motors, Pumps Chiller, Pumps and Lighting Systems in latex manufacturing industry, wheat flour manufacturing industry).
	Nor Ashikin Shafinaz Whayab	Involved in RSPO auditing since 2016. Degree in Chemical Engineering. Been part of RSPO P&C team and SCC audits in Malaysia and Indonesia. Trained and completed the lead auditor course for ISO 9001:2015, RSPO and SCC.
Good agricultural practices (GAP), integrated pest management (IPM), pesticide and fertilizer	Muhammad Faizul bin Yusoff	Diploma of Agriculture Science and Bachelor of Applied Chemistry holders which involved in MSPO, ISCC & ISO 9001 audit since 2014. Has undergone the necessary RSPO Lead Auditor Course for both P&C as well as the Supply Chain

use.		Certification System (SCCS). Also as a qualified auditor for MPOB Codes of Practice Nurseries, Estates, Palm Oil Mills, Refineries, Bulking Station and Kernel Crushers Plant. Possesses more than 8 years working experiences in palm oil plantation management and 3rd party auditing (ISO & Palm Oil sustainability standard).
	Chathuranga Iroshan Deshapriya	B.Sc. Forestry and Environmental Science (Special), Second Class Upper Division - University of Sri Jayewardenepura. Lead Auditor/Auditor (Forestry Programs, RSPO, ISO 14001 EMS, ISO 50001 EnMS). 2 years of Auditing experience in Forestry and Plantation Industry, Timber Processing Industry, Rubber and other NTFP processing Industry and Printing and Publishing Industry. Also as an Assessor (Carbon Neutralized, Water Footprint and Energy Footprint Assessments). Experience in Steam Generation and Distribution System, Electricity System, Motors, Pumps Chiller, Pumps and Lighting Systems in latex manufacturing industry, wheat flour manufacturing industry).
	Nor Ashikin Shafinaz Whayab	Involved in RSPO auditing since 2016. Degree in Chemical Engineering. Been part of RSPO P&C team and SCC audits in Malaysia and Indonesia. Trained and completed the lead auditor course for ISO 9001:2015, RSPO and SCC.
Health and Safety auditing on the farm and in processing facilities. (For example OHSAS 18001 or occupational. Health and safety assurance system).	Muhammad Faizul bin Yusoff	Diploma of Agriculture Science and Bachelor of Applied Chemistry holders which involved in MSPO, ISCC & ISO 9001 audit since 2014. Has undergone the necessary RSPO Lead Auditor Course for both P&C as well as the Supply Chain Certification System (SCCS). Also as a qualified auditor for MPOB Codes of Practice Nurseries, Estates, Palm Oil Mills, Refineries, Bulking Station and Kernel Crushers Plant. Possesses more than 8 years working experiences in palm oil plantation management and 3rd party auditing (ISO & Palm Oil sustainability standard).
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		industry, wheat flour manufacturing industry).
	Nor Ashikin Shafinaz Whayab	Involved in RSPO auditing since 2016. Degree in Chemical Engineering. Been part of RSPO P&C team and SCC audits in Malaysia and Indonesia. Trained and completed the lead auditor course for ISO 9001:2015, RSPO and SCC.
Workers welfare issues and social auditing experience. (For example with SA8000 or related social or ethical accountability codes).	Muhammad Faizul bin Yusoff	Diploma of Agriculture Science and Bachelor of Applied Chemistry holders which involved in MSPO, ISCC & ISO 9001 audit since 2014. Has undergone the necessary RSPO Lead Auditor Course for both P&C as well as the Supply Chain Certification System (SCCS). Also as a qualified auditor for MPOB Codes of Practice Nurseries, Estates, Palm Oil Mills, Refineries, Bulking Station and Kernel Crushers Plant. Possesses more than 8 years working experiences in palm oil plantation management and 3rd party auditing (ISO & Palm Oil sustainability standard).
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	Nor Ashikin Shafinaz Whayab	Involved in RSPO auditing since 2016. Degree in Chemical Engineering. Been part of RSPO P&C team and SCC audits in Malaysia and Indonesia. Trained and completed the lead auditor course for ISO 9001:2015, RSPO and SCC.
Environmental and ecological auditing. (For example experience with organic agriculture, ISO 14001 or environmental management systems).	Muhammad Faizul bin Yusoff	Diploma of Agriculture Science and Bachelor of Applied Chemistry holders which involved in MSPO, ISCC & ISO 9001 audit since 2014. Has undergone the necessary RSPO Lead Auditor Course for both P&C as well as the Supply Chain Certification System (SCCS). Also as a qualified auditor for MPOB Codes of Practice Nurseries, Estates, Palm Oil Mills, Refineries, Bulking Station and Kernel Crushers Plant. Possesses more than 8 years working experiences in palm oil plantation management and 3rd party auditing (ISO & Palm Oil sustainability standard).
	Chathuranga Iroshan Deshapriya	B.Sc. Forestry and Environmental Science (Special), Second Class Upper Division -

		University of Sri Jayewardenepura. Lead Auditor/Auditor (Forestry Programs, RSPO, ISO 14001 EMS, ISO 50001 EnMS). 2 years of Auditing experience in Forestry and Plantation Industry, Timber Processing Industry, Rubber and other NTFP processing Industry and Printing and Publishing Industry. Also as an Assessor (Carbon Neutralized, Water Footprint and Energy Footprint Assessments). Experience in Steam Generation and Distribution System, Electricity System, Motors, Pumps Chiller, Pumps and Lighting Systems in latex manufacturing industry, wheat flour manufacturing industry).
	Nor Ashikin Shafinaz Whayab	Involved in RSPO auditing since 2016. Degree in Chemical Engineering. Been part of RSPO P&C team and SCC audits in Malaysia and Indonesia. Trained and completed the lead auditor course for ISO 9001:2015, RSPO and SCC.
Economic issues.	Muhammad Faizul bin Yusoff	Diploma of Agriculture Science and Bachelor of Applied Chemistry holders which involved in MSPO, ISCC & ISO 9001 audit since 2014. Has undergone the necessary RSPO Lead Auditor Course for both P&C as well as the Supply Chain Certification System (SCCS). Also as a qualified auditor for MPOB Codes of Practice Nurseries, Estates, Palm Oil Mills, Refineries, Bulking Station and Kernel Crushers Plant. Possesses more than 8 years working experiences in palm oil plantation management and 3rd party auditing (ISO & Palm Oil sustainability standard).
	Chathuranga Iroshan Deshapriya	B.Sc. Forestry and Environmental Science (Special), Second Class Upper Division - University of Sri Jayewardenepura. Lead Auditor/Auditor (Forestry Programs, RSPO, ISO 14001 EMS, ISO 50001 EnMS). 2 years of Auditing experience in Forestry and Plantation Industry, Timber Processing Industry, Rubber and other NTFP processing Industry and Printing and Publishing Industry. Also as an Assessor (Carbon Neutralized, Water Footprint and Energy Footprint Assessments). Experience in Steam Generation and Distribution System, Electricity System, Motors, Pumps Chiller, Pumps and Lighting Systems in latex manufacturing industry, wheat flour manufacturing industry).
	Nor Ashikin Shafinaz Whayab	Involved in RSPO auditing since 2016. Degree in Chemical Engineering. Been part of RSPO P&C team and SCC audits in Malaysia and Indonesia. Trained and completed the lead auditor course for ISO 9001:2015, RSPO and SCC.

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
20 th April 2017 (Thursday)	Rimmer POM	08:00 Opening meeting Chaired by the audit team leader <ul style="list-style-type: none"> • Introduction by team leader • Presentation by respective managers • Presentation of Palm Oil Mill source of FFB by respective managers
	Rimmer POM Syafiq Faizul/Chathuranga Ashikin	09:00 – 17:00: Document review Supply Chain Certification Assessment of the POM (RSPO SCCS) <ul style="list-style-type: none"> • Demonstration of legal entity • Roles and responsibility • Procedures/manual/SOP • Record of purchase – RSPO certified product • Record of sales– RSPO certified product • RSPO logo & claims 09:00 – 17:00 : Document review – RSPO P&C <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond Site verification <ul style="list-style-type: none"> • Mill inspection • Workshops • Stores • POM application • Safety and Health / PPE / Signage • Waste Management / Environment • Workers interview • Stakeholder consultation if required.
21 st April 2017 (Friday)	Rimmer Estate All Auditors	08:00 – 17:00 : Document review – RSPO P&C <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best agricultural practices • Safety and Health 09:30 – 12:30 : Site verification <ul style="list-style-type: none"> • Best agricultural practices • Manuring, Spraying, Harvesting, • HCV / Conservation Area • Legal compliance / boundary • Chemical / Pesticide / Fertilizer Stores • Workers interview • Worker’s facilities (housing, pay, etc) • Stakeholder consultation if required.
22 nd April 2017 (Saturday)	Sg. Silabukan Estate All Auditors	08:00 – 15:30 : Document review – RSPO P&C <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best agricultural practices • Safety and Health 09:30 – 12:30 : Site verification

		<ul style="list-style-type: none"> • Best agricultural practices • Manuring, Spraying, Harvesting, • HCV / Conservation Area • Legal compliance / boundary • Chemical / Pesticide / Fertilizer Stores • Workers interview • Worker's facilities (housing, pay, etc) • Stakeholder consultation if required. <p>15:30 – 16:30: Preparation for closing meeting Additional field visits and meetings with managers as necessary</p> <p>16:30 : Closing meeting</p> <ul style="list-style-type: none"> • Presentation of findings by the audit team • NC closure dateline (if any) • Questions and answers • Final summary by team leader <p>End of assessment</p>
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PART 4 ASSESSMENT FINDINGS

4.1 Lead Assessor's Summary and Recommendation for Certification

The mill and supply bases visited (as per the above Tables 1.5 and 1.7.1) were assessed at field, office, facilities, stores and a document review was carried out in accordance to the RSPO principles and criteria. The subscribed RSPO management system's documentations seen with minor changes that due to internal external influenced factors that in relation to scope of certification.

During the audit process, the auditors had extensive interviews session with Estate Managers, Mill Manager, members of workers' union and committee took place in both formal and informal environments and worker interviews were conducted at the supply base and the mill. The management is highly committed in maintaining the RSPO system by adopting continuous improvement programs.

There were a few suggestions or feedbacks received during the audit or during the stakeholders meeting, see Part 4.4 below. Under partial certification rules, there is a time-bound plan established. For further clarification on Partial Certification, see PART 2 above.

There was no complaint received during the audit or during the field assessment when interviewing with the external stakeholders. The management continually monitoring the established KPI / objectives that significantly rules the achievement of company's corporate policy on RSPO. The mill is fully verified for RSPO SCCS system verification and it is found to be in full compliance. See PART 5 below.

Summary of Non-Conformance and Current Status

There was 1 Minor Non-Conformity has been raised to this complex for this annual surveillance audit. For this minor non-conformity, the management of KLK Rimmer Complex with KLK Sustainability Department will send the evidence to close this Minor NC by next surveillance audit. Next surveillance audit, Lead Auditor will check, verify and closed this minor non-conformity. See PART 4.3 below.

It is therefore the recommendation of the lead assessor that:

- A certificate of compliance is maintained.



Name: Muhammad Syafiq bin Abd Razak
Date: 15th June 2017

4.2 Summary of the findings by Principles and Criteria

- Over the 5 years 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 available for confidential information that being listed as publicly available. The company is in full compliance to Principal 1 for this complex.
ASA 2	1.1	<p>Both mill and estates are maintained a list of stakeholders with specific details info. All list of stakeholders is updated (2016) involves FFB suppliers, CPO/PK buyers, contractors, governments, Ngo's and etc. Mill and estates are update and maintain a list of stakeholders once a year with specific details info (Company Name, PIC, Phone No. and Address).</p> <p>Company has established SOP "Stakeholders Engagement/ Negotiation" – 1.0 Issue/Rev: 1/0; date on 01/06/2015. The SOP has been developed as a consultation and communication mechanism used by affected stakeholders. SOP has outlined the request & response, consultation & communication and complaint & grievance in order to liaise with stakeholders that stated in the mill.</p> <p>There is evidence that mill provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders that participate with this mill. As evidence, sighted minute of meeting dated 01/10/2016 prepared by Mr. M. Nasarudin M. (Assistant Manager) and checked by Mr. Regers D.G (Mill Manager) briefed company's commitment for transparency to their stakeholder. The meeting was attended by 8 participants.</p> <p>Besides, stakeholder consultation combining whole complexes of Lahad Datu Region was done on 30/12/2016 attended by 10 representatives from management together with 12 invited stakeholders. The consultation socialized CSR activities, stakeholder logbook mechanism, KLK Sustainability Policy and interactive session with stakeholders.</p> <p>No issues being raised by stakeholder during consultation. Sighted minute of meeting dated 30/12/2016 prepared by Mr. Imran H.M Hassan (KLKS-KDCL OSH Dept.). Invitation letter is distributed to stakeholder dated 06/12/2016 as sighted Notis & Agenda Perbincangan Pemegang Amanah (Kompleks Lahad Datu Region).</p> <p>Here, requests are recorded and being provided in appropriate languages and forms, once completed, stakeholders shall then acknowledge the completed action and response. As evidence, seen the stakeholder's logbook for each operating unit.</p> <p>In Rimmer POM, stakeholder logbook is used to keep requests from stakeholder and well maintained in place. Sighted 4 request & response and 1 feedback from stakeholder's consultation are recorded in 2017 to date and</p>

		<p>sampled as follow:</p> <ul style="list-style-type: none"> Request from JKPP Tawau, Ms. Noraini to view mill’s document for site inspection dated 13/04/2017. Request from MPOB, Mr. Adrein Tubong to do routine inspection, enforcement audit dated 25/01/2017
ASA 2	1.2	<p>There are policies that is being placed at the notice board in the POM/ Estate area. The document that listed in publicly available is based on SOP 9 – Control of Documents and Records. The following documents were made publicly available in the mill and estate offices:</p> <ul style="list-style-type: none"> Land titles / user rights Safety and health plan Plans and impact assessments relating to environmental and social impacts Pollution prevention plans Details of complaints and grievances Negotiation procedures Continuous improvement plan <p>All these documents were sighted in the mill and estate offices. Requests for official documents through the estate or mill offices will have to go through the mill or estate managers/assistant in charge, whom will make the decision as to whether the information can be shared to or viewed by the person requesting the information or document.</p> <p>EIA and SIA being update based on stakeholder’s participation during stakeholder meeting. The negative environmental and social impacts have been identified and its mitigating measures identified. All activities in operation has been assessed includes maintenance of field, up keeping, line site, transport, replanting works, etc. Plan objective is to avoid the pollution and mitigation measure.</p> <p>OSHA manual is available in order to comply the requirements such as Occupational Safety and Health, Factories and Machinery, Pesticides, Scheduled Waste Disposal, Code of Practice on Prevention and Eradication of Sexual Harassment in the Workplace, and Principles and Criteria of RSPO relating with Occupational Safety and Health. In mill and estates, seen above 10 trainings been plan in for year 2016/2017. Prepared by Assistant Manager and approved by Managers.</p> <p>Pollution prevention plan is done to mitigate all polluting activities. The mill and estate have identified their wastes and plans have been made to minimize or reduce wastes for each activity that may lead to pollution. This is available in ‘SOP 10 -Environmental Impact Assessment’ file. Waste identified such as spent lubricating oil, spent filter, spent batteries, used laboratory chemicals and etc. Public summary of certification assessment report is accessible in the RSPO website.</p> <p>Seen in house HCV/Conservation Area Assessment done based on SOP 11.0 Appendix 1.0; Issue/Rev; 1/0; Date on 01/06/2015. The assessment is well documented. KLK Berhad has been established “KLK Sustainability Policy” from Sustainability Department date 1st June 2015 and approved by Tan Sri Dato’ Sri Lee Oi Hian outlined the Human Right Policy. The certification assessment manages by the sustainability 1wteam from HQ.</p>

ASA 2	1.3	<p>Sighted the commitment of the ethical conduct in business is outlined in the KLK Sustainability Policy for mill and estate dated on 01/06/2015, approval by Tan Sri Dato’ Seri Lee Oi Hian effectively documented.</p> <p>Awareness trainings sighted for all operating units in KLK Rimmer Complex. As evidence sighted training record ‘Rimmer Estate for Topic: Code Of Conduct, RSPO & Sustainability Policy’ trained by Manager and Assistant dated 02/02/2017. The training was attended by 43 estate workers. During field visit (mill and estates), auditors also check and interview with workers. All workers understood and answered to auditors very well.</p>
Principle 2: Compliance with Applicable Laws and Regulations		
Criterion by Audit	Summary	<p>The mill and estates have demonstrated compliance to all applicable local, national and international laws. 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. However, one minor non-conformity was addressed.</p>
ASA 2	2.1	<p>The company has established SOP No. 2.0 titled “Legal Compliance” Issue 1/0, dated 01/06/2015. The SOP which established and issued by company’s Sustainability Department. Company has identified processes such as Identification, implementation & Compliance and review of legal requirements that are applicable to mill and estate operations.</p> <p>The mill and estates have a register of all applicable laws and regulations and this includes among others:</p> <ul style="list-style-type: none"> • EQA (Act 127) DOE • OSHA 1994 (Act 514) DOSH • FMA 1967 (Act 139) • Poison Act 1952 • MPOB 1998 • JP RTD Act 1987 • Social Security Act • Labour Ordinance – Sabah Labour Dept. • The UN Convention on Biological Diversity <p>The list is fully covered the requirements that related to RSPO compliance. These documents include information on laws, enforcement bodies, main requirement, environmental aspect, standard, fine, person in charge, and compliance status.</p> <p>Also lists of permits available for Mill and Estate. There are permits/licenses to be monitored and updated periodically such as permits/licenses for MPOB license, diesel, charge man certificate, fire hydrant, and etc. List of legal correspondences permit will be updated by Assistant Manager or Manager.</p> <p>As evidence of the compliance as per below:</p> <ul style="list-style-type: none"> • MPOB Licence No: 500218704000 (Expiry date: 30 June 2017) • Diesel - No. Rujukan: PPDNKK.LDT.900.3/1 (32/2012) SK (Expiry date 13th Sept. 2016 -on process of renewal) • Suruhanjaya Tenaga- No. Siri: 16162 (Expiry date: 24 July 2017) • Charge man- No. Perakuan: PW-T-4-B-0626-2010 (Expiry date: 15 Feb. 2018)

		<p>However, one minor non-conformity has been raised to Rimmer POM. During audit, no evidences of company employed for the Certified Environmental Professional in the Treatment of Palm Oil Mill Effluent (Pond Processes) (CePPOME) & Certified Environmental Profesional In Scheduled Waste Management (CePSWaM). Referring to Section 49a of EQA 2012 (Amendment) stated an owner occupier of a premise shall employed a person who has been certified for control activities (Jadual Pematuhan: POME, Scheduled Waste etc.)</p> <p>As per interviewed, there is no available training for Treatment of Palm Oil Mill Effluent (Pond Processes) (CePPOME) & Certified Environmental Professional in Scheduled Waste Management (CePSWaM) in Sabah at the moment. Hence, company has to send the PIC to Peninsular for the training needs and has already planned to send for the training before end of 2017.</p> <p>SOP No.2.0 issue has specified any changes to legal requirements are tracked by means of periodic review and evaluation on the Laws & regulations list to ensure that any new/addition as well as changes and amendment are captured and update, through the following manner:</p> <ul style="list-style-type: none"> • Enquiring the laws books publisher • Communication with law/enforcement officers • Website
ASA 2	2.2	<p>Seen the documents that showing mill and estate legal ownership of their land by having legal land titles to the land. The land titles evidence is approved for purposed of Palm Oil Cultivation or Agricultural Crop of Economic Value.</p> <p>The land titles are kept in the estate office and were sighted during the audit. Evidence of annual payment of land tax to the state government is available in the form of receipts. The estate boundary is well demarcated with boundary stones surrounding the land. The boundary stone clearly states the GPS coordinate of that particular point. Maps clearly showing the estate boundary were also sighted in the estate office.</p> <p>No disputes have been recorded in all operating units. There is no evidence of conflict present in this complex. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.</p>
ASA 2	2.3	<p>There is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. The company has proper legal land tile for the land ownership.</p>
Principle 3: Commitment to Long-Term Economic and Financial Viability		
Criterion by Audit	Summary	A documented business plan (3 years) available both at mill and estate. The annual budget includes of FFB yield/ha, OER, CPO yield/ha and cost of production. Seen the top management able to demonstrate attention to economic and financial viability through long-term management planning. There is no replanting programme for both estate. The company is in full compliance to Principal 3 for this complex.
ASA 2	3.1	<p>There is an implemented management plan that aims to achieve long-term economic and financial viability as evident in Annual Management Plan. For KLK, there is a KLK Sustainability Department to oversee all the RSPO implementation and continuous RSPO plan. Business management plan is available for until 2019/2020. As evidence in Rimmer POM, projected as per below:</p>

		<table border="1" data-bbox="719 253 1310 389"> <thead> <tr> <th>Item</th> <th>2017/2018</th> <th>2018/2019</th> <th>2019/2020</th> </tr> </thead> <tbody> <tr> <td>FFB</td> <td>103,287</td> <td>96,449</td> <td>85,797</td> </tr> <tr> <td>OER</td> <td>22.00%</td> <td>22.00%</td> <td>22.00%</td> </tr> <tr> <td>PK</td> <td>5.00 %</td> <td>5.00 %</td> <td>5.00 %</td> </tr> </tbody> </table> <p>As per interviewed, there is replanting programme in 5 years for both estate. Sighted the replanting programme for 5 years available in Sg Silabukan Estate. Data as per below:</p> <ul style="list-style-type: none"> • 2016/2017 – 116 Ha • 2017/2018 – 308 Ha • 2018/2019 – 428 Ha • 2019/2020 – 421 Ha • 2020/2021 – 374 Ha <p>Data is documented in “Proposed Replanting Programme” KLK (Sabah) Sdn Bhd – Lahad Datu Region. Progress programme sighted in “Replanting Work Programme” 2016/2017. All replanting programme for above already completed. During the replanting programme done by estate, estate send Monthly Progress Report to General Manager and Regional Director. At this moment, company will do it the replanting after 25 years (Mineral Soils). There is evidence that replanting will review based on the yield/ha of FFB.</p>	Item	2017/2018	2018/2019	2019/2020	FFB	103,287	96,449	85,797	OER	22.00%	22.00%	22.00%	PK	5.00 %	5.00 %	5.00 %
Item	2017/2018	2018/2019	2019/2020															
FFB	103,287	96,449	85,797															
OER	22.00%	22.00%	22.00%															
PK	5.00 %	5.00 %	5.00 %															
Principle 4: Use of Appropriate Best Practices by Growers and Millers																		
Criterion by Audit	Summary	The mill and estates have a complete set of GAP, POD and SOP which is being strictly adhered to and continuously monitored. Soil fertility is being maintained in the fields and IPM is being implemented in all the estates. They use chemicals that are in accordance with the regulations. There is a comprehensive OSH policy and is being implemented throughout the all operating units. Improvement sighted in the identification and assessment with HIRARC. Trainings are being carried out as per the Annual Training Plan. The company is in full compliance to Principal 4 for this complex.																
ASA 2	4.1	<p>Rimmer POM is operating in accordance to their SOPs as specified in Standard Operating Procedure (SOP) on POM process, Guidelines on Safe Operation Procedure for POM and KLK Sustainability Manual in their daily operation. The estates have the Good Agricultural Practices (GAP) policy, Standard Operation Procedure (SOP) and Safety Operation Procedure. All the SOPs are established and controlled by Head Quarters. The developed SOPs have included environmental management system. Work instructions are posted at the relevant work stations.</p> <p>As evidence, in both estate:</p> <ul style="list-style-type: none"> • GP/AGRIC/OP1 Harvesting • GP/AGRIC/OP2 Field Upkeep • GP/AGRIC/OP3 Nutrition • GP/AGRIC/OP4 Pest & Diseases • GP/AGRIC/OP5 Conservation • GP/AGRIC/OP6 By Products • GP/AGRIC/OP7 Replanting • GP/AGRIC/OP8 Nursery • GP/AGRIC/OP9 Field Identification • GP/AGRIC/OP10 Roads & Drains <p>The mechanism to ensure the consistency of implementation sighted through internal audit.</p>																

		<p>The purpose of the internal audit is to verify documents, records and implementation against internal procedure, legal compliance and specific standard requirement that company subscribed.</p> <p>During the audit, it was observed that the implementation on the ground aligned with the established SOP. Basically, SOP is well maintained and will be update if necessary.</p> <p>The mill only received FFBs from their own estates as evident in List of Suppliers of Rimmer POM. All FFBs comes from own estates Rimmer Estate and Sg. Silabukan Estate. There is no third-party supplier for the mill. The FFB received is recorded with the origin place, delivery note number, date, time in & out, vehicle reg. number, driver details and weight (kg).</p>															
ASA 2	4.2	<p>Sighted the SOP 4.0: Soil Erosion & Fertility and Road Maintenance dated on 01/06/2015. The GAP starts from the survey by Agronomist with recommendation for fertilizer application. Soil improvement plan includes in fertilizer based on soil and foliar sampling annually.</p> <p>Agronomist visit report is evident during the audit as available in Applied Agricultural Resources Sdn. Bhd. - Oil Palm Manuring Recommendations 2016/2017 for both estates. The report has included operational activities and field conditions dated to monitor changes in nutrient status.</p> <p>Annual Oil Palm Fertilizer Programme 2016/2017 for the estate is evident during the audit. As evidence, sighted the fertilizer programme for Sg Silabukan Estate. Dat as per below:</p> <table border="1" data-bbox="703 1099 1329 1234"> <thead> <tr> <th>Field</th> <th>HA</th> <th>Fertilizer type</th> <th>Rate[KG]</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>98J1</td> <td>107</td> <td>MOP</td> <td>2.25</td> <td>21-24/03/2017</td> </tr> <tr> <td>98L1</td> <td>125</td> <td>DAP</td> <td>1.00</td> <td>6-9/2/2017</td> </tr> </tbody> </table> <p>Refer to AAR "Oil Palm Manuring Recommendations for FY 2016/17 ". Analysis and recommendation was carry out by Applied Agriculture Resources (AAR), a subsidiary laboratory under KLK's Group. Basically, leaf analysis carries out on annual basis whereby soil analysis is depending on the agronomist decision.</p> <p>KLK has a program for application of POM by products such as EFB and POME. EFB and POME belt pressed is sent to Rimmer Estate and Sg. Silabukan Estates Sample: Period (June – Dec. 2016)</p> <ul style="list-style-type: none"> • EFB - 19302.86 Mt • Press Cake – 3462.43 mt • Land Irrigation – 7321m3 • Shell and fibre - boiler used (Biomass) <p>Sighted record for application of POM by products such as EFB at Rimmer Estate. Empty fruit bunches will provide organic potassium, moisture retention and as supplement for inorganic fertilizer.</p> <p>Sighted the records for 2016/2017 that were being applied from Rimmer POM.</p> <ul style="list-style-type: none"> • EFB – 2,798.85MT • Decanter Cake – 12.33MT 	Field	HA	Fertilizer type	Rate[KG]	Date	98J1	107	MOP	2.25	21-24/03/2017	98L1	125	DAP	1.00	6-9/2/2017
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ASA 2	4.3	<p>As per record, Rimmer Estate and Sg Silabukan Estate don't have any fragile soils exist in their estate. Soil maps for both estate is evident for no fragile soils in the estate. Also sighted the SOP 4.0 dated on 01/06/2015 for "Soil Erosion & Fertility and Road Maintenance".</p> <p>Topography map where only small hilly area which done terracing and most of the land in the estate is flat and undulating area. The management encouraged only spot spray on large woodies and conserved ground vegetation as much as possible in order to conserve the topsoil. Estate has identified and possess a management plan for planting at the slope area where <i>Mucuna Bracteata</i> (Mb), <i>Pueraria Javanica</i> (Pj) and <i>Colopogium Mucunoides</i> (Cm) were used to cover the identified area.</p> <p>Road maintenance program for both estates are available in Road Repair FY2016/2017 for all field areas and line sites. Road maintenance realization are recorded in Road Repairs Form/Logbook.</p>
ASA 2	4.4	<p>Water management plan for the mil and estates is evident in Water Management Plan 2016/2017 and plan was carried out as per SOP: 5.0; Date: 1st June 2015.</p> <p>The estate did maintain and restoring appropriate riparian and buffer zones as per HCV Management Plan SOP No 11.0; Date: 1st June 2015. Gazette river bank is managed accordance to SOP 11.0 HCV Management Plan which is:</p> <ul style="list-style-type: none"> • Observed the 20 metres riparian zone surround the river. • There is proper signboard at strategic point along the boundary to riparian zone to prevent illegal activities, • The frond bordering the riparian zone red & white • Spraying of agrochemicals and manuring activities is not allowed • To ensure no bund/weirs/dams that spans the entire main river. • To perform monitoring of river water quality. <p>The mill is operating in accordance to Jadual Pematuhan Peraturan Kualitii Alam Sekeliling. POM effluent is treated by ponding system (8 ponds). POME is passed through belt pressed system before going to 1st pond. POME pressed is sent for land application in own estates. Effluent Test Report (Yearly Average 39.92 ppm) where DOE approve limit is 100 ppm.</p> <p>Mill water usage per ton of FFB processed is monitored in Water Usage (MT Water Used/MT FFB Processed). The recorded water usage is recorded on a monthly basis.</p>
ASA 2	4.5	<p>Implementation of IPM is based on Integrated Pest Management (SOP No: 7.0; Date: 1st June 2015). The procedure indicates information regarding the implementation of IPM. Including Spraying, Trunk injection and Rat baiting. There is no IPM plan available as the estate is not infected with major pest except very little/rare rat attacks.</p> <p>The planting of beneficial plant was sighted along the main road of the estate. There are programme to expand the planting of beneficial plant. The planting of beneficial plants includes <i>Tunera Subulata</i>, <i>Antigonon Leptopus</i> and <i>Cassia Cobanesis</i> is a biological control for pest such as bagworms and needle caterpillar.</p> <p>All staffs and workers involved in the IPM implementation has been trained by the estate management. In any case of major pest outbreak, the case will</p>

		<p>be referred to General Manager, Mr. Rozi Ibrahim for consultation. Sighted training records in Sg Silabukan Estate. Training records for sprayers sighted “Latihan Aplikasi & Pengendalian Racun Perosak” dated on 07/04/2016 attended by 6 sprayers. Conducted by Mr. Junaidi Aco – Field Supervisor.</p>
ASA 2	4.6	<p>Justification of all chemicals and pesticides usage is evident in annual agrochemicals recommendation from AAR for 2015/2016. SOP 6 – Safe use and storage of agrochemicals, 01/06/2015, mentioning on justification of agrochemicals used and Register of chemical hazardous to health.</p> <p>Chemical Health Risk Assessment (CHRA) is available. A chemical health risk assessment was prepared by Assessor, Mr. William Pius Ladius. This report covers all operations in the mill and estates where chemicals and pesticides are used and is valid for 5 years.</p> <p>Record of pesticides used includes the information of active ingredients used, area treated, and amount of active ingredients per hectare is evident in Summary of Herbicide Use (a.i. applied per area treated). All pesticides used in the estates operation has been minimized as a part of the plan for continuous improvement. Plan to reduce chemical used is by planting beneficial plant such as <i>Tunera Subulata</i>, <i>Antigonon leptopus</i> and <i>Cassia Cobanesis</i>. For herbicides, estate was currently practicing only circle and spot sprays. It’s to minimize the usage quantity and reduce the risk.</p> <p>Basically, there are no Class 1A chemical was used in this estate. Also, no Class I herbicides use in the estate including Paraquat. Sighted company policy for banned of paraquat since 2008.</p> <p>Application of any chemical products in the mill/estate is under controlled and carried out by only qualified workers which have attended specific training related to chemical handling. Both estates have provided appropriate safety and application equipment as evident during the site visit. All PPE used are in accordance to the list in HIRARC Form.</p> <p>Site inspection to the storage facilities evidence that all pesticides are stored in an appropriate manner. All pesticides are labelled with original labels. Safety Data Sheet (SDS) for all the chemical sighted and updated. All empty pesticides containers are triple rinsed and punched prior to delivery to the approved collector. Disposed by License Contractor (Legenda Bumimas Sdn Bhd).</p> <p>Inter pump and CDA (Control Droplets Automizer) was used to minimize risk and impacts. All sprayers are provided with proper PPE such as mask, apron, gloves and rubber boot. Mixing of the chemicals was done at mixing area which is under control and secure environment. During field visit, it was observed spraying activities was using the proper equipment and well maintained. Basically, all chemical activities are accordance to the company procedure and good agriculture practices.</p> <p>Records annual medical surveillance for pesticide operators and workers who handling chemicals (laboratory, store keeper, workshop) are available. All workers are found to be fit for work. Records clearly shows of no pregnant or breast-feeding women assigned for chemical handlings works.</p>
ASA 2	4.7	<p>In mill and estates, OHS related procedures are, Polisi Keselamatan dan Kesehatan Pekerjaan and Plan Keselamatan dan Kesehatan Pekerjaan. Safety and health Policy in compliance with OSH Act 1994 has been established and</p>

		<p>is available during audit.</p> <p>Latest Hazard identification (HIRARC) established on year 2017. HIRARC Form for all activities in the mill and estates operations are available. OSH document control is maintained for all operating units. OHS training programs include the training, committee meeting and HIRARC assessment.</p> <p>All workers involved in the operations have been adequately trained in safe working practice. Mill and estates have provided appropriate PPE for all workers in their operations.</p> <p>All Managers for this complex are responsible person for health and safety. Appointment letter for them are available. Safety and health committee has been conducted every 3 months to discuss about health and safety.</p> <p>ERP Procedure has been established for all operating units. For emergency response plan include the emergency contact number and also have Guidelines on Accident and Emergency Procedures. The ERP has been explained to all staffs and workers during training.</p> <p>All workers have been trained on basic first aid procedure. As evidence sighted training for first aid is available on 25/3/2016, attended by 43 persons and conducted by Mr Imran Hasan-OSH Executive. At all workplace, staffs and mandores will be the person in charge to keep the First Aid box. Site inspection evidence that first aid kit is available with complete contents.</p> <p>All workers have been provided with medical and accident insurance. Records of all accidents are available in the JKKP 6 form and discussed quarterly during OSH Meeting. All occupational injuries/accidents in the mill and estates also recorded in JKKP 8 (I & II)/(IV) and submitted annually to Department of Safety and Health (DOSH).</p> <p>In the mill and estates, accident is handled according to the national OSH department (JKKP) regulations which includes reporting any accident case, investigation and calculate of LTA. LTA calculation based on local interpretation from DOSH. Sighted the latest Borang JKKP 8(1)/(IV) submitted to DOSH on January 2017 with reference.</p>
ASA 2	4.8	<p>The mill and estate have a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. The training plan for 2016 and 2017 was sighted. Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training.</p> <p>Records of training for each employee well maintained and available during the audit.</p> <p>Sample (Rimmer Estate):</p> <ul style="list-style-type: none"> • Norlinda bt Kanna (04031), Spraying Safety Aspect Training dated 17th Feb. 2017 • Rasmianti bt Ali Mudin (09515), Spraying Safety Aspect Training dated 17th Feb. 2017 • Musdalifa (09985), Spraying Safety Aspect Training dated 17th Feb. 2017.

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 estate. A comprehensive identification of all waste has been recorded and disposal of scheduled waste has been carried out by an approved and registered collector. Monitoring and analysis of waste is carried out regularly. The company is in full compliance to Principal 5 for this operating unit.
ASA 2	5.1	<p>KLK Berhad has established SOP for Environmental Impact Assessment Procedure titled “Environmental Aspect & Impact Assessment” - SOP 10.0 dated 01/06/2015. As evidence in Rimmer POM, aspects and associated impacts were identified for major activities in FFB crop reception, CPO/PK extraction, Power generation, oil palm product storage and despatch, mill water and waste water treatment, workshop, chemical testing handling and storage.</p> <p>Risk assessment was done based on the severity and the likelihood. Company has conducted stakeholder consultation for EAIA. No special concerns raised during the stakeholder consultation. (Evidence: minutes of the stakeholder consultation meeting 2016 dated 06-12-2016).</p> <p>Sighted in all operating units, management control plan was made available for each environment impacts identified in the EAIA 2017. Management control plan includes actions, responsible personnel with target dates to complete and the present status. It was observed that management actions proposed in the plan are implemented and continual monitoring done.</p> <p>Seen in the Rimmer POM, continual monitoring was done for most of the aspects identified in EAIA 2017. Responsibility was given to respective process owners. Data as per below:</p> <ul style="list-style-type: none"> • Boiler pre-inspection report done weekly (04-03-17) • Steam receiver (27-03-2017) • Boiler (15-03-17) • Smoke emission record (02-03-2017) <p>Effectiveness of the control measures will be evaluated by environmental management review meetings conducted annually. (minute dated 10-01-2017).</p>
ASA 2	5.2	<p>The estates use its sustainability department’s SOP 11.0 titled “High Conservation Value (HCV)/Conservation Area management” procedure dated 01/06/2015 for HCV assessment. Sighted the latest HCV assessment was conducted on year 2017 by Mr Thien based SOP 11.0 on which was established by company’s Sustainability Department using guidance from HCV Forest Toolkit for Malaysia, edition Oct 2009.</p> <p>As evidence, HCV assessment done for Rimmer estate on April 2017. The HCVs identified within the estate and marked on map.</p> <ul style="list-style-type: none"> • HCV4 <ul style="list-style-type: none"> i. Riparian zones of river Silabukan – 5.47 ha ii. Riparian zones of river Matamba – 10.53 ha • HCV5 <ul style="list-style-type: none"> i. Water catchment (PM1990H) <p>In addition to that, boundary of the Tabin Wildlife reserve has identified as a protected area. Conservation status and the legal protection status have been assessed using IUCN red list and the Sabah wildlife protection enactment</p>

		<p>1967. No RTE species identified within the estate.</p> <p>No RTE species identified within both estate. However continuous monitoring done to ensure the management actions are properly implemented in riparian zones and other HCV areas. This estate has boundary to Tabin wildlife reserve. Sighted monitoring records dated on 18-04-17, 09-03-17 and 02-12-16.</p> <p>The management has annual training plan to educate the estate workforce on about the status RTE species. It has been scheduled in the estate’s training plan. As evidence in Sg Silabukan Estate, last training done on 20-12-2016 for all staff members.</p>
ASA 2	5.3	<p>The company has established schedule waste management plan under SOP 12.0 titled “Scheduled Waste Management” dated 01/06/2015 Issue/Rev 1/0 that applicable for both mill and estates.</p> <p>The mill and estates have identified and documented type of waste that generated from its operation in a waste management plan titled “Identification of all waste products and operational plan to reduce pollution”. The waste management plan has also identified source of pollution, mitigation measures, target, person responsible, and status.</p> <p>Scheduled waste was disposed following the EIA requirements. The disposal contractor is Legenda Bumimas Sdn Bhd, license no 003442, expiry date 1/05/16 to 30/04/17 issued by JAS, Sabah covering 39 codes of waste types. New license already renewed, license no 003440, expiry date 01/05/17 to 30/04/18.</p> <p>Sighted records of identified schedule wastes sent to Legenda Bumimas dated 08/03/17;</p> <ul style="list-style-type: none"> • SW 102 Used Battery = 0.05Mt • SW 305 Used Oil = 1.79 Mt • SW 410 Oil Filter = 0.40 Mt <p>The wastes materials are placed in the schedule waste store. The disposal done following the OSH/GP/OSH6 – Guideline of Scheduled Wastes Management. Waste chemical containers are given to licensed collector approved by DOE. All records maintained adequately.</p> <p>There is no evidence fire being used for waste disposal sighted during field visit. Implementation of the waste management program is evident from the field visit and schedule waste disposal records sighted in the estates office. As evidence in Rimmer Estate, domestic wastes are collected and sent to land fill site located in Field 90H.</p>
ASA 2	5.4	<p>Sighted SOP 12 – “Waste Management & Energy Use”; date on 01/06/2015. Mill and estates have sufficient plans to reduce the usage of the fossil fuel that included in the yearly budget. This baseline value is keep monitoring and action plan drawn when there are exceeding the limit. Monitoring of energy usage per tonne of FFB processed was monitored by SOP 12.</p> <p>Mill continuously monitor the fuel consumption of generator and vehicles in terms of litter/FFB produced.</p>

		<ul style="list-style-type: none"> Gen-set <table border="1" data-bbox="790 257 1125 492"> <thead> <tr> <th>Month</th> <th>kWh/mt</th> </tr> </thead> <tbody> <tr> <td>OCT 2016</td> <td>1.76</td> </tr> <tr> <td>NOV 2016</td> <td>1.78</td> </tr> <tr> <td>DEC 2016</td> <td>2.42</td> </tr> <tr> <td>JAN 2016</td> <td>2.68</td> </tr> <tr> <td>FEB 2016</td> <td>2.85</td> </tr> <tr> <td>MAR 2016</td> <td>4.78</td> </tr> </tbody> </table> Biomass usage for power generation <table border="1" data-bbox="790 560 1125 795"> <thead> <tr> <th>Month</th> <th>kWh/mt</th> </tr> </thead> <tbody> <tr> <td>OCT 2016</td> <td>25.18</td> </tr> <tr> <td>NOV 2016</td> <td>24.41</td> </tr> <tr> <td>DEC 2016</td> <td>24.74</td> </tr> <tr> <td>JAN 2016</td> <td>22.70</td> </tr> <tr> <td>FEB 2016</td> <td>24.36</td> </tr> <tr> <td>MAR 2016</td> <td>24.23</td> </tr> </tbody> </table> <p>Energy efficiency improvement procedure is also made available during the audit. Boiler efficiency was monitored annually to comply with the factories and machinery act 1967. (Certificate issued by department of safety dated 06-09-2016 valid up to 02-11-2017 PMD 10274). Super-heated steam is used in boiler operations to increase the combustion efficiency. Mill generates electricity using biomass (i.e. shells and fibre).</p>	Month	kWh/mt	OCT 2016	1.76	NOV 2016	1.78	DEC 2016	2.42	JAN 2016	2.68	FEB 2016	2.85	MAR 2016	4.78	Month	kWh/mt	OCT 2016	25.18	NOV 2016	24.41	DEC 2016	24.74	JAN 2016	22.70	FEB 2016	24.36	MAR 2016	24.23
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ASA 2	5.5	<p>The company has established “zero burning” policy dated 1st December 2014 by Tan Sri Dato’ Seri Lee Oi Hian (CEO) stated in Clause 1 has stated that “A strict Zero Burning policy is practiced in relation to all new planting, re-planting or other development.” This policy well implemented.</p> <p>This is justifiable by sighted contract between contractor and Sg Silabukan Estate to carry out works such mechanical felling, chipping, spreading & pulverizing old palm oil tree. No signs of fire been used on site during visual inspection.</p>																												
ASA 2	5.6	<p>The Mill has updated and reviewed the EAIA report in year 2017 prepared by Assist. Manager and Approved by Mill Manager.</p> <p>Boiler stack emissions is monitored and test report was available for both stacks. Average dust emission loads are below the permissible level 0.400 g/Nm³ :</p> <ul style="list-style-type: none"> Stack 1 – 0.59 g/Nm³ Stack 2 – 0.60 g/Nm³ <p>POME is treated in effluent treatment plant and discharged to estate lands in Rimmer and Silabukan estates. Fibre and shells use as an input for boilers. Boiler ash will be collected separately and also sent to estates to ground application. Scrap iron, used lubricant, old batteries, old tyres, and hazardous chemical containers sent to licensed collector.</p> <p>Mill uses organic matter (i.e. shells and fiber) in boilers to generate energy. POM effluent is treated by conventional ponding system (4 Ponds). POME is dried/squeezed using belt press. The dried cake is sent for land application in own estates.</p> <p>Pollutants and greenhouse gas (GHG) emissions has been identified in waste</p>																												

		<p>management plan. Plans to reduce or minimize the identified pollutants and GHG emissions are also established. This plan includes target dates, person responsible and the current status.</p> <p>Sighted the GHG Calculation for Rimmer POM and its supply bases year 2016 using RSPO PalmGHG version 3 in place. Refer Appendix 2 for Summary of GHG Emissions.</p>
Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers		
Criterion by Audit	Summary	<p>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. The company is in full compliance to Principal 6 for this complex.</p>
ASA 2	6.1	<p>SOP 13.0, Social Impact Assessment (SIA) procedure has been established by KLK Sustainability department on 01/06/2015 under the title "In-house Social Impact Assessment" which is available at mill office.</p> <p>Appendix 1 of the SOP has identified the format to record the assessment. The "In-house Social Impact Assessment" format has identified columns such as Flow, Hazards, Level of social impact, Mitigation measures, Person in charge and status.</p> <p>The latest SIA has been carried out prior the installation of the rain cutter at staff's linesite. The SIA is assessed among all employed staff in Rimmer POM. Sighted 'Social Impact Assessment Mill: Rimmer Palm Oil Mill Topik/Subjek: Pemasangan Talang Hujan di Perumahan Staff'. The SIA plan is prepared by Mr. Abdussyakur Abd Wahab (Asst. Manager) dated 27/03/2017.</p> <p>Prior SIA, meeting is done between representative of employers, employee and gender committee as sighted minute meeting of 'Kilang Kelapa Sawit Rimmer Minit Mesyuarat SIA Pemasangan Talang Hujan Perumahan Staff' dated 27/02/2017 prepared by Mr. Abdussyakur Abd Wahab (Secretary). Feedback from 13 participants attended the meeting is highlighted in SIA's questionnaire form.</p> <p>In Rimmer Estate, Latest internal SIA was conducted in 12/05/2016 prior the replanting program. It involved 55 estate workers represented quarter of the total workers.</p> <p>The survey covered the impact of this project to:</p> <ul style="list-style-type: none"> • Water pollution • Workers' safety • Social problem that might cause by contract workers. <p>From this survey, negative impacts were determined from all area assessed. Sighted 'Social Impact Assessment Estate: Rimmer Topik: Melaksanakan Penanaman Semula Pokok Sawit' prepared by Mr. Wilton Bichin dated 17/05/2016. After assessment, a meeting was conducted among management and worker's representatives. Sighted minute of meeting prepared by Mr. Wilton Bichin (Assistant Manager dated 16/05/2016). Outcome of the meeting and analysis were outlined in SIA management plan.</p>

		<p>In Rimmer POM, assessment of SIA is attended by 12 affected parties consisted of mill's staff as sighted 'Soalan Penilaian Bagi Impak Social Bagi Pelaksanaan: Pemasangan Talang Hujan Di Rumah-Rumah Staff Kilang' answered on 03/03/2017. To find out satisfactory outcome among respondents, the survey forms were distributed among same people as sighted 'Borang Kaji Selidik Topik/Subjek: Pemasangan Talang Hujan Di Rumah Staff Kilang' dated 20/03/2017. The satisfactory outcome is summarized in 'Ringkasan Daripada Soalan Kaji Selidik Berkenaan Pelaksanaan Pemasangan Talang Hujan Di Rumah Staff' prepared by Mr. Abdussyakur dated 25/03/2017. All respondents' feedback positively after installation of the rain cutter is done.</p> <p>'Social Impact Assessment Mill: Rimmer Palm Oil Mill Topik/Subjek: Pemasangan Talang Hujan di Perumahan Staff is developed as the action plan to resolve negative and positive impacts that might be occur. There are 6 negative impacts and 1 positive impact identified from SIA. The SIA action plan is completed with finding/outcome/inputs from stakeholder, positive/negative impact, and mitigation/measures/remark. The responsibility to ensure action is carried out is under Mill Manager, Mr. Basri Baco referring to In-house SIA SOP. The SIA management plan for mill and estates are reviewed once in every 2 years.</p>
ASA 2	6.2	<p>Sighted list of stakeholders for mill and estates. The list was updated and covering mill and estate employees, contractors, suppliers, government agencies and etc. are available and sighted in the mill and estate offices.</p> <p>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 & response, consultation & communication and complaint & grievance mechanism in order to handle issues highlighted by stakeholders.</p> <p>Communication and consultation process is also communicated through training programs and the records with attendance lists were sighted. For external communication, the management takes the effort to reach out to the community neighboring the estate during stakeholder meetings.</p> <p>Besides, stakeholder consultation combining whole complexes of Lahad Datu Region was done on 30/12/2016 attended by 10 representatives from management together with 12 invited stakeholders. The consultation socialized CSR activities, stakeholder logbook mechanism, KLK Sustainability Policy and interactive session with stakeholders. No issues being raised by stakeholder during consultation. Sighted minute of meeting dated 30/12/2016 prepared by Mr. Imran H.M Hassan (KLKS-KDCL OSH Dept.). Invitation letter is distributed to stakeholder dated 06/12/2016 as sighted Notis & Agenda Perbincangan Pemegang Amanah (Kompleks Lahad Datu Region).</p> <p>Stakeholder logbook is used to record requests from stakeholder and being maintained in place. Sighted 4 request & response and 1 feedback during consultation are recorded in 2017 to date and sampled as follow:</p> <ul style="list-style-type: none"> • Request from JKKP Tawau, Ms. Noraini to view mill's document for site inspection dated 13/04/2017. • Request from Avery (M) Comp S/B dated 09/03/2017 to repair indicator machine

		<ul style="list-style-type: none"> Request from 'Jabatan Bomba Dan Penyelamat' dated 06/03/2017 to check on application for fire brigade's approval. Request from MPOB, Mr. Adrein Tubong to do routine inspection, enforcement audit dated 25/01/2017 <p>The request from internal stakeholder mostly from mill workers are recorded in 'Rimmer Palm Oil Mill Ketua Kampung Logbook' Record. 10 records are cited in the logbook and sampled as below:</p> <ul style="list-style-type: none"> Request to do up keeping at badminton court dated 19/04/2017 Request for repainting at Perdana (1) linesite dated 19/04/2017 Request to repair dysfunctional lamppost at Perdana (1) linesite dated 03/04/2017 <p>Sighted appointment letter of 'Perlantikan Sebagai Pengerusi Jawatankuasa Keselamatan Dan Kesihatan Dan Orang Bertanggungjawab Berkenaan Perihal Berkaitan RSPO/ISCC' for all operating units signed by Mr. Rozi Ibrahim (General Manager). During interview, it was evident that the manager is aware of his responsibility as person responsible for communication.</p>
ASA 2	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 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> <p>A complaint and grievances logbook is kept in mill and estate and it contains the details of the complaints made, the complainant or aggrieved party, the action taken to resolve the complaint or grievance and the date the action was taken. All complaints and grievances were promptly attended to and records of this were sighted in the mill and estate offices.</p> <p>Workers who were interviewed confirmed that they are aware of the complaints and grievances procedure and how to channel their grievances. Complaint and Grievances record in Stakeholder Logbook was maintained. All complaint was attended and action was taken by responsible person and acknowledged to the complainant back.</p>
ASA 2	6.4	<p>KLK has established Land acquisition (for OP planting) SOP 3A issue/rev 1/0 dated 01/01/2017 outlined the procedure for identifying legal, customary or user rights. This is endorsed for claiming on land ownership and consideration of compensation.</p> <p>In Land acquisition (for OP planting) SOP 3A issue/rev 1/0 dated 01/01/2017, compensation shall take into account:</p> <ul style="list-style-type: none"> Proof of legal versus communal ownership in ethnic group Communities' period of residing and origins Gender difference in the ability to claim rights

		Until to date, no compensation records made.
ASA 2	6.5	<p>Pay and conditions are documented in the appointment letter of the staff and workers. Interview with both mill & estates staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment. No confinement history and no illegal or forced deduction as per this audit period. The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2011 (Act 732) Malaysian minimum salary is RM920 as stated in the guidelines.</p> <p>Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made.</p> <p>Employment contract stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. The contract is in Malay as it is easy to be understood by workers. This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local, Indonesian and Philippine.</p> <p>Agreement contract (mill worker) sampled as below:</p> <ul style="list-style-type: none"> Brandon Janis (local) Date engaged: 03/09/2013. Sighted signed employment contract 'No. Rujukan Pekerja: 4245' dated 03/09/2013 made between KL-Kepong (S) S/B and employee. <p>Sampled in Rimmer Estate:</p> <ul style="list-style-type: none"> Roslan Ridjal (AP) Date engaged: 05/08/2014. Sighted recommended terms and conditions of service for Aps in MPOA Security Services Sdn. Bhd stated in English for job engagement. Any new implementation is made addendum with primary employment contract. <p>All workers were provided with adequate housing with supply the electric, water, medical and etc. Grocery shops are rent to outsider for providing necessary things at working's housing. Lahad Datu located 30 KM from estate compound is accessible with public transportation. 'Kedai Nur' and YE Trading provided cash utilities. Public transportation can be accessible at nearby main road.</p>
ASA 2	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>This policy is displayed in the mill and estates. The policy has been communicated to all workers and staff and the understanding of policy is satisfactory.</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. At this moment, no UNION form in this complex.</p>

ASA 2	6.7	<p>The company has created and implemented minimum age policy and no child labor noted during this audit period. Interviews with workers and staff confirmed that there is no child labor employed neither in estates and the mill.</p> <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.</p> <p>Children under age of 18 are not allowed to be employed in the company. A random sampling from the mill and estate employees list indicated that there is no worker is employed below 18 years.</p>
ASA 2	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 1st priority for employment (Positive).</p> <p>Employment of either local or foreign workers will not practice any discrimination regardless race, religion and gender. 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> <p>Verified through interview with harvester gang, confirmed workers are treated equally regardless their origin and gender. Opportunities are given to all level of workforce without being discriminated.</p> <p>The practice of equal opportunities is implemented as sighted the job advertisement displayed at road junction nearby complex entrance. Sighted advertisement of, 'Iklan Jawatan Kosong KL Kepong For Estate of Rimmer Sg. Silabukan, Lungmanis, Bukit Tabin, Tungku, and Rimmer/Lungmanis POM'. The employment condition clearly practiced equal opportunities for local and foreign workers.</p> <p>Sighted summary report of a Chemical Health Risk Assessment (USECHH Regulations 2000) dated 20/09/2013 done to Abdul Latip (Manuring) prior commencement of his work. Test resulted done for Abdul Latip shown that he is fit in term of medical to carry out his hired job.</p>
ASA 2	6.9	<p>In 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. Also sighted 'Polisi Hak Reproduksi Pekerja' approved by Mr. Mah Fak Chin (Regional Director) dated 01/04/2017.</p> <p>The gender committee is formed in mill management. Sighted organization as followed:</p> <ul style="list-style-type: none"> • Advisor: Ms. Agnes G. Tamin • Chairwoman: Ms. Rusmah Anton • Secretary: Ms. Juliza Jamal

		<ul style="list-style-type: none"> Committee members: Sahati Sanusi, Wahida Malawi, Asiah Osman, Aminah Molleng, Samsiah Manya, Nurbaya Muddin, Rasnawati Nurdin, Jupitah Putak <p>Gender committee held meeting thrice every year. The latest meeting was held on 13/03/2017 attended by 10 committee members. Verified in minute meeting prepared by Ms. Juliza Jamal and approved by chairwoman, the meeting socialized:</p> <ul style="list-style-type: none"> Committee’s issues Monitoring on gender cases, reproductive right and others related issues. Committee’s activities Health and safety <p>The training of the gender committee is done to all workers involved in mill’s operation. Sighted ‘Training Record Rimmer Mill for Topic: Code of Conduct, RSPO & Sustainability Policy trained by Manager and Assistant dated 01/03/2017. The training was attended by 57 mill workers.</p> <p>Workers interviewed were aware of the policy against Sexual Harassment and Violence, the establishment of the gender committee at every operating unit and the specific grievance mechanism. The gender committee for all operating units held a meeting in early 2017 to discuss matter pertaining to women, sexual harassment and violence. Minutes of meeting were sighted during the audit. No cases of sexual harassment or violence against female workers reported.</p> <p>The company has outlined flow chart on handling sexual harassment complaints in Policy No: GP/OSH12 OSH Mgt. System-4 issued 01/07/2010 Attachment: 5 stated way to handle allegation of sexual harassment when received.</p>
ASA 2	6.10	<p>The mill received all crop by his own estates and the prices of FFB paid to the estate is in accordance with the prices set by the Malaysian Oil Palm Board (MPOB). A bi-monthly review and update does guarantee a clear and transparent procedure, complete records are available and the records of past and present prices of FFB, CPO and PK are kept by the management of KLK Berhad and this information is provided to the mill.</p> <p>Sighted the contract that sign by contractors with the company and payment record shown that the company pay fee to the contractors according the agreement. All the payment is made promptly every month and as per agreement. Terms and condition of safety, health and labor are included in the contract.</p>
ASA 2	6.11	<p>Both the mill and estate are committed and have contributed to local development. Contributions to local development that are based on the results of consultation with local communities not demonstrated at Complex level; but monitored and extended by KLK Head Office, Ipoh.</p> <p>In KLK Rimmer Estate, CSR is sighted in Performance and Expenditure Capture- Social Aspects Year 2016 dated 27/01/2017 as below:</p> <ul style="list-style-type: none"> RM 9742.04 allocated for social activities RM 1160.00 allocated for providing kindergarten uniform

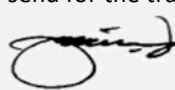
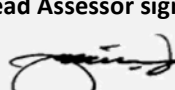
		<ul style="list-style-type: none"> • RM 28348.80 allocated for repair of quarters
ASA 2	6.12	<p>The company strictly prohibit the use of any form of forced or traffic labour in employment of workers or staff. This is stated in KLK Sustainability Policy SOP 14: Employment of Workers/Staffs dated 01/06/2015. SOP 14 clearly outlined the restriction to practice force or trafficked labour.</p> <p>Legal 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 estate operational activity.</p> <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.</p> <p>In recruiting new employee, SOP 14 Employment of Workers/Staffs Issue/Rev 1/0 dated 01/06/2015 outlined the employment of new workers, registration & briefing and payment of salary.</p> <p>Post arrival orientation training is done as verified:</p> <ul style="list-style-type: none"> • Training record given by Manager/Assistant Manager dated 28/11/2016. Training attended by 2 new workers for loading ramp and briefed 8 RSPO principles, OSH, PPE and gender committee policy. • Safety Briefing & PPE Usage Training at Rimmer Mill given by Mr. Mohd Nassruddin Madia (Manager) dated 01/09/2016. Training attended by 1 new workers for apparatus workshop briefed 8 RSPO principles, OSH, PPE and gender committee policy. • Safety Briefing & PPE Usage Training at Rimmer Mill given by Mr. Samson Lee dated 01/07/2016. Training attended by 1 new driver briefed 8 RSPO principles, OSH, PPE and gender committee policy.
ASA 2	6.13	<p>The 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>Respect human right aspect of the 'KLK sustainable policy' has been explained to all estate employees by the Assistant Manager/Manager. The "KLK Sustainability Policy" is displayed in notice boards inside the office as well as outside the office. The policy also publicly available through the official website : http://www.klk.com.my</p>
Principle 7: Responsible Development of New Plantings		
Criterion by Audit	Summary	There is no new planting carried out.
ASA 2	7.1	There were no new plantings involving forest land.
ASA 2	7.2	New planting not applicable. However, AAR prepared the annual soil & leaf sampling and topographic information's for current estates. Topographic information for the existing estate sighted and available.
ASA 2	7.3	There is no new land surveyed for the growing of oil palm. Then, no primary forest sighted within this estate perimeter.
ASA 2	7.4	There were no new planting activities. Soil map for the existing estate sighted and available. No peat land, no hilly and sloping areas. Company also has developed AAR report on "Oil Palm Manuring Recommendations 2015/16 for the estate" with estate's geographical condition.
ASA 2	7.5	There were no new plantings involving on local peoples' land.

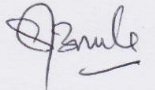
ASA 2	7.6	There were no new planting activities. Thus, no negotiations concerning compensation for loss of legal or customary rights are as per this assessment period. Since the RSPO certification date, there isn't any issues raised by stakeholders during stakeholder meetings for land issues.
ASA 2	7.7	There were no new planting activities. However, the company has established the KLK Sustainability SOP's on Zero Burning; SOP 9; Date on 01 st June 2015 for preparing land for planting.
ASA 2	7.8	No new planting applicable.
Principle 8: Commitment to Continuous Improvement in Key Areas of Activity		
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, pollution prevention plans and working conditions.
ASA 2	8.1	<p>Sighted the Continuous Improvement Plan for all operating units. As evidence in Rimmer POM, mill has planning to do following activities as measures for continual improvement. Data as per below:</p> <ul style="list-style-type: none"> • Recycling training • CV area training • Water usage awareness • Black smoke emission • Mill oil sump • Oil trap in workshop • Recycling program • Mill and line site maintenance <p>Sighted training on recycling done so far as per the plan. Verified with training record dated 20-03-2017.</p> <p>For Sg. Silabukan Estate, estate is planning to do following activities as measures for continual improvement. Data as per below:</p> <ul style="list-style-type: none"> • Water quality monitoring • Planting trees along the road, riparian zones • Renovating sedimentation pond • Social <ul style="list-style-type: none"> i. Voluntary cleaning campaign at line sites ii. Inspecting and renovating workers quarters iii. Child immunization program iv. Renovating mosque and Kindergarten • OSH <ul style="list-style-type: none"> i. Supply of PPEs for all type of work ii. Monitoring program minor accidents and near misses iii. Renovating old roof at workshop <p>Adequate fund is allocated to above planned activities in budget 2016/2017.</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			
The following NC's was raised for this audit.			
NC number:	01		
Client name:	KLK Rimmer Complex		
Date raised:	22 nd April 2017		
Major or Minor:	Minor	Site:	KLK Rimmer POM
Raised by:	Muhammad Syafiq	Deadline:	Next Surveillance Audit
Aspect of standard: 2.1.3 (Minor)			
A mechanism for ensuring compliance shall be implemented			
Evidence of non-conformity:			
<p>During audit, no evidences of company employed for the Certified Environmental Professional in the Treatment of Palm Oil Mill Effluent (Pond Processes) (CePPOME) & Certified Environmental Professional In Scheduled Waste Management (CePSWaM). Referring to Section 49a of EQA 2012 (Amendment) stated an owner occupier of a premise shall employed a person who has been certified for control activities (Jadual Pematuhan: POME, Scheduled Waste etc.)</p> <p>As per interviewed, there is no available training for Treatment of Palm Oil Mill Effluent (Pond Processes) (CePPOME) & Certified Environmental Professional in Scheduled Waste Management (CePSWaM) in Sabah at the moment. Hence, company has to send the PIC to Peninsular for the training needs and has already planned to send for the training before end of 2017.</p>			
			
Lead Assessor signature			
Date: 22nd April 2017			
Root Cause Analysis and extent: (To be filled by Auditee)			
Corrective/Preventive Actions: (To be filled by Auditee)			
Evidence of Conformity:			
Review of evidences submitted to CUC:			
Conclusion by CUC:			
NC Status: Yes <input type="checkbox"/> (CLOSED) No <input checked="" type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			
Lead Assessor signature:		Date: 22nd April 2017	
			


4.3.2 Non-Conformity Identified during the last ASA, not applicable for MA			
The following NC's were raised for this audit.			
NC number:	01/2016		
Client name:	KLK Rimmer Complex		
Date raised:	26/04/2016		
Major or Minor:	Minor	Site:	Rimmer Estate
Raised by:	Baskaran Sankaran	Deadline:	Next Surveillance Audit
Aspect of standard: 2.2.2 – Minor			
There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves.			
Evidence of non-conformity:			
There are no means of boundary demarcation either by boundary stone or peg adjacent to the Ladang Matamba.			
Lead Assessor signature:			
			
Date: 26/04/2016			
Root Cause Analysis and extent: (To be filled by Auditee)			
<ol style="list-style-type: none"> 1. Boundary stones are missing. 2. Lack of on-site monitoring to ensure the old boundary stones are visibly maintained. 3. Mechanism to trace the missing legal boundary stones needs to be established to ensure all legal boundary markers are clearly demarcated. 			
Corrective/Preventive Actions: (To be filled by Auditee)			
<ol style="list-style-type: none"> 1. Management had obtained map from relevant statutory body (JUPEM) to re-locate the missing boundary markers. 2. In order to ensure old boundary stones are visibly maintained, iron poles with red and white marking were erected close to the old boundary stones. Estate management already fix the boundary stone that missing. 3. Management had gathered information on GPS coordinate for every boundary marker. 4. Estate management already have monitoring record 5. Management will ensure regular monitoring on every boundary markers and immediate action will be taken to re-locate the missing boundary markers (if any). 			
Evidence of Conformity:			
<ol style="list-style-type: none"> 1. Sighted the boundary markers map (RAWDATA/SS/APRIL 2016) 2. Sighted monitoring record for maintenance of boundary markers 3. Auditors already checked this area during site visit and sighted that management already fix the boundary stone that missing 			
Review of evidences submitted to CUC:			
Estate has taken appropriated corrective action by retrieve legal map from relevant statutory body (JUPEM-RAWDATA/SS/APRIL 2016) to re-allocated boundary markers adjacent to the Ladang Matamba. From the latest stone identification process by proper GPS coordination, found out all boundary markers already replaced with iron poles with red and white marking were erected close to the old boundary stones. Management also had gathered information on GPS coordinate for every boundary marker. Estate management already have monitoring record. Management will ensure regular monitoring on every boundary markers and immediate action will be taken to re-locate the missing boundary markers (if any).			

At this moment, no complaint from their stakeholders regarding the boundary area. Auditors already checked this area during site visit and sighted that management already fix the boundary stone that missing.

Conclusion by CUC:

The verification audit assessment carried out was evident, therefore this minor non-compliance is closed.

NC Status: Yes (CLOSED) No (OPEN)
ON SITE VERIFICATION REQUIRED Yes No

Lead Assessor signature: 	Date: 22nd April 2017
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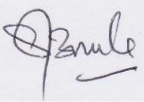
NC number:	02/2016		
Client name:	KLK Rimmer Complex		
Date raised:	26/04/2016		
Major or Minor:	Minor	Site:	Rimmer Estate
Raised by:	Baskaran Sankaran	Deadline:	Next Surveillance Audit

Aspect of standard: 5.2.4 – Minor
Where a management plan has been created there shall be ongoing monitoring:

- The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;
- Outcomes of monitoring shall be fed back into the management plan.

Evidence of non-conformity:
The company has established management plan for wildlife species. However, ongoing monitoring has not identified adequately wildlife species that present within the estates.

[This sighted in the Survey Questionnaire Forms titled “Borang Soal Selidek Kawasan Bernilai Konservasi Tinggi (HCV)” is being used to identify species that seen by the estate workers where there are only pictures of 5 types of birds and 5 types animal is documented. However, there are about 230 types of bird species identified by Tabin Wildlife Resort that was established in year 2013 out of which 87 bird species been classified as Near Threatened, Vulnerable and Endemic. During site visit sighted “King Fisher” (as identified by the estate manager), flying along Sg. Matamba river riparian zone which has not been identified “Borang Soal Selidek Kawasan Bernilai Konservasi Tinggi (HCV)” or the Monthly Monitoring HCV Checklist]

Lead Assessor signature:


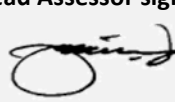
Date: 26/04/2016

Root Cause Analysis and extent: (To be filled by Auditee)

1. Monitoring records has not identified adequately wildlife species that present within the estates.
2. PIC is not really understood the process of identified wildlife species.

Corrective/Preventive Actions: (To be filled by Auditee)

1. Estate do the monitoring records to identified adequately wildlife species that present within the estates.

<ol style="list-style-type: none"> 2. Conducted the training especially for RTE Species for the process of identified the wildlife species. 3. Attended the training conducted by 3rd Party. 4. Site visit to PPB Oil Palms Berhad to learn regarding the HCV. 	
<p>Evidence of Conformity:</p> <ol style="list-style-type: none"> 1. Seen the monitoring records to identify adequately wildlife species that present within the estates. 2. Sighted the training records for RTE Species 3. Management has sent Mr. Thien Jing Wen to attend the training conducted by 3rd Party. 4. Seen the evidence that site visit to PPB Oil Palms Berhad. 	
<p>Review of evidences submitted to CUC:</p> <p>The estates use its sustainability department's SOP 11.0 titled "High Conservation Value (HCV) / Conservation Area management" procedure dated 01/06/2015 for HCV assessment. Sighted the latest HCV assessment was conducted on April 2017 by Mr. Thien Jing Wen based SOP 11.0 on which was established by company's Sustainability Department using guidance from HCV Forest Toolkit for Malaysia, edition Oct 2009. Conservation status and the legal protection status have been assessed using IUCN red list and the Sabah wildlife protection enactment 1967. No RTE species identified within the estate.</p> <p>Estate has taken appropriated corrective action by do the monitoring record. Continuous monitoring done to identify RTE/HCVs and to ensure the management actions are properly implemented in riparian zones and other HCV areas. As evidence, seen monitoring records dated 18-04-17, 09-03-17, 02-12-16.</p> <p>The management has annual training plan to educate the estate workforce on about the status RTE species. It has been scheduled in the estate's training plan. As evidence in Rimmer Estate, last training done on 11-01-2017 for all staff members.</p> <p>Company has sent Mr. Thien Jing Wen to attend the training by 3rd Party. Seen the certificate of the training. The management of KLK Lahad Datu Complex also do site visit to PPB Oil Palms Berhad to learn from them how to handle the issue.</p>	
<p>Conclusion by CUC:</p> <p>The verification audit assessment carried out is evident and therefore this minor non-compliance is closed.</p>	
<p>NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN)</p> <p>ON SITE VERIFICATION REQUIRED Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>	
<p>Lead Assessor signature:</p> 	<p>Date: 22nd April 2017</p>

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 days 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]
1 – Commitment to Transparency	<p>This stakeholder comments are including all 8 main principles complied with RSPO Principles & Criteria. Below are the cited responses gained during consultation:</p> <ul style="list-style-type: none"> • Company contributed in school development such as in construction of store, mini mosque, gazebo etc. • Company also give initiative to contribute in material aid • Workers’ children also get education access at SK Sabah Cocoa • Company give good commitment in maintaining relationship with stakeholder • Appreciation to company for fast comment or feedback if any issue happens. • Road condition is well maintained, enable easier access within complex vicinity • The project tender open to contractor will be done fairly • Done business as grocer in complex vicinity • Rented shop building is well maintained by company 	<p>All are positive findings</p>
2 - Compliance with Applicable Laws and Regulations		
3 - Commitment to Long-Term Economic and Financial Viability		
4 - Use of Appropriate Best Practices by Growers and Millers		
5 - Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
6 – Responsible Consideration Of Employees, And Of Individuals And Communités Affected By Growers And Mills		
7 - Responsible Development Of New Plantings		
8 - Commitment to Continuous Improvement in Key Areas of Activities		

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)
Rimmer POM	60	KM 29, Jalan Lahad Datu – Tungku, Lahad Datu, 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	35,013	9,704	Forecasted volume from July 2017 to June 2018. See also 1.6 above.

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

KLK Rimmer POM is running under approved capacity of 60 MT/Hour to process FFB received from own estates. RSPO certified FFB received are converted into RSPO certified CPO and PK under CPO-Mills: Identity Preserve (IP) model. As in financial year October 2015 – September 2016, the mill has recorded 21.53% Oil Extraction Rate (OER) from the production.

Actual quantities of certified FFB delivered to the mill are entered into a central computer system and the actual quantities of CPO and PK produced are also entered and the OER is known. The quantities of certified CPO and PK are shown in real time and summarized each day on a spreadsheet.

Sales of CPO and PK are made in real time and the quantity of sales never exceeds that shown in the spreadsheet. 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 months 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	October 2015	12,713.80	-	12,713.80
2	November 2015	13,451.93	-	13,451.93
3	December 2015	13,662.60	-	13,662.60
4	January 2016	8,520.87	-	8,520.87
5	February 2016	5,894.29	-	5,894.29
6	March 2016	6,718.56	-	6,718.56
7	April 2016	7,618.65	-	7,618.65
8	May 2016	8,046.60	-	8,046.60
9	June 2016	8,258.03	-	8,258.03
10	July 2016	10,581.13	-	10,581.13
11	August 2016	12,308.13	-	12,308.13
12	September 2016	10,866.71	-	10,866.71
	TOTAL	118,641.30	-	118,641.30

5.5 Monthly Records of Certified CPO and PK Since the Last Audit

In case of Main Assessment, it shall be the last 12 months figure.

Figure are actual CPO and PK production on monthly basis

No	MONTH-YEAR	Certified CPO (MT)	Certified PK (MT)
1	October 2015	2,928.83	664.00
2	November 2015	2,865.90	709.24
3	December 2015	2,891.06	705.26
4	January 2016	1,917.48	454.64
5	February 2016	1,331.83	314.38
6	March 2016	1,497.83	359.93
7	April 2016	1,676.09	405.31
8	May 2016	1,690.82	416.21
9	June 2016	1,667.71	416.19
10	July 2016	2,189.31	540.83
11	August 2016	2,548.61	623.15
12	September 2016	2,335.16	555.19
	TOTAL	25,540.63	6,164.33

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 months 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
-	-	-	-	-

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 months figure.

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

The transactions were sighted form the clients registered UTZ eTrace Account.

No	Buyers Name	UTZ eTrace Trading No	Certified CPO (MT) Sold	Certified PK (MT) Sold
-	-	-	-	-

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 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.

NC Number:	Not Applicable
Date:	-
Reference to standard:	-
Standard requirement:	-
Evidence of non-compliance:	-

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

This palm oil mill and its supply bases were audited against RSPO SCCS. The mill processing capacity is 60 ton FFB per hour. The mill is capable of handling IP supply chain model.

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

Recommendations made:	Yes
Summary of non-compliances:	Not Found
Certification status of client:	<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:	April 2018
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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:	60 days from the issuance date
• All minor NCs to be closed by:	Before next surveillance audit

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 .

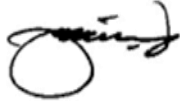
I also confirm:

- 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:		 Signature
Name:	Thien Jing Wen	
Position:	Laboratory Manager	
Date:	21/6/2017	


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:		 Signature
Name:	Muhammad Syafiq	
Position:	Lead Auditor	
Date:	16.06.2017	

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:		 Signature
Name:	Elzy Ovktafia Chairul	
Position:	Certifier	
Date:	28.06.2017	

PART 7: APPENDICIES

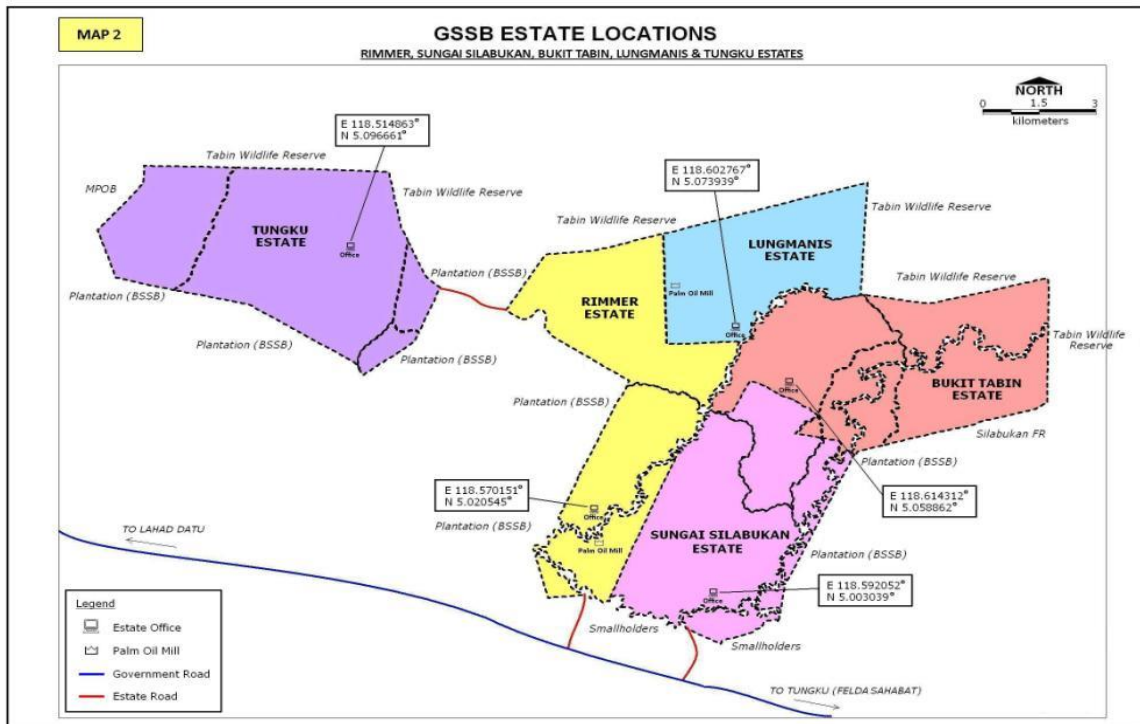
Appendix 1: Location Map for this Certification Unit

From 1.9, the location map(s)

1). Location of KLK Rimmer POM in Malaysia



2). Location of KLK Rimmer Complex in Sabah



Appendix 2: Summary of GHG Emissions

Summary of Net GHG Emissions

Emissions per Product	tCO ₂ e/tProduct
CPO	1.02
PK	1.02

Extraction	%
OER	22.83
KER	5.5

Production	t/yr
FFB processed	112,109.58
CPO Produced	25,592.63

Land use	ha
OP planted area	4,946
OP planted on peat	0
Conservation (forested)	0
Conservation (non forested)	0
Total	4,946

Summary of Field Emissions and Sinks

	<i>Own Crop</i>		<i>Group</i>		<i>3rd Party</i>		<i>Total</i>	
	tCO ₂ e	tCO ₂ e /tFFB	tCO ₂ e	tCO ₂ e /tFFB	tCO ₂ e	tCO ₂ e /tFFB	tCO ₂ e	tCO ₂ e /tFFB
Emissions								
<i>Land Conversion</i>	35,990.43	0.32	0	0	0	0	35,990.43	0.32
<i>*CO₂ Emissions from Fertiliser</i>	3,213.54	0.03	0	0	0	0	3,213.54	0.03
<i>**N₂O Emissions</i>	4,720.56	0.04	0	0	0	0	4,720.56	0.04
<i>Fuel Consumption</i>	534.78	0	0	0	0	0	534.78	0
<i>Peat Oxidation</i>	0	0	0	0	0	0	0	0
Sinks								
<i>Crop Sequestration</i>	-34,114.15	-0.3	0	0	0	0	-34,114.15	-0.3
<i>Conservation Sequestration</i>	0	0	0	0	0	0	0	0
Total	10,345.16	0.09	0	0	0	0	10,345.16	0.09

Summary of Mill Emissions and Credits

tCO ₂ e	tCo ₂ e/tFFB
Emissions	
<i>POME</i>	0.19
<i>Fuel Consumption</i>	0.01
<i>Grid Electricity Utilisation</i>	0
Credits	
<i>Export of Grid Electricity</i>	0
<i>Sales of PKS</i>	0
<i>Sales of EFB</i>	0
Total	0.20

Palm Oil Mill Effluent (POME) Treatment

Divert to compost	%
Divert to anaerobic digestion	100%

POME Diverted to Anaerobic Digestion:

Divert to anaerobic pond	100%
Divert to methane capture (flaring)	%
Divert to methane capture (electricity generation)	%

Appendix 3: GHG assessment for new plantings

Not applicable

Appendix 4: List of Abbreviations	
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
SOCSO	Social Security Organisation
SOP	Standard Operating Procedure
USDA/NOP	United States Department of Agriculture – National Organic Program
MT	Metric Tonnes
WHO	World Health Organization