

RSPO PRINCIPLES & CRITERIA

PUBLIC SUMMARY REPORT

ANNUAL SURVEILLANCE ASSESSMENT 2

Malaysia
KLK Lungmanis POM
KLK Berhad
2017

Report prepared by:	Muhd Jamalul Arif	(Lead Assessor)
Certification decision by:	Elzy Ovktafia	(Certifier)
Certifying Office		
Control Union (Malaysia) Sdn. Bhd. B-3-1, Prima Klang Avenue, Jalan Kota KS/1, 41100 Klang, Selangor, Malaysia rspo@controlunion.com Tel: +603-3377 1600 / 1700		

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>	
RSPO Membership Number	8-0025-06-000-00
RSPO Approval Date	12/01/2006
Affiliate Membership	http://www.rspo.org/en/member/339

Table of Contents

PART 1: SCOPE OF THE CERTIFICATION ASSESSMENT AUDIT	4
1.1 COMPANY AND CONTACT DETAILS	4
1.2 RSPO MEMBERSHIP & CERTIFICATION DETAILS	4
1.3 ANNUAL SURVEILLANCE ASSESSMENT DETAILS	4
1.4 ASSESSMENT TYPE	4
1.5 LOCATION OF THE PALM OIL MILL	4
1.6 PALM OIL MILL OUTPUT AND APPROXIMATE TONNAGES CERTIFIED	4
1.7 GENERAL DESCRIPTION OF SUPPLY BASE	5
1.7.1 Location of the Supply Base	5
1.7.2 Statistics of the Supply Base and Estimated Tonnes of FFB produced per year	5
1.7.3 Conservation and HCV Area (Ha)	5
1.7.5 Calculation of the Number of Production Units (N) to Sample for the Mill	6
1.8 PROGRESS OF ASSOCIATED SMALLHOLDERS OR OUT-GROWERS, IF APPLICABLE TO THIS ASSESSMENT	6
1.9 LOCATION MAP FOR THIS CERTIFICATION UNIT (SEE APPENDIX 1)	6
PART 2: PARTIAL CERTIFICATION	7
2.1 MANAGEMENT STRUCTURE	7
2.2 NON-COMPLIANCE IDENTIFIED WITH 2.1 ABOVE	7
2.3 SUMMARY OF THE TIME BOUND PLAN	7
2.4 UN-CERTIFIED UNITS OR HOLDINGS	8
2.5 SUMMARY OF THE FINDINGS FOR PARTIAL CERTIFICATION	13
2.6 PARTIAL CERTIFICATION AUDIT AGENDA	14
PART 3: AUDIT PROCESS	14
3.1 ABOUT THE CERTIFICATION BODY	14
3.2 AUDIT TEAM	14
3.2.1 Qualifications of the Lead Auditor	14
3.2.2 Qualifications of the Assessment Team	15
3.3 AUDIT METHODOLOGY	18
3.3.1 General Overview	18
PART 4 ASSESSMENT FINDINGS	21
4.1 LEAD ASSESSOR'S SUMMARY AND RECOMMENDATION FOR CERTIFICATION	21
4.2 SUMMARY OF THE FINDINGS BY PRINCIPLES AND CRITERIA	21
<i>Principle 1: Commitment to Transparency</i>	<i>21</i>
<i>Principle 2: Compliance with Applicable Laws and Regulations</i>	<i>22</i>
<i>Principle 3: Commitment to Long-Term Economic and Financial Viability</i>	<i>24</i>
<i>Principle 4: Use of Appropriate Best Practices by Growers and Millers</i>	<i>26</i>
<i>Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity</i>	<i>35</i>
<i>Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers</i>	<i>38</i>
<i>Principle 7: Responsible Development of New Plantings</i>	<i>43</i>
<i>Principle 8: Commitment to Continuous Improvement in Key Areas of Activity</i>	<i>44</i>
4.3 NON-CONFORMITY RAISED DURING THIS AUDIT AND ANY FROM THE PREVIOUS YEAR, IF APPLICABLE	44
4.3.1 Non-Conformities Identified during this Audit	45
<i>The following 1 Minor NC were raised for this audit.</i>	<i>45</i>
4.3.2 Non-Conformity Identified during the last ASA, not applicable for MA	46
THE FOLLOWING NC'S WERE RAISED DURING THE LAST AUDIT AND THE STATUS WAS REVIEWED AS INDICATED BELOW.	46
4.4 ISSUES THAT WERE RAISED DURING THE STAKEHOLDER CONSULTATION, IF ANY	49
RSPO PRINCIPLE	50
STAKEHOLDER COMMENT	50

CUC RESPONSE	50
PART 5: RSPO SUPPLY CHAIN CERTIFICATION	50
5.1 POM INCLUDED IN THE SCOPE OF THE AUDIT	50
5.2 CONFIRMATION OF THE COMPANY'S SUMMARY OF ANNUAL CERTIFIED VOLUME OF RSPO CERTIFIED PALM OIL AND PALM KERNEL OVER A SPECIFIED PERIOD	50
5.3 SUMMARY REPORT INCLUDING A BRIEF DESCRIPTION OF THE SCOPE OF CERTIFICATION	51
5.4 MONTHLY RECORDS OF CERTIFIED AND UNCERTIFIED FFB RECEIVED SINCE THE LAST AUDIT IN CASE OF MAIN ASSESSMENT, IT SHALL BE THE LAST 12 MONTH FIGURE.	51
5.5 MONTHLY RECORDS OF CERTIFIED CPO AND PK SINCE THE LAST AUDIT	51
5.6 RECORDS OF CERTIFIED CPO & PK SOLD UNDER GREENPLAM TO BUYERS SINCE THE LAST AUDIT, IF ANY.....	51
5.7 RECORDS OF CERTIFIED CPO & PK SOLD UNDER UTZ eTRACE TO BUYERS SINCE THE LAST AUDIT, IF ANY	52
5.8 NON-CONFORMITIES IDENTIFIED DURING THIS AUDIT	52
5.9 DESCRIPTION OF THE ORGANIZATIONAL MANAGEMENT SYSTEMS	52
5.10 FINAL CERTIFICATION DECISION BY CONTROL UNION FOR THE RSPO SCCS AUDIT OF THE POM	52
PART 6: CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY	53
6.1 DATE OF NEXT ASA	53
6.2 DATE FOR CLOSURE OF NON-CONFORMITIES	53
6.3 SIGNING BY THE CLIENT	53
6.4 SIGNING BY THE LEAD AUDITOR	53
6.5 SIGNING BY THE CERTIFIER	53
PART 7: APPENDICIES	54
APPENDIX 1: LOCATION MAP FOR THIS CERTIFICATION UNIT	54
APPENDIX 2: SUMMARY OF GHG EMISSIONS.....	55
APPENDIX 3: GHG ASSESSMENT FOR NEW PLANTINGS	56
APPENDIX 4: LIST OF ABBREVIATIONS.....	57

PART 1: SCOPE OF THE CERTIFICATION ASSESSMENT AUDIT

1.1 Company and Contact Details

Company Name:	Kuala Lumpur Kepong Berhad
Business Address:	1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak.
Contact Person:	Mr. Sin Chuan Eng
Office Telephone:	+605 2417844
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-821295
Start Date of Certificate:	06/07/2015
End Date of Certificate:	05/07/2020
Date of Original Certification:	06/07/2010
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:	17 th – 19 th April 2017
Audit Number:	ASA 2

1.4 Assessment Type

This is Annual Surveillance Audit 2 based on Roundtable on Sustainable Palm Oil (RSPO) Malaysian National Interpretation Task Force (MYNI-TF), National Interpretation of RSPO Principles and Criteria for Sustainable Palm Oil Production Endorsed by RSPO Board of Governors on 6 March 2015 as audit standard.

1.5 Location of the Palm Oil Mill

Name Palm Oil Mill (POM)	Mill Capacity MT/Hour	Location Address	GPS Reference	
			Longitude	Latitude
KLK (S) Lungmanis POM	45	KM 29, Jalan Lahad Datu – Tungku, Lahad Datu, Sabah.	118°35'17.7"E	5°5'2.22"N

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)			Actual Production for this Audit Year 2015/2016 (MT)			Projected 12 Months (MT) Forecast Volume in this Report		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
192,761	43,371	10,795	158,235	34,128	8,977	179,081	39,398	10,745

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

1.7 General Description of Supply Base

The mill receives 100% of FFB from its own estates. This audit was carried out to ensure full compliance with RSPO requirement. The incoming and outgoing material [FFB, CPO & PK] are controlled by inventory computerised system.

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	Lungmanis	KM 29, Jalan Lahad Datu – Tungku, Lahad Datu, Sabah.	118°36'10.0"E	5°4'26.2"N	1,613	1,613
OPP 2	Bukit Tabin	KM 29, Jalan Lahad Datu – Tungku, Lahad Datu, Sabah.	118°36'54.13"E	5°3'34.37"N	2,864	2,864
OPP 3	Tungku	KM 29, Jalan Lahad Datu – Tungku, Lahad Datu, Sabah.	118°30'48.31"E	5°5'50.49"N	3,404	3,023
TOTAL					7,881	7,500

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

OPP	Oil Palm Plantation	Estimated FFB/Year (MT)	Planting Years	Cycle (Years)
OPP 1	Lungmanis Estate	42,855	95, 96, 97	25 to 30
OPP 2	Bukit Tabin Estate	70,175	94, 95, 96, 97	25 to 30
OPP 3	Tungku Estate	66,051	92, 93, 94	25 to 30
TOTAL		179,081		

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	Lungmanis Estate	45	45	Yes
OPP 2	Bukit Tabin Estate	36	36	Yes
OPP 3	Tungku Estate	0	0	No
TOTAL		81	81	

* 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 (ha)					Total (Ha)
	1986-1990	1991 -1995	1996 – 2000	2001 – 2005	2016	
OPP 1	-	63.92 %	36.08 %	-	-	100
OPP 2	-	68.96 %	31.04 %	-	-	100
OPP 3	-	88.81 %	-	-	11.19 %	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)	$N = 0.8\sqrt{Z}$
3	2	-	-

Explanation as to the selection of estates sampled

Selected Bukit Tabin and Tungku Estate.

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

Not applicable. No associated smallholders or out growers involved in this assessment.

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

PART 2: PARTIAL CERTIFICATION

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

2.1 Management Structure

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

2.2 Non-compliance Identified with 2.1 Above

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

2.3 Summary of the Time Bound Plan

Section	Requirement	Findings and any action required	Compliance
2.3.1	Does the plan include all subsidiaries, estates and mills?	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: • To engage certification bodies and their availability. • Laws and regulations in Indonesia – a lot 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

NOTE:	Companies may demonstrate compliance by clear evidence of a self-audit (i.e. an internal audit for all subsidiaries, estates and Palm Oil Mills)		
Section	Requirement	Findings and any action required	Compliance
2.4.1	Did the company conduct an internal audit? If so, has a positive assurance statement been	Since all the facilities in Malaysia were certified, therefore the facilities in Indonesia monitor by the Pak Steven and once in 3 months a review with Sustainability Head will be done in KLK HQ in Ipoh. The internal control points have included all the requirements to validate the compliance against uncertified	Yes

	produced?	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.	
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*	1,808		
			Buntar Estate	899		
		Batu Kurau, Perak Malaysia	Subur Estate	1,290		
2	Kekayaan	Paloh, Johor, Malaysia	Landak Estate	4,451	Oct 2011	Certified
			Kekayaan Estate	4,436		
			Paloh Estate	2,029		
		Tenang, Johor, Malaysia	Voules Estate*	2,969		
			New Pogoh Estate*	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 Peggeli Estate	942		
3	Jeram Padang	Bahau, Negeri Sembilan, Malaysia	Ayer Hitam Estate	2,640	Sept 2012	Certified
			Jeram Padang Estate*	2,114		
		Telemong, Pahang, Malaysia	Renjok Estate*	1,578		
			Tuan Estate*	1,353		
		Lanchang, Pahang, Malaysia	Sg Kawang Estate*	1,889		
		Rompin, Negeri Sembilan, Malaysia	Batang Jelai Estate*	2,148		
Simpang Durian, Negeri Sembilan, Malaysia	Gunung Pertanian Estate*	686				
		Pedas, Negeri Sembilan, Malaysia	Ulu Pedas Estate*	922		

		Rantau, Negeri Sembilan, Malaysia	Kombok Estate*	1,915		
4	Tanjong Malim	Tanjung Malim, Perak, Malaysia	Changkat Asa Estate*	1,716	2013	Certified
		Kerling, Selangor, Malaysia	Kerling Estate*	619		
		Serendah, Selangor, Malaysia	Sg Gapi Estate	603		
5	Tuan Mee	Sungai Buloh, Selangor, Malaysia	Tuan Mee Estate	1,556	2013	Certified
6	Kuala Pertang	Kuala Krai, Kelantan, Malaysia	Pasir Gajah Estate	2,107	By 2014	Certified 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	2,548	March 2009	Certified
			Sri Kunak Estate	2,770		
			Tundong Estate	2,155		
			Ringlest Estate	1,834		
8	Pinang	Tawau, Sabah, Malaysia	Jatika Estate	3,508	March 2009	Certified
			Sigalong Estate	2,864		
			Pangeran Estate	2,855		
			Pinang Estate	2,420		
9	Lungmanis	Lahad Datu, Sabah, Malaysia	Tungku Estate	3,418	July 2010	Certified
			Bukit Tabin Estate	2,916		
			Lungmanis Estate	1,656		
10	Rimmer	Lahad Datu, Sabah, Malaysia	Rimmer Estate	2,730	July 2010	Certified
			Sg. Sibalukan	2,654		
11	Bornion	Kinabatangan, Sabah, Malaysia	Bornion Estate	3,233	July 2010	Certified
			Segar Usaha Estate	2,792		
12	Changkat Chermin	Manjung, Perak, Malaysia	Lekir Estate	3,313	2013	Certified
			Changkat Chermin Estate	2,530		
			Raja Hitam Estate	1,497		
		Parit, Perak, Malaysia	Glenealy Estate* Serapoh Estate*	1,059 936		

		Padang Rengas, Perak, Malaysia	Kuala Kangsar Estate*	843		
		Trong, Perak, Malaysia	Allagar Estate	805		
13	Berau	Berau, Kaltim, Indonesia	Kebun Malindomas Perkebunan, Kebun Hutan Hijau Mas, Kebun Anugrah Surya Mandiri	7,971[2006] 7,317[2006] 2,682	By 2017	Pending
14	Jabontara <i>(New Inclusion)</i>	Berau, Kaltim, Indonesia	Kebun Jabontara Eka Karsa	14,086[2007]	By 2017	Pending
15	Steelindo Wahana Perkasa	Belitung, Indonesia	Kebun Steelindo Wahana Perkasa	14,065	By 2013	Certified (2015)
16	Parit Sembada	Belitung, Indonesia	Kebun Parit Sembada	3,990	By 2015	Certified
			Kebun Alam Karya Sejahtera	2,336[2009]	By 2016	Pending
17	Mandau	Riau, Sumatera, Indonesia	Kebun Mandau*	14,799	Oct 2012	Certified
18	Nilo 1	Riau, Sumatera, Indonesia	Kebun Nilo Timur	12,860	By 2013	Certified (2014)
19	Nilo 2	Riau, Sumatera, Indonesia	Kebun Nilo Barat Kebun Mutiara <i>(New Inclusion)</i>		1,400[2005]	By 2013
20	Tapung Kanan	Riau, Sumatera, Indonesia	Kebun Sekarbumi Alamlestari	6,200	By 2013	Certified
21	Stabat	Langkat, Sumatera Utara, Indonesia	Kebun Basilam* Kebun Gohor Lama* Kebun Tanjung Beringin	2,697[2001] 3,323[1992] 3,936[2000]	By 2017	Pending
		Langkat, Sumatera Utara, Indonesia	Kebun Padang Brahrang Kebun Bukit Lawang Kebun Tanjung Keliling Kebun Bekiun Kebun Maryke	1,949[1979] 1,377[1995] 2,407[2407] 2,979[1984] 2,704[2007]	By 2017	Pending
22	MAP	Mentaya Hulu, Kalteng Indonesia	Kebun Karya Makmur Abadi	13,148[2008]	By 2017	Pending
		Baamang, Kalteng Indonesia	Kebun MAP	9,056[2006]		
		Mentaya Hilir, Kalteng Indonesia	Kebun Menteng Jaya Sawit Perdana	5,893[2009]		

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 and management interview

PART 3: AUDIT PROCESS

3.1 About the Certification Body

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

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

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

3.2 Audit Team

Lead auditor:	Muhd Jamalul Arif
Team member 1:	Chathuranga Deshapriya
Team member 2:	Mohd Razaleigh Mohamad
Team member 3:	Nor Asyikin Abd 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 graduated in Plantation Management and Cargo Surveying from local university.
At least 5 years professional experience in area of work relevant to the assessment (e.g., palm oil management; agriculture/forestry; ecology; social science);	Experience in auditing since 2011 in RSPO P&C, SCCS, ISCC, GMP B2 & B3, ESCAS Animal Welfare, Global Gap standards and other second party audits. Working experience in handling Q&Q survey for agricultural cargo specifically on palm oil and derivatives products.
Training in the practical application of the RSPO criteria, and RSPO certification systems;	Involved in RSPO assessment since 2011. Member of CUC RSPO audit team. Involved in audits for P&C and SCCS conducted in Malaysia, Indonesia and middle east country.
Successfully completion of an ISO 9000:19011 lead auditors course;	Completed ISO 9001:2008 Lead auditor in 2011 and trained in ISO 19011 & 17021 in 2014.
Training in the practical application of RSPO certification systems.	Involved in RSPO assessment since 2011. Member of CUC RSPO audit team. Involved in audits conducted in Malaysia and Indonesia. Passed RSPO Lead Auditor Course in 2013 and 2016 conducted by Proforest and Wild Asia.
A supervised period of training in practical auditing against the RSPO criteria or similar sustainability standards, with a minimum of 15 days audit experience and at least 3 audits at different organizations.	Involved in RSPO assessment since 2011. Involved in audits conducted in Malaysia and Indonesia for more than 5 company's audits. Passed RSPO Lead Auditor Course in 2013 and 2016 conducted by Proforest and Wild Asia.
RSPO endorsed lead auditors course.	Passed RSPO Lead Auditor Course in 2013 and 2016

	conducted by Proforest and Wild Asia. Successful completed the RSPO SCC Endorsed Course by David Ogg & Partners on 2014.
Signed code of conduct.	Yes
General knowledge of:	Yes
• RSPO P&C standards.	Yes
• CUC organizational structure.	Yes
• CUC quality systems.	Yes
• Lead auditor role.	Yes
• Report writing.	Yes
• Stakeholder consultation.	Yes
• Certification decision process.	Yes
• RSPO SCCS program manual.	Yes
• CUC filing systems.	Yes
• Correct use of RSPO trademarks.	Yes
• History and objectives of RSPO.	Yes
• CV available.	Yes
Completion of CUC RSPO lead auditor training.	Yes

3.2.2 Qualifications of the Assessment Team		
RSPO Requirement	Team Member Name	Qualifications
Fluent in main local languages and English.	Mohd Razaleigh Mohamad	Fluent in English and Bahasa Malaysia/Indonesia
	Nor Asyikin Abd Whayab	Fluent in English and Bahasa Malaysia/Indonesia
	Chathuranga Deshapriya	Fluent in English
Field working experience in the palm oil sector, or a demonstrable equivalent.	Mohd Razaleigh Mohamad	Post graduate qualification in agriculture with more than 6 years working experience in Oil Palm Plantation Industry. Fully trained in similar agriculture certification programs such as RSPO, Organic & Global Gap. Completed and certified ISO 9001:2015, member of CUC RSPO audit team.
	Chathuranga 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 Asyikin Abd 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 and RSPO SCC. Trained in Social and workers welfare.
Good agricultural	Mohd Razaleigh Mohamad	Post graduate qualification in agriculture with more

practices (GAP), integrated pest management (IPM), pesticide and fertilizer use.		than 6 years working experience in Oil Palm Plantation Industry. Fully trained in similar agriculture certification programs such as RSPO, Organic & Global Gap. Completed and certified ISO 9001:2015, member of CUC RSPO audit team.
	Chathuranga 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 Asyikin Abd 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 and RSPO SCC. Trained in Social and workers welfare.
Health and Safety auditing on the farm and in processing facilities. (For example OHSAS 18001 or occupational. Health and safety assurance system).	Mohd Razaleigh Mohamad	Post graduate qualification in agriculture with more than 6 years working experience in Oil Palm Plantation Industry. Fully trained in similar agriculture certification programs such as RSPO, Organic & Global Gap. Completed and certified ISO 9001:2015, member of CUC RSPO audit team.
	Chathuranga 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 Asyikin Abd 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 and RSPO SCC. Trained in Social and workers welfare.
Workers welfare issues and social auditing experience. (For	Nor Asyikin Abd 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

example with SA8000 or related social or ethical accountability codes).		completed the lead auditor course for ISO 9001:2015 and RSPO SCC. Trained in Social and workers welfare.
	Chathuranga 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).
Environmental and ecological auditing. (For example, experience with organic agriculture, ISO 14001 or environmental management systems).	Chathuranga 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).
Economic issues.	Mohd Razaleigh Mohamad	Post graduate qualification in agriculture with more than 6 years working experience in Oil Palm Plantation Industry. Fully trained in similar agriculture certification programs such as RSPO, Organic & Global Gap. Completed and certified ISO 9001:2015, member of CUC RSPO audit team.
	Muhd Jamalul Arif	Involved in RSPO assessment since 2012. Member of CUC RSPO audit team. Involved in audits conducted in Malaysia and Indonesia.

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
16th April 2017 (Sunday)	KL → Kota Kinabalu → Lahad Datu	<p>09:15 – 11:55: Travelling from Kuala Lumpur – Kota Kinabalu (Jamal/Razaleigh/ Chathuranga /Shikin)</p> <p>15:15 – 16:10: Travelling from Kota Kinabalu – Lahad Datu (Jamal/Razaleigh/ Chathuranga /Shikin)</p>
17th April 2017 (Monday)	Lungmanis POM	<p>0830 – 0930: Opening meeting Introduction by team leader</p> <p>0930 – 1700: Document review</p> <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Previous assessment NC verification by Lead Auditor
		<p>0930 – 1700: Document review (Jamal) Supply Chain Certification Assessment of the POM (RSPO SCCS)</p> <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
		<p>Site verification</p> <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. <p>11:00am – 13:00pm: Field Visit by Respective Auditors</p>
18th April 2017 (Tuesday)	Bukit Tabin Estate	<p>0900 – 1700: Document review</p> <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best agricultural practices • Safety and Health <p>Site verification</p> <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>11:00am – 13:00pm: Field Visit by Respective Auditors</p>

		<ul style="list-style-type: none"> Stakeholder Consultation for Lungmanis Complex (Both External & Internal Stakeholders)
19th April 2017 (Wednesday)	Tungku Estate	<p>0900 – 1600: Document review</p> <ul style="list-style-type: none"> Document review [EIA, SIA, CIP, Business Plan] Complaint mechanism / Request & respond Best agricultural practices Safety and Health <p>Site verification</p> <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>11:00am – 13:00pm: Field Visit by Respective Auditors</p>
	(All Auditors & Client)	<p>1600 – 1630: Preparation for closing meeting Additional field visits and meetings with managers as necessary</p> <p>1630: 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>

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) and were assessed at field, office, facilities, stores and a document review was carried out in accordance to the RSPO principles and criteria. The RSPO management system's documentations seen with minor changes in relation to scope of certification. Specific evidences were recorded for estates and mill. Interviews with Estate Managers, Mill Manager, members of worker's 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 to continuous improvement programs. The company has established continuous improvement and effectively documented. There was no complaint or negative feedback received during the audit or during the field assessment when interviewing with the external stakeholders. The management continuously monitor the established KPI / objectives that significantly rule the achievement of company's corporate policy on RSPO.

Summary of Non-Conformance and Current Status

It is therefore the recommendation of the lead assessor that:

- A certificate of compliance is maintained.

Signed:



Name: Muhd Jamalul Arif

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	
ASA 3	1.1	<p>The company has all the copies of requests & responses which are more to internal request and local authority bodies. Such records are kept and available for viewing. A common system adopted as parent company on publicly available documents which have been listed in their SOP. Requests made by stakeholder were responded and well documented. Adequate information available for confidential information that publicly available.</p> <p>Stakeholders getting information on environmental, social and legal issues via stakeholder consultation. The stakeholder consultation 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)' to all stakeholders related with Lahad Datu Complex region.</p> <p>The records of requests for information are maintained in stakeholders'</p>

		<p>logbook. 9 requests have been made in 2017 to date as sighted sample below:</p> <ul style="list-style-type: none"> Request from Rowney Jeriti for information of estate map, total workers and total living quarters dated 11/04/2017 Request from Imran Hasan for accessing estate's documents dated 28/03/2017
ASA 3	1.2	<p>Publicly available documents are listed in SOP 9.0 Appendix 1B Lungmanis POM Master List of Documents Issue 1 dated 01/01/2017 as sighted below:</p> <ul style="list-style-type: none"> Legal documents: Sabah Biodiversity Enactment 2000, Sabah Water Resources Enactment, Factories and Machinery act with Regulations OSH documents: Management review, Safety and Health committee, SDS and chemical register DOE documents: Correspondent, DOE officer visit, renewal of license MPOB documents: License 1&2, monthly report, seminar/training Management document: weekly production report, FFB grading, FFB intake Government document: 'Jabatan Perangkaan Malaysia', JTK, JPJ <p>In Bukit Tabin Estate, the publicly available documents are finalized and listed in record of Certification of GSSB Palm Oil Based on RSPO Principles & Criteria RSPO Master List of Documents for Bukit Tabin Estate Issue No.: 1 dated 01/04/2017 approved by Estate Manager, Mr Ali Iskandar Abdullah. Based on SOP 9.0 Reference Document List the publicly available documents are as follow:</p> <ul style="list-style-type: none"> Company's SOP Applicable laws: Labour Ordinance Sabah Chap. 67, Pesticides Act and Regulations, Environmental Quality Act and Regulations Company's public report: Sabah Plantation Executive Meeting, Action Committee Meeting, Circular Memorandum OSH documents: OSH Management review, safety & health policy, SDS and Chemical register. <p>While Tungku Estate the publicly available documents are finalized and listed in record of Certification of Lahad Datu Region Palm Oil Based on RSPO Principles & Criteria RSPO Master List of Documents for Tungku Estate Issue No.: 2 dated 10/01/2017 approved by Estate Manager, Mr Irawan Alosius. Based on SOP 9.0 Reference Document List the publicly available documents are as follow:</p> <ul style="list-style-type: none"> RSPO documents: SOP for Ladang Tungku, RSPO Master Copy, stakeholder consultation logbook Laws and regulations: Sabah Biodiversity Enactment 2000, Land Ordinance (Cap 68), Constitution of State of Sabah OSH Documents: accident investigation report, CHRA, employee training record Administrative document: monthly progress report, stock report, interim visit report
ASA 3	1.3	<p>The commitment of the ethical conduct in business is outlined in the KLK Sustainability Policy, signed by Tan Sri Dato' Seri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 which covers all requirements mentioned in this criterion. Sighted training record socialized Code of Conduct Training dated 04/01/2017 given by mill executives to 46 workers.</p>
Principle 2: Compliance with Applicable Laws and Regulations		
Criterion by Audit	Summary	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.
ASA 3	2.1	<p>The list of legal requirements for Lungmanis POM is available dated 07/03/2016 prepared by Asst. Manager as stated in SOP 2.0 List & Summary of Applicable Laws & Regulations. Appendix 1 Issue/Rev 1/1. The list of legal requirements is updated once every 6 months. Among the legal list identified such:</p> <ul style="list-style-type: none"> • EQA (Act 127) with latest update done on 01/12/2015 for 'Kawalan Diesel Dan Petrol' • 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 • Stockholm Convention on Persistent Organic Pollutants (2001) <p>The compliance can be sighted as in salary paid to workers that is according to recommendation by MAPA/NUPW agreement which salary amount is RM35.38 daily and minimum RM920 starting July 2016 per month as specified in minimum wages order inaugurated on 27 April 2016.</p> <p>The form of JKPP 8 is compulsory to be submitted before 31st January annually to report any accident occurred and Lost Time Accident (LTA). Sighted JKPP 8 form prepared by Mr. Imran Hassan (KLKS OSH Exec) showed compliance to OSH regulation (Notification of Accident, Dangerous occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004.</p> <p>In Estates, there is the list of the legal requirement associated with the operation in List & Summary of Applicable Laws & Regulations SOP 2.0 Appendix 1 Issue/Rev 1/1 Operating Center: Pang Burong where the legal document is completed with regulatory authority/summary, requirements, current status and remarks. Managers and assistants will be in charge to update the legal requirement if there are any changes. Among the legal requirement that is applicable in estate are:</p> <ul style="list-style-type: none"> • Poison Act & Regulations 1952 (Act 366) latest update on 03/08/2016 amendment of poison list (2016) • OSHA 1994 (Act 514) latest update 16/04/2014 <p>Mechanism for ensuring compliance of legal and regulations register is evident in Legal Compliance Procedure (SOP: 2.0; Rev.: 1/0 dated 01/01/2015). The mechanism for ensuring compliance is identified during internal audit which done yearly. In POM, the last internal audit dated 25/08/2016 was done by KLKS OSH Exec, Mr. Imran Hassan, acknowledged of receive by OC Executive, Mr. Ong Han Chin and verified by KDC Lab Manager, Mr. Thien Jing Wen. Under Principle 2, monitoring of licenses, permits and statutory body is included in monthly return checklist. This internal audit is then followed up on 21/11/2016 where monthly return is available to transfer data into SOP 2.0 Appendix 2.</p>

		<p>Sighted in Tungku Estate, the compliance to legal requirement is checked during internal audit as sighted in RSPO Internal Audit Checklist and Report (Documentation) Document No. RSPO/EST/DOC/15/01 dated 23/08/2016 audited by Mr. Imran Hassan (KLKS OSH Executive), and verified by Mr. Thien (KDC Laboratory Manager).</p> <p>All mill and estates in KLK Lahad Datu Region using Federal gazette is an online platform used to track any changes in legislation.</p>												
ASA 3	2.2	<p>Lungmanis POM ownership is under Lungmanis Estate. There is licence for build the POM by Lembaga Pendaftaran dan Perlesenan Minyak Kelapa Sawit (PORLA) on 17th December 1999.</p> <p>The land title for Bukit Tabin Estate No: 115356208(01/01/1987-31/12/2085 and Tungku Estate No: 115363472 (01/01/1987-31/12/2085. Following Land and Survey Dept., Land Ordinance (Sabah Cap.68)</p> <p>The conditions/restrictions of land uses are only for cultivation of oil palm and/or an agricultural crop of economic value only.</p> <p>Demarcation of boundary marking visibly maintained along the land and monthly maintained by both estate PIC. In Tungku Estate, boundary marked with stone, site inspection verified along Tabin Wild Life Reserve and Matamba. Boundary Marker 720 and 660 verified during the site visit. Sighted the latest monitoring record and pictorial evidence done on 13/12/2016. No case of land dispute happens in entire KLK Lahad Datu Region until the moment.</p>												
ASA 3	2.3	<p>There is no evidence of conflict present in all of the operating units. There is no evidence of instigated violence in maintaining peace as the company has a clear procedure for dealing with land conflict. There is no customary right as the lands are acquired from the government with proper documentation with clear demarcation its boundaries.</p>												
Principle 3: Commitment to Long-Term Economic and Financial Viability														
Criterion by Audit	Summary	<p>A documented business plan (10 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. Replanting programme for the estate is also available for estate with replanting activities.</p>												
ASA 3	3.1	<p>Business management plan (provided from year 2017 - 2019) is available during audit time. Sighted document "2016/2017 Estimates" by each harvester group, field name and hectares, clone, immature hectares, yield per hectares and estimated FFB production.</p> <p>This document also includes summary of expenditure, capital expenditure, indirect cost, mature and immature area statement, estimate vehicle & allocation and relevant appendices.</p> <p style="text-align: center;"><u>FFB Received and Production of CPO for 3-years Projection</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Item</th> <th>2018 (RM)</th> <th>2019 (RM)</th> <th>2020 (RM)</th> </tr> </thead> <tbody> <tr> <td>FFB</td> <td>167,823</td> <td>157,021</td> <td>155,561</td> </tr> <tr> <td>CPO (22%)</td> <td>36,921</td> <td>34,545</td> <td>34,223</td> </tr> </tbody> </table>	Item	2018 (RM)	2019 (RM)	2020 (RM)	FFB	167,823	157,021	155,561	CPO (22%)	36,921	34,545	34,223
Item	2018 (RM)	2019 (RM)	2020 (RM)											
FFB	167,823	157,021	155,561											
CPO (22%)	36,921	34,545	34,223											

Production Cost/MT CPO (For Mill)

RM/MT	2018	2019	2020
CPO	225.12	236.40	248.22

Projected Revenue.

2018	2019	2020
84,918,438	79,452,626	78,713,866

Production Cost / Hectare (financial year Oct 2016 – Sept 2017 (Bukit Tabin Estate).

Cost	RM/Hectare	RM/MT
Mature area upkeep	2,286.34	93.31
Collecting/ Harvesting	1,663.60	67.90
External transport	392.15	16.00

Estimates FFB production. (Estimate for financial year ending September/2017 oil palm crop forecast)

Item	2018 (RM)	2019 (RM)	2020 (RM)
Bukit Tabin	65,300	60,696	60,048
Tungku	56,385	49,497	46,500

Production Cost / MT FFB (financial year Oct 2016 – Sept 2017.

Item	2018	2019	2020
Bukit Tabin	227.06	238.41	250.33
Tungku	233.82	245.51	257.79

All revenue goes directly to HQ. Indirect cost – Staff salary, CSR & expenses. Direct cost – 3 main costs – Upkeep, Harvesting and Transportation. At Bukit Tabin Estate, total mature plantation is 2,864 Ha on 2017/18 going to reduce by stages from 2018/19 financial years due to replanting programme. Yield per hectare also in decreasing trends from 25 MT/Ha/Year to 24 MT/Ha/Year on 2018 -2020 financial years.

Bukit Tabin Estate:

Replanting programme estimated to carry out in 26 Blocks for total hectareage 2,864 Ha. The programme available until financial year of 2024/25.

Replanting programme in details sighted in “Replanting Work Schedule – Ladang Bukit Tabin” complete from seed arrival, pre-planting spraying, felling, chipping & stacking, terrace lining, terrace construction, road construction, platform construction, drainage work, leguminous cover crop, point lining & oil palm transplanting. Felling, Chipping, Spreading, Stacking & Deboling works commenced on April 2017. In 2017/18, programme started at Block 1994A & 1995E in total 252 Ha.

Verified from “Map 2: Soils Map” AAR/09/03/2015 last updated Jan 2015, replanting not involved the fragile soil or peat. Both soil series is 100% Kumansi and Masaum which is mudstone or clay.

		<p>Tungku Estate.</p> <p>Replanting programme has started from year 2015/16 and expected to complete by 2021/22. This is involving total hectarage of 3,404 Ha OP to OP replanting. Document "Replant Work Schedule" specified in details progress of the replanting carried out in 2016/17 for field #92C & 92D (298 Ha). Felling, chipping, deboning & stacking work started and complete on Dec 2016.</p> <p>There is no fragile soil as well peat within the estate. Sighted from Soil Map #AAR/15/05/2016 soil series consist of Bangsawat (Aluvium), Koyah (Aluvium), Kumansi (Mudstone), Luba (Aluvium), Lumpongon (Mudstone) & Masaum (Mudstone).</p>
Principle 4: Use of Appropriate Best Practices by Growers and Millers		
Criterion by Audit	Summary	The mill and estate 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 estate. 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.
ASA 3	4.1	<p>For the effective operation of the mill and estate the company has established Sustainability Manual and Sustainability Standard Operating Procedure (SOP) which were last updated on 01/06/2015 with revision status as Issue/Revision 1/0.</p> <p>The Sustainability Manual which has identified key elements of RSPO P&C and SCCS Requirements with cross reference to relevant SOPs that have been established by the company. Elements that covered within the Sustainability Manual includes Compliance to transparency, Compliance to laws and regulations, Commitment to Long-Term Economic and Financial Viability, Use of Appropriate Best Practices by Growers and Millers, Control of Documents and Records, Environmental Responsibility and Conservation of Natural Resources and Biodiversity, Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers, Responsible Development of new plantings, Commitment to Continuous Improvement in Key Areas of Activity, Supply chain management, Internal audit, Organization chart, Management responsibility and Policy.</p> <p>The company has established 20 Sustainability SOPs which has been cross referenced in the Sustainability Manual for the effective operation of the mill and estates. Sighted following SOPs that were made available at Mill office.</p> <ul style="list-style-type: none"> ❖ SOP No.1: Stakeholder engagement ❖ SOP No: 2: Legal compliance ❖ SOP No: 3: Responsible Development of new plantings ❖ SOP No: 4: Soil Erosion and Fertility and Road Maintenance ❖ SOP No: 5: surface & Ground Water Management ❖ SOP No: 6: Safe Use and Storage of Agrochemicals ❖ SOP No: 7: IPM ❖ SOP No: 8: Training ❖ SOP No: 9: Control of Docs and Records ❖ SOP No: 10: environment Aspect and Impact Assessment ❖ SOP No: 11 HCV and conservation Area management ❖ SOP No: 12: Waste Management & energy use ❖ SOP No: 13: In-House social Impact assessment ❖ SOP No: 14: Employment of workers/Staff ❖ SOP No: 15: Amenities

		<ul style="list-style-type: none"> ❖ SOP No: 16: Management Review ❖ SOP No: 17: FFB Pricing Mechanism ❖ SOP No: 18: Supply Chain Procedure ❖ SOP No: 19: Internal Audit Procedures ❖ SOP No: 20: Trade and shipping <p>On mill's safe work practices, sighted 'Guideline on Safe Operation Procedure for Palm Oil Mill', 1st Edition dated June 2002 which has identified potential hazards and mitigation for mill activities such as before starting operation, starting and during operation and stopping operation including application PPE for following mill activities.</p> <ul style="list-style-type: none"> ❖ Reception station ❖ Sterilization station ❖ Hoisting/threshing Station ❖ Pressing Station ❖ Depricarper station ❖ Kernel Recovery Station ❖ Clarification Station ❖ Boiler /Power house ❖ Water/Effluent treatment plant <p>The SOP and Safety SOPs are being communicated to mill workers as evident from SOP training records sighted. Example of training provided, training on RSPO Principal, Company Policy and Personal Protective Equipment have been carried out in 10th January 2017 carried out the Manager and Mill Assistant Engineer with attendance 24 workers from various works station.</p> <p>In addition, the company has also established Group Policy Manual dated 01/07/2010 for Occupational Safety & Health which consists of 13 Policy Documents. There is a list of SOP in Malay and English version and available during audit content SOP 1-SOP 42. Sampled SOP 3-Loading Ramp (Reception) Issued: August 2015/v2, mentioning Potensi Bahaya, Sebelum dan Semasa & Selepas Operasi. Internal audit report for RSPO principal and Procedure dated 14th February 2017 document No. RSPO/MILL/DOC/17/02 inspected by KLKS OSH department. Stated in the internal audit corrective action need to be carried out.</p> <p>For the estate operation, besides Sustainability Manual and Group Safety Policy Manual, the company has also established Group Agriculture Policy for oil palm plantation dated July 2014. Estate's good agriculture practices are outlined in Group Agriculture Policy Manual which consists of 10 SOP. Some of the GAP documents sighted as follow:</p> <ul style="list-style-type: none"> ❖ GAP/AGRIC/OP 1 – Harvesting ❖ GAP/AGRIC/OP 2 – Field Upkeep ❖ GAP/AGRIC/OP 3 - Nutrition ❖ GAP/AGRIC/OP 4 – Pest & Disease ❖ GAP/AGRIC/OP 5 - Conservation ❖ GAP/AGRIC/OP 7 - Replanting ❖ GAP/AGRIC/OP 8 - Nursery ❖ GAP/AGRIC/OP 10 – Roads & Drains <p>Safe operation of the estate is described in 'Group Policy for Occupational Safety & Health' dated 01/07/2010, Rev.1. Safety procedures are developed based on MS 1722 Occupational Safety and Health Management System. The Some of the safe operation documents sighted includes:</p>
--	--	---

		<ul style="list-style-type: none"> ❖ GP/OSH 1 – OSH Policy ❖ GP/OSH 2 – OSH Management System ❖ GP/OSH 3 – Formulating Safe Operating Procedures ❖ GP/OSH 4 – Emergency Response Plan ❖ GP/OSH 5 – Occupational Health & Hygiene ❖ GP/OSH 6 – PPE ❖ GP/OSH 7 – Investigation & Notification ❖ GP/OSH 8 – Inspection & Audit ❖ GP/OSH 9 – Training ❖ GP/OSH 10 – Communication <p>KLK Lungmanis keep tracking the SOP revisions through Management Review which was conducted annually.</p> <p>Conducted the internal audit for both RSPO and OSH. RSPO internal audit was conducted on 25.08.2016 with follow-up date on 21.11.2016. Seen the RSPO Internal Audit Checklist and Report Doc No: RSOI/MILL/DOC/15/01. OSH Internal audit was conducted on 10/09/16 covering S&H policy, committee, VHRA, Action Plan, Medical Surveillance Record, and Chemical Register.</p> <p>SOP for Internal Audit Procedures SOP 19.0 Issue 1.0 Date 01.06.15 mentioning the frequency of audit should be at least once a year. The SOP also mentioned that elaboration and finalization of any issues, observations, NC and recommendations pertaining to the audit to Manager/Assistant if there is any.</p> <p>In Bukit Tabin Estate, internal audit report sighted inspected on 16th February 2017 by KLKS OSH department and verify by Sr. Manager KDC report and received by the QC Executive document no. RSPO/EST/DOC/17/02 in file internal audit SOP 9.</p> <p>Management review records sighted in Mesyuarat Semakan Semula Pengurusan RSPO 2016 date 17th January 2017 at Bukit Tabin Estate office. Minutes meeting have been prepared by Mr. Preedoline Deus, Secretary and checked by Mr. Ali Iskandar with attendance of 12 workers.</p>
ASA 3	4.2	<p>SOP on soil conservation and leaching losses for mature oil palms sighted in Policy NO GP/AGRIC/OP5: Conservation-2.</p> <p>SOP on EFB mulching in oil palm sighted in the SOP Work Instruction sighted in Group Policy Agriculture Oil Palm Policy NO. GP/AGRIC/OP 6 dated 15th July 2005.</p> <p>EFB application record by month sighted in Standard Operating Procedure on Sustainability for year 2016/2017. Total 5140mt of EFB have applied from October 2016 until March 2017 with averages 30 mt/ha and the report prepared by Mr. Azizul Rahman.</p> <p>Fertilizers application records sighted for year 2017. Total 2 rounds of fertilizers application have been carried out for year 2017, AC and MOP example 94A2, 358bags of AC and 215 bags for MOP.</p> <p>Total hectare has been applied for fertilizers can be sighted in manuring costing book records. The records have been maintained daily included labour and material cost.</p>

		<p>Manuring programme for year 2017 also sighted issued by the Agronomist AA Resources, Dr. Tasren Nazir Mahamooth. Details stated in the manuring programme are Details of block, nutrient input, fertilizers recommendation and annual fertilizers programme. Agronomist visit report also sighted prepared by Mr. lee Kok Yew. i.e.PM1994, Canopy Fair Nutrient Deficiency Few Slight K.</p> <p>Soil analysis and Leaf Analysis results sight in agronomist visit dated 22 Jan 2016. Stated in the analysis is PH, Nitrogen %, Cation Exchange for every particular block. Foliar analysis sampling has been carried out at 7th January 2016. Agronomist will visit the estate once on every year. Carried out by Mr. Lee Kok Yew, Agronomist AAR.</p> <p>Company has a program for application of POM by products such as EFB, Decanter cake and POME to the fields. Empty fruit bunch in the field to replace potassium, moisture retention and as supplement for inorganic fertilizer. Sighted the program for 2015/2016 that were being applied.</p>
ASA 3	4.3	<p>Soil Maps for Bukit Tabin Estate sighted in soil Erosin and fertility soil files. There are 7 types of soils in Bukit Tabin that are Kobovan, Kumansi, Kumansi (Undulating to Rolling, Local Aluvium, Lumpongan and Masaum. Maps georeferenced and of appropriate scale (1:32,500) Map.</p> <p>Both the estates practice company policy of no planting on slopes that exceed the limit area. There was the SOP for Construction of Planting Platforms, Policy No: GPAGRIC/OP5: Conservation-3 Issued 15.07.05 and SOP for Construction of Terraces Policy No: GP/AGRIC/OP5: Conservation-4 Issued on 3 June 2005 distributed to HO/Estates/All Estates Execs.</p> <p>It was mentioned that if the terrain is 15° or steeper, terraces along the contour must be constructed for planting. Based on the topography map of both division, the terrace planting was implemented at Semundu Division as the slope is more than 15°.</p> <p>Estate Road maintenance programme is available in accordance with SOP 4.0 Appendix 02 "Road Maintenance Programme" date on 01/06/2015. Sighted road maintenance record for 2015/16; included the activities such road patching and road gravelling.</p> <p>The management only spot sprayed woodies and conserved as much ground vegetation as possible to protect the topsoil. Estate has identified and manage plant planted in the slope area.</p>
ASA 3	4.4	<p>Water management plan sighted in Standard Operating Procedure on Sustainability dated 1st June 2015. Stated in the plan is 4 area of management that are</p> <ol style="list-style-type: none"> a. Gazette river banks/ Water catchment Ponds (WCP) wetlands b. Peat soils c. Water consumption. d. Domestic Waste water/ Palm Oil Mill Effluent. <p>Water sampling programme for 2016 and 2017 sighted and latest have been carried out in 1st March 2017. Water resources for Lungmanis Mill is from Sungai Irraton sighted in water sampling point map.</p>

Effluent analysis sighted in document NO. LPOM/KDC-LAB dated 22nd March 2017 issued by KDC Lab and approved by Mr Thien Jing Wen. Sighted the results of Biochemical Oxygen Demand (mg/L) after final discharge is 41 and before discharge is 2. PH value before is 7.6 and after final discharge is 8.2. Sighted effluent treatment pond map. There are 6 ponds consist 4 anaerobic and 2 aerobic ponds.

Licences from DOE document no ASSH (ASH31/152/000/114 valid from 1st July 2016 until 30th June 2017. Water analysis report have been issued dated 11th April 2017 base on certificate of analysis issued by KDC Laboratory reference no. LPOM/KDC-LAB/17'03/01. The results as per below:

Parameter	Result
pH	6.2
BOD	3
COD	43
SS	40
AN	<1
WQI	83

Mill is monitoring amount of water per FFB processed base on document water usage record established in 30th December 2015.

Water usage(M3)	FFB (mt)	Ratio
42013	13096	3.21
34932	11640	3.00
47042	10396	4.52

Two rivers flow across Bukit Tabin Estate that are Sungai Matamba and Sungai Silabukan. Map of rivers sighted in the Conservation area map.

Water sampling programme also sighted. Water sampling are programme in March, July and November 2016. 2 of the sample are recorded as slightly polluted and 3 samples classified as clean.

The river analysis report sighted issued by KDC Lab dated 17th March 2017 During the site visit, and interview with the workers, the workers are satisfied with quality of water supply that clean and can be used for daily routine.

Water courses protect base on the SOP High Conservation Value/Conservation Area Management SOP 11.0 dated 1st June 2015. Stated in the SOP, that estate need to set up minimum 20m riparian zone on each side of the river bank.

During the site visit sighted that riparian area is conserved 20 metres from the riverbank and there are evidence no activities have been carried out at particular area.

ASA 3	4.5	<p>Implementation of IPM for estates is based on the SOP no 7.0 integrated pest management date on 01/04/2012. The SOP contain information regarding on the implementation of IPM including Spraying, Trunk injection and Rat baiting.</p> <p>The SOP for IPM is available as per SOP 7.0 Issue/Rev 1/0 Date 01-06-2015 mentioning the identification, implementation & monitoring and review. Company has planted the beneficial plantings in estate along the road. The common species found are:</p> <p>The rat baiting programme was sighted for year 2016 and 2017. Rat baiting census was carried out on scheduled field and result was recorded in rat baiting census file. If more than 5% - applied Arakus/Storm as bait. No biological control available for reducing rats attack but mechanical control was sighted at replanting area whereby chipped palm debris was evenly spread. The application of FFB also practice not to heap the EFB in order to control the rat population.</p> <p>Rat attacks were identified by Rat census (April 2017) conducted when attack was sighted at the FFB ramp, FFB platform and in the field. Just started 1st Campaign Arakus (Brodifacoum-0.0005%) baits will use as last application method.</p> <p>Chipping operation in Replanting indicate a really thin chipping standard <3inches which is good for destroying the potential habitats for Rhinoceros beetle. This is a mechanical IPM practiced by estate.</p> <p>The planting of beneficial plant was sighted and it covers the main road of the estate. There are programme sighted to expand the planting of beneficial plant in IPM file covering replanting site 94D and 95E. The planting of beneficial plants includes <i>Tunera Subulata</i>, <i>Antigonon Leptopus</i> and <i>Cassia Cobanensis</i> is a biological control for pest such as bagworms and needle caterpillar.</p> <p>In Tungku Estate, the planting of beneficial plant was spotted along the main road of the estate. There are programme to expand the planting of beneficial plant in IPM file covering replanting site including 17A and 17B. Rat attacks are monitored by Rat census (March 2017) conducted when attack was sighted at the FFB harvesting area is still under threshold level of 3%.</p> <p>Training for IPM practices found in Training records for workers dated on 14/08/2016 attended by 15 workers and staff in Bukit Tabin Estate. The training focus on IPM Beneficial Plant importance. Conducted by Mr. Roni Paulus – Assistant Manager.</p>
ASA 3	4.6	<p>In Lungmanis POM, list of chemical hazardous chemical to health sighted with total 46 chemicals listed for work unit Store Attendant Analysis sample, water treatment plant, boiler station, Boiler water analysis, Chemical store and belt press and laboratory. Stated in the list the product name, name of chemical, no of workers exposed, types of control and name of ingredient prepared by Mr. Basri Baco, Assistant Manager dated 8th January 2017 and review by Mr. Samsuddin Bennu, Mill Manager.</p> <p>Risk assessment for chemical also sighted and have been assessed in 23rd July 2013 by Mr. William Pius Ladius registration No. JKKP HIE 127/171-2(291). This report covers all operations in the state where chemicals are used and is</p>

		<p>valid for 5 years. JKPP Reg. No: JKPP HIE 127/171-2(291). SOP for chemical handling revised on February 2015 stated the procedure before, during and after operation and possibilities of hazard.</p> <p>In estates, sighted annual agrochemicals usage recommendation from AAR (Advanced Agroecological resources SDN. BHD) for 2016/2017 by Lee Kok Yew.</p> <p>SOP 6 – Safe use and storage of agrochemicals, 01/06/2015, mentioning on justification of agrochemicals used and Register of chemical hazardous to health. Chemical Health Risk Assessment is available. A chemical health risk assessment was prepared and 9 types of chemicals hazardous to health was registered on the 21st December 2013 by Assessor, Mr. William Pius Ladius. This report includes all operations in the estate where chemicals are used and is valid for 5 years. JKPP Reg. No: JKPP HIE 127/171-2(291)</p> <p>There was also no paraquat used as per list and observation at chemical stores. The chemicals are being checked in Ministry of Agriculture (MOA) website on the registration under Pesticides Act 1974. The latest updated list was on 20.12.16. Sampled Mytron and Nurelle information was available in MOA website. Record of herbicide usage available in “Spraying Costing Logbook” that includes date, area treated, hectare, quantity, type of herbicide, a.i/hectare and cost included.</p> <p>Sighted the chemical usage for year 2016/17. The summary as per below:</p> <table border="1" data-bbox="608 1025 1394 1265"> <thead> <tr> <th colspan="2">Chemical Name</th> <th>Active Ingredient (%)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Ally – Class iv</td> <td>Metsulfuron methyl (20%)</td> </tr> <tr> <td>2.</td> <td>Glyphosate Class iii</td> <td>Glyphosate isopropylamine (41%)</td> </tr> <tr> <td>3.</td> <td>Garlon - Class iii</td> <td>Triclopyr butoxy ethyl ester (32.1%)</td> </tr> <tr> <td>4.</td> <td>Arakus – Class iv</td> <td>Brodifocum (0.005%)</td> </tr> <tr> <td>5.</td> <td>Monex – Class iii</td> <td>MSMA (39.5%) + Diuron (7.8%)</td> </tr> </tbody> </table> <p>During site visit to estates, sighted the schedule waste store well managed with enclosed and well ventilated using green solar power exhaust fan and sufficient lighting. Secondary containment builds with concrete with 4-6-inch hum to avoid accidental overflow during emergency. Record of store inventory available in respective estate name.</p> <p>Waste management procedure in mill sighted in standard operating procedure on sustainability file title “Waste Management and Energy Use” dated 1st June 2015 SOP 12. Stated in the SOP, waste should be handled/disposed effectively and monitored and SW shall be handled, stored and disposed in accordance to legal requirement.</p> <p>Latest waste disposal dated 8th March 2017, item SW409-Used Filter by Legenda Bumimas Sdn. Bhd and consignment note no A019787 and 2017041411W1XU3I sighted with 240kg disposed.</p> <p>Meanwhile in Bukit Tabin Estate, Waste management SOP 12 was included in EIA and Pollution Prevention Plan documents. Last update 1/6/2015. Waste includes scheduled waste (SW) as:</p> <ol style="list-style-type: none"> i. SW410 – Used gloves & rags ii. SW306 – Hydraulic oil 	Chemical Name		Active Ingredient (%)	1.	Ally – Class iv	Metsulfuron methyl (20%)	2.	Glyphosate Class iii	Glyphosate isopropylamine (41%)	3.	Garlon - Class iii	Triclopyr butoxy ethyl ester (32.1%)	4.	Arakus – Class iv	Brodifocum (0.005%)	5.	Monex – Class iii	MSMA (39.5%) + Diuron (7.8%)
Chemical Name		Active Ingredient (%)																		
1.	Ally – Class iv	Metsulfuron methyl (20%)																		
2.	Glyphosate Class iii	Glyphosate isopropylamine (41%)																		
3.	Garlon - Class iii	Triclopyr butoxy ethyl ester (32.1%)																		
4.	Arakus – Class iv	Brodifocum (0.005%)																		
5.	Monex – Class iii	MSMA (39.5%) + Diuron (7.8%)																		

		<ul style="list-style-type: none"> iii. SW305 – Lubricant oil iv. SW409 – Empty Container v. Scrap iron vi. Used tires vii. Rinse Empty fertilizer bags <p>Empty pesticide containers were triple rinse and punched hole and sent to Lungmanis mill for disposal and will be disposed by approved contractor.</p> <p>Scheduled waste disposal training dated 24/2/2016. 20 workers attended. Conducted by Mr Mohd Hafiz Syafiq- Asst. OSH Exec.</p> <p>Checked the latest collection records dated 1/1/2016 for scheduled waste for the estate as follow:</p> <ul style="list-style-type: none"> 1. Spent lubricating oil – 400 L 2. Spent oil filter – 58 kg 3. Spent/used batteries – 14 units <p>All Empty Container are sent to G-Planter Sdn Bhd- DOE approved collector for disposal Ref No. = 91/110/619/001 dated 26/03/2013.</p> <p>In both estates, sighted the required PPE, first aid equipment, spillage kits, fire extinguishers, eye washing area, dressing room for female workers and emergency shower adequately made available. Safety signage's are both in English and Malay and emergency contact list observed at all visit areas. CSDS and MSDS were briefed to workers and seen effectively display at necessary location. Eating, drinking and smoking are strictly prohibited at the chemical store.</p> <p>Using inter pump CDA (Control Droplets Automizer), all sprayers are provided with adequate PPE such as goggle, mask, apron, gloves and rubber boot. Mixing of the chemicals was done by 5 competent workers at mixing area at Estate Store. All was able to demonstrate and explain their understanding on the chemicals preparation and safety issue. PPE is not allowed to be brought back after works and if it's not functioning, they can ask for new replacement. They also carried the clean water with them for hand washing.</p> <p>It is requirement any female worker who is suspect to be pregnant, to inform the Mandore and the estate office will arrange transport to pick her to company clinic located nearby Pinang Estate. If clinical test found to be positive, clinic will produce a letter to verify. This will be follow up by management to transfer the worker to non-related chemical work.</p> <p>The Annual Medical Surveillance Summary report was prepared on 27/07/2016 for estate workers was checked by Dr. Mohd Azizan bin Abdul Aziz (DOSH: Ref No: HQ 10/DOC/00/167).</p>
ASA 3	4.7	<p>The company has established Occupational Safety and Health Policy governs both mill and estates. The mill has developed OSH plan for year 2016 with objective to maintain & achieve zero serious accident rate (medical leave 4 days and above during work), strive to achieve the highest standard in safety and health at workplace, to builds up more responsible attitude and accountability understanding in workers and OSH Committee regarding OSH.</p> <p>Mill's OSH plan also includes 2017 annual training programme; appoint PIC for monitoring usage of PPE, OSH meeting & Management Review, SOP</p>

		<p>Review, OSH audit and outcomes/recommendation. Last year OSH plan target achieved with zero number of serious accident. The OSH plan is publicly available and document as according to “SOP of Controlled Document”. OSH training programme sighted in OSH files for year 2017, Program Latihan Keselamatan dan Kesehatan 2017.</p> <p>For January, February and March 2017, management plan to conduct Latihan Keselamatan Pengendalian Bahan Kimia, Latihan Keselamatan Pemandu lori/Van/Shovel and Bahaya Bagi Pekerja Bengkel.</p> <p>Estate established Safety and Health Plan for year 2016 consist of Objective – to maintain zero serious accident, Target – To achieve zero serious accident rate, Action Plan – Review number of accident 2015 & Number of serious accident (0 serious accident), Annual training programme on OSH for 2016 – No pending training, Usage of PPE, OSH meeting – Every 3 months (January, April, July & October), SOP Review, OSH audit, Monitoring of serious accident – 0 accident and Outcomes / Recommendations. OSH Training programme sighted in OSH plan for year 2017 latest update on 13th April 2017.</p> <p>Training records have been well documented in OSH training file. i.e.</p> <ol style="list-style-type: none"> Harvesters Safety aspect date 26th January 2017 Workshop safety aspect date 22nd February 2017 by Sustainability staff Manuring Safety aspect on 1st March 2017 by Mr. Mohd Syafiq. <p>At mill and estates, sighted HIRARC documents latest revision on 15/01/2017 prepared by Mr. Imran (OSH Executive) according to JKKP HIRARC form. HIRARC includes information such as Hazard Identification, Type of activities, Hazard and Effect. OHS risk are analyzed based on Current risk control, Severity, Seriousness, Risk scale and Risk Control measures that already in place. The HIRARC also has identified propose measure control and person in-charge for the action. Sample risk assessed at estate such harvesting work with buffalo, mature & immature oil palm maintenance and harvesting.</p> <p>The company has identified person for OSH is mill manager, Mr. Samsudin. Mill’s OSH committee meeting is conducted on quarterly basis with worker & management representative.</p> <p>Record of meeting minute available including review of last period accidents case. In Estate OHS meeting being planned once in 3 every month. Meeting is organized by OHS Officer, sighted the recent meeting minutes dated on 5/01/2017. The minutes attached with attendance list as well photos taken during the meeting. Based on the report and interviewed with workers, there is no major accident [more than 4 days medical leave] happens. Local workers covered by SOCSO (government insurance scheme) (13) and AXA Affin General Insurance Bhd provided for all 265 foreign workers. (FW Compensation Scheme). Ex: Policy No: LWX/93143735 /37/09/HHT.</p>
ASA 3	4.8	<p>Training record for RSPO Principal and Criteria sighted with attendance of 286 workers from Lungmanis Palm Oil Mill, Bukit Tabin Estate and Tungku Estate. Base on the interviews during the site visit, workers are selected base on sample, they are understood the RSPO base on 3P Planet, Profit and People.</p> <p>OSH training plan covers below topics:</p> <ul style="list-style-type: none"> First Aid + Fire Drill + Road Safety + ERP Briefing on KLK OSH Policy

		<ul style="list-style-type: none"> • PPE Usage Training • Chemical Handling • Boiler & Engine Room Training • Working in Height Training • Confined Space Entry Procedure (Theory) • Workshop Safety and Environmental Aspect • Noise Induce Hearing Loss in Workspace • Basic Occupational First Aid • Ergonomic in Office.
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.
ASA 3	5.1	<p>Company has updated EIA based on the SOP titled Environmental Aspect & Impact Assessment dated 01/06/2015 SOP 10.0 issue 1 app 1 dated 01-06-2015</p> <p>In Lungmanis 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. Risk assessment was done based on the severity and the likelihood. Boiler blowdown is identified as high-risk activity (5x3=15). Company has conducted stakeholder consultation for EAIA. Stakeholders comprise of government officials, NGOs, suppliers and local representatives. No special concerns raised during the stakeholder consultation. (Evidence: minutes of the stakeholder consultation meeting 2016 dated 30-12-2016).</p> <p>In both estates, EAIA done on 16-01-2017. Aspects and associated impacts were identified for major activities in replanting, immature/mature crop upkeep, harvesting, collection of FFB, the workshop, sales of scrap iron, and disposal of domestic wastes, storage and grass cutting.</p> <p>Risk assessment was done based on the severity and the likelihood. No high-risk activities identified.</p> <p>Company has conducted stakeholder consultation for EAIA. Stakeholders comprise of estate staff. No special concerns raised during the stakeholder consultation. (Evidence: minutes of the stakeholder consultation meeting 2017 dated 13-04-2017).</p> <p>Management action plan was made available for each environment impact identified in the EAIA dated 16-01-2017. Action plans includes, responsible personnel with target dates to complete.</p> <p>It was evident that actions stated in the plan has adequately implemented with continual monitoring (Verified with waste collection monitoring records, SW store checklist, HCV monitoring checklists). Continual monitoring was done for most of the aspects identified in EAIA 2017. Responsibility was given to respective process owners. Effectiveness of the control measures will be evaluated by safety and health committee in every three months. Review is done during OSH review planned annually.</p>

ASA 3	5.2	<p>In Bukit Tabin Estate, HCV assessment done based on the HCV toolkit for Malaysia. Two HCVs identified within the estate i.e. Riparian zone – SG. Matamba and Riparian zone – SG. Silambukan.</p> <p>In addition, several protected areas have been identified based on the HCV assessment and marked on maps. Boundaries in Silambukan forest reserve and Tabin wildlife forest reserve.</p> <p>HCV assessment done internally by sustainability department of KLK. Conservation status, protection status of species was evaluated in the HCV assessment. Stakeholder consultation was done with the participations of the employees in the estate. The person who prepared the HCV assessment has completed 5 day HCV assessor training course (15-19 AUG 2016) conducted by Wild Asia (ALS2015-116 dated 15-09-2017).</p> <p>Moreover, several protected areas have been identified based on the HCV assessment and marked on maps. Boundaries in Silambukan forest reserve and Tabin wildlife forest reserve.</p> <p>Proposed Management action for Boundary of Forest Reserves are erection signboards; prohibition of spraying and manuring activities; electrical fencing and patrolling. Management actions for riparian zones are erection signboards; prohibition of spraying and manuring activities; demarcation of red and white paint on OP trees.</p> <p>Monitoring done twice a month and checklist maintained (Riparian zone/HCV/CA checklist dated 17-01-2017)</p> <p>Company has established a policy to protect RTE species in KLK sustainability policy dated 01-12-2014. Training was provided on 07-03-2016 by the wildlife department Lahad Datu. Training on riparian zone management was also done to estate staff on 08-02-2017 by Sabah Cocoa SDN. BHD.</p>
ASA 3	5.3	<p>Procedure is available for handling waste material (SOP 12, Issue 1, titled Waste Management & Energy Use dated 01-06-15). Company has maintained an up to date registry for waste and scheduled waste materials. In POM, total of 18 waste types identified in the list.</p> <ul style="list-style-type: none"> ❖ Spent lubricating oil ❖ Mill effluent ❖ Methane gas ❖ Used IPA and Hexane ❖ Empty chemical container ❖ Domestic waste ❖ Line site wastewater ❖ EFB ❖ Scrap iron ❖ Used tires ❖ Black smoke ❖ Dust ❖ Fibre and shell ❖ Boiler ash ❖ Spent batteries & filter ❖ Decanter cake ❖ Belt press cake ❖ Greenhouse gas

		<p>Waste was disposed following the as per the government regulations. Waste given to licensed collector (Legenda Bumimas Sdn Bhd, licence no 003442 dated 30Apr 2015 issued by Jabatan Alam Sekitar, Sabah).</p> <p>Inventory records of identified schedule wastes; SW305 Used oil, SW409 Used Filter and SW102 Used Battery. Used lubricant oil = 12.7898 M tones. Used filter = 0.3089 M tones. Used battery = 0.433 M tones</p> <p>Mill waste water record (BOD) = 6 mg/l is below the permissible limit of 50 mg/l. Effluent treatment records are also made available for POME (15-02-17)</p> <p>In Bukit Tabin Estate, waste pesticide containers given to licensed collector for recycling (G-Planter approval granted by Jabatan Alam Sekitar, Sabah). Company has maintained an up to date registry for waste and scheduled waste materials. Total of 8 items identified in the list.</p> <ul style="list-style-type: none"> ❖ Spent lubricating oil ❖ Empty chemical container ❖ Domestic waste ❖ Line site wastewater ❖ Scrap iron ❖ Used tires ❖ Spent batteries & filter ❖ Greenhouse gas <p>Containers are temporary stored at designated areas at chemical stores. Empty containers delivered to Rimmer Estate (Lungmanis Complex). Documented waste management plan available for all identified waste products (Dated 10-04-2017). Organic and polythene waste are sent to land fill sites in 1993/I block. No open burning evident at all three sites audit. Also verified with estate workers and during the stakeholder consultation.</p>																												
ASA 3	5.4	<p>The mill monitors fossil fuel usage for Gen-set in terms of kWh/MT FFB processed. Estate continuously monitor the fuel consumption of generator and vehicles in terms of litter/FFB produced. Record for past 6 months verified during this audit.</p> <p style="text-align: center;"><u>Gen-set</u></p> <table border="1" data-bbox="836 1424 1168 1659"> <thead> <tr> <th>Month</th> <th>kWh/ltr</th> </tr> </thead> <tbody> <tr> <td>OCT 2016</td> <td>1.08</td> </tr> <tr> <td>NOV 2016</td> <td>1.04</td> </tr> <tr> <td>DEC 2016</td> <td>1.02</td> </tr> <tr> <td>JAN 2016</td> <td>0.98</td> </tr> <tr> <td>FEB 2016</td> <td>0.90</td> </tr> <tr> <td>MAR 2016</td> <td>1.06</td> </tr> </tbody> </table> <p style="text-align: center;"><u>Transportation</u></p> <table border="1" data-bbox="836 1727 1168 1966"> <thead> <tr> <th>Month</th> <th>litre/mt</th> </tr> </thead> <tbody> <tr> <td>OCT 2016</td> <td>1.52</td> </tr> <tr> <td>NOV 2016</td> <td>1.46</td> </tr> <tr> <td>DEC 2016</td> <td>1.38</td> </tr> <tr> <td>JAN 2016</td> <td>1.58</td> </tr> <tr> <td>FEB 2016</td> <td>1.94</td> </tr> <tr> <td>MAR 2016</td> <td>1.89</td> </tr> </tbody> </table>	Month	kWh/ltr	OCT 2016	1.08	NOV 2016	1.04	DEC 2016	1.02	JAN 2016	0.98	FEB 2016	0.90	MAR 2016	1.06	Month	litre/mt	OCT 2016	1.52	NOV 2016	1.46	DEC 2016	1.38	JAN 2016	1.58	FEB 2016	1.94	MAR 2016	1.89
Month	kWh/ltr																													
OCT 2016	1.08																													
NOV 2016	1.04																													
DEC 2016	1.02																													
JAN 2016	0.98																													
FEB 2016	0.90																													
MAR 2016	1.06																													
Month	litre/mt																													
OCT 2016	1.52																													
NOV 2016	1.46																													
DEC 2016	1.38																													
JAN 2016	1.58																													
FEB 2016	1.94																													
MAR 2016	1.89																													

ASA 3	5.5	Policy available for zero burning in KLK sustainability policy dated 01-12-2014. No open fires evident during field visits. Further verified during the stakeholder consultation.
ASA 3	5.6	<p>Mill maintains a documented list of all identified polluting activities in EAIA and in the waste management plan. 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 and Stack 1 – 0.093 g/Nm³.</p> <p>POME is treated in effluent treatment plant and discharged to estate lands. Water 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>Fibre and shells use as an input for boilers to generate energy. 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. Both estates maintain a documented list of all identified polluting activities in EAIA and the waste management plan (10-04-2017).</p> <p>In estates, significant pollutants and GHG emissions are identified and listed in EAIA dated 16-01-2017. Control measures and the management action plans are also stated in the list with the time lines (targets) and responsible personnel. GHG emissions for the plantation has been calculated by sustainability department and value for the last financial year is 2.08 tCO₂e/ha (0.1 tCO₂e/FFB).</p>
Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers		
Criterion by Audit	Summary	The mill and estate have conducted the social impact assessment. The relevant policies are in place and are fully implemented across the board. Communication and consultation as well complaints and grievances procedure are well communicated and adhered to. There are evidences of workers not been discriminated against in any way and all are being paid their fair wages.
ASA 3	6.1	<p>Internal social impact assessment has been carried out on new minimum wages commenced July 2016. Meeting was conducted prior to the assessment on 14/06/2016 attended by 15 attendees briefed on implementation of minimum wages, response and comment for arise issue and improvement plan. Sighted minute of meeting prepared by Mr. Basri (Assistant Manager) dated 16/06/2016.</p> <p>Questionnaires dated 15/06/2016 were distributed among 47 workers and feedback from assessment is analysed into 'Social Impact Assessment Mill: Lungmanis Palm Oil Mill' for minimum wages implementation. 5 negative issues were identified during assessment and are included in management plan. Plan was prepared by Mr. Basri dated 17/06/2016. Plan are divided for minimum wages of implementation, worker's safety, social problem in community and response/feedback from respondents.</p> <p>The survey form for identification of workers' satisfactory is done on 09/12/2016 in the same assessed group of respondents. From survey form sighted 'Ringkasan daripada Soalan Kaji Selidik Berkenaan Pelaksanaan Gaji Minima' prepared by Mr. Basri (Assistant Manager) shown that workers are satisfied with the implementation of new minimum wages.</p>

		<p>In Bukit Tabin, SIA assessment has been carried out on 08/06/2016 for minimum wages implementation. Sighted the record of 'Rumusan Penilaian Bagi Impak Social Bagi Pelaksanaan: Pemberian Gaji Minima'. Meeting after the assessment of the SIA is done on 10/06/2016. Sighted minute of meeting prepared by Mr. Preedoline (Secretary) dated 10/06/2016 where the meeting is attended by 8 participants as sighted the attendance list of SIA-min wages dated 10/06/2016.</p> <p>The social impact from replanting process is covered in 'Environmental Impact Assessment (EIA) proposed replanting of 4,477 Ha Oil Palm Plantation at Bukit Tabin Estate and Lungmanis Estate on Part of Land Title No. CL. 115356208 and CL. 115363472 in the district of Lahad Datu Sabah' prepared by Kiwiheng Environmental Consultants Sdn. Bhd. dated April 2017. Identified impact find out in the assessment is classified as temporary impact which will not bring out any significant impact to the stakeholders. Assessor has considered that irreversible impact can be minimized with regulated control. Assessment is done among 35 randomly picked workers of estate operation. Majority of the workers were given positive feedback of the new wages. Whereas there is negative impact discovered, management has taken action to mitigate the impact. The review of the SIA management plan will be done once in every 2 years which will be on 2018.</p>
ASA 3	6.2	<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. Mr. Samsudin Bennu (Mill Manager) is appointed as official person in charge to handle communication issues. Sighted 'Surat Perlantikan Sebagai Pengerusi Jawatankuasa Keselamatan Dan Kesihatan Dan Orang Bertanggungjawab Berkenaan Perihal Berkaitan RSPO/ISCC/OSH' from General Manager East Malaysia (Lahad Datu Region) dated 17/04/2017 issued to Mill Manager.</p> <p>The identified stakeholder is listed in Stakeholder list prepared by Mr. Basri (Asst. Manager) updated in 15/04/2017. All stakeholders are identified entirely related to mill.</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:</p> <ul style="list-style-type: none"> ❖ CSR activities ❖ Stakeholder logbook mechanism ❖ KLK Sustainability Policy ❖ Interactive session with stakeholders. <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)'.</p> <p>The request & respond, complaints & grievances from stakeholders are recorded in stakeholder logbook. Sighted in 2017 record to date, 6 requests have been made from internal stakeholders.</p>
ASA 3	6.3	SOP 1.0 Stakeholders Engagement/Negotiation Issue/Rev 1/0 has been

		<p>established dated 01/06/2015. The SOP has been developed in order to deal with complaints and grievances for affected parties. 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>
ASA 3	6.4	<p>KLK has established SOP 3 entitled Land Acquisition (For OP Planting) Att. 2.0 Issue/Rev 1/0 dated 01/05/2016 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 SOP 3 entitled Land Acquisition (For OP Planting) Att. 2.0 Issue/Rev 1/0 dated 01/05/2016, 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
ASA 3	6.5	<p>Salary paid to workers is according recommendation by MAPA/NUPW agreement which salary amount is RM35.38 daily and minimum RM920 starting July 2016 per month as specified in contract, agreed and signed by employee. The summary of active workers is listed as sighted Summary of Workers Mill: Lungmanis Palm Oil Mill for April 2017 summarized local and foreign workers in mill operation. The breakdown of workers is as Local: 11 males, 4 females and Indonesian: 49 males, 26 females.</p> <p>The permit for electrical deduction working tools and religious purpose No. Siri: 11(0158) TWU valid from 15/04/2016 until 14/04/2017 is sighted. The application of new permit has been sent to Jabatan Tenaga Kerja dated 13/02/2017 and still awaiting for issuance of new permit.</p> <p>The electrical consumption is subsidized. Sighted circular memorandum signed by Mr. Eyu Teong Po (Regional Director) dated 07/01/2016 for 20 kw/hr and will be deducted when exceeding for RM 0.27/Kwhr.</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>Sample contract of local worker has signed the employment contract dated 12/04/2010. This is done between employer and workers accompanied with a witness. Any new implementation is made addendum with primary employment contract. Also sample of foreign worker employment contract was signed on 14/06/2010 for 5 service years and the renewal of employment contract is done dated 14/06/2015 until 14/06/2020. This agreement is signed and agreed by both employer and employee accompanied with a witness. Any new implementation is made addendum with primary employment contract.</p>

		<p>Workers are provided with housing facility where 56 house units are available. The monitoring of linesite is done for rubbish collection, cleanliness, open burning, drains and septic tanks done by supervisor once every fortnight. The last monitoring is done on 03/04/2017 as sighted checklists (domestic wastes & sanitary landfill) checked by Mr. Rustan bin Kaharan (Supervisor).</p> <p>Water supply is provided by Lungmanis POM and free of charged. Electrical is generated by diesel generator and steam turbine where electrical utility is subsidized and will be charged when exceeding. Clinic is provided for mill workers. 'Klinik Ladang Rimmer' is provided free of charge. Major injured will be referred to Hospital Lahad Datu and panel clinics are provided which are Poliklinik Fajar, Klinik Genieve and Klinik Lahad Datu. External clinic and hospital treatment is free of charged. 'Tadika Ladang Lungmanis' and SK Sabah Cocoa are available to workers' children. Humana is located at Bukit Tabin Estate. School bus is subsidized for RM 15/head.</p> <p>In Tungku Estate, housing facilities are provided to all workers where 161 house units are equipped with bathroom, kitchen and 2 rooms. The linesite monitoring is checked by Mr. Suriansyah bin Nanang (Assistant Manager) on weekly basis. Sighted record of checklists (linesite) done last on 11/04/2017.</p> <p>Water supplied for domestic use are extracted from river situated at reserved forest. To acquire the river water, estate has applied occupation permit from 'Jabatan Perhutanan Sabah'. Pumped water is treated before being supplied for domestic use. The treated water is analysed once every 3 months. Sighted the latest 3 test done on 11/01/2017, 16/10/2016 and 19/07/2016 where all the minimum standard of pH, BOD, COD, SS, AN and DO are all complied. Sighted the certificate of analysis done by KDC Laboratory and approved by Mr. Thien Jing Wen. Electrical power is generated genset and is subsidized for 20 kw/hr and will be charged for RM 0.27 if exceeding. For medical, Klinik Ladang Rimmer is provided for minor injury. Major injured will be referred to Hospital Lahad Datu and panel clinics are provided which are Poliklinik Fajar, Klinik Genieve and Klinik Lahad Datu. External clinic and hospital treatment is free of charge. Kindergarten and Humana Ladang Bukit Tabin are provided free of charge for Indonesian's kids. School bus is also provided free of charged. Further, mosque, badminton court, crèche, football field and community hall are available for the workers activities and welfare activities.</p>
ASA 3	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. Local or foreign workers are given the freedom which it is an optional for them to join worker union formed in mill or estate. Thus, their freedom is not restricted by mill or estate management. Sighted the policy of Employees' Right to Freedom of Association approved by Mr. Eu Teong Po (Regional Director) dated 01/10/2013</p>
ASA 3	6.7	<p>Stated in 'KLK Sustainability Policy approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 clause (3.2) (ii) 'No Child Labour' where company outlined the commitment to comply with national law in regards to minimum age requirement. The restriction to employ underage workers are practice in mill and estate operation as sighted Workers Employment Policy approved by Mr. Eu Teong Po (Regional Director) dated 01/08/2013. This is verified through list of active employees shown that the youngest worker employed is at age of 20 years' old.</p>

ASA 3	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). Sighted 'Polisi Peluang Pekerjaan Saksama KLK Berhad' (East Malaysia) approved by Mr. Yap Mun Yew (Regional Director) dated 01/01/2008. This policy is available in English and Malay displayed at the mill and estate office wall and notice boards.</p> <p>The practice of equal opportunities is implemented as sighted the job advertisement displayed at road junction nearby complex entrance. Sighted the advertisement 'Iklan Jawatan Kosong KLK Sabah' located before entrance. The job advertisement displayed the term and condition of employment obeyed the procedure and company policy. People will be coming to the estate/mill if they want to apply for vacant position.</p> <p>Minor NC - There is no evidence through past record or procedure that the company have the mechanism to demonstrate that recruitment selection, hiring and promotion of local workers are based on their medical fitness. Sampled out few local workers at estates who handling the chemicals, there is no consideration of medical fitness prior to the recruitment.</p>
ASA 3	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.</p> <p>Sighted policy of Sexual Harassment, Violence and Reproductive Rights approved by Mr. Eu Teong Po (Regional Director) dated 01/03/2012. The gender committee is formed in mill management. 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 Drive Positive Socio-Economic Impact for People and Communities stated the reproductive rights in line with the country's laws shall be respected. This policy is communicated to workers during training. Sighted the training record, Briefing on New OSH Policy & Sustainability & Code of Conduct dated 14/01/2015. Besides, training record, KLK Policy & Code of Conduct dated 07/06/2016 is available in place. The training was conducted by Mr. Ong Han Chin and attended by 20 workers.</p> <p>The committee meeting is conducted once every 3 months. Last meeting was done on 01/04/2017. Meeting agenda included of:</p> <ul style="list-style-type: none"> ❖ Social ❖ Policies ❖ Pregnant ❖ Sexual harassment ❖ OSH <p>The meeting concluded that there are no cases of sexual harassment or violence happen for last 12 months. 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 3	6.10	<p>The mill does not receive FFB from outside plantation as the mill operates on IP module. Only receive FFB from supply own certified supply bases. Company SOP No.17 regulates the pricing mechanism as internal control.</p>


ASA 3	6.11	<p>CSR record is done internally as verified records in 'Buku Laporan Ketua Kampung' and sampled as below:</p> <ul style="list-style-type: none"> Application for requesting ping pong table from Ketua Kampung Lungmanis and have been granted on 01/09/2016 Application to mill to contribute for harvesting festival from Ketua Kampung Lungmanis and have been granted dated 06/10/2016 <p>Sighted record of performance and expenditure capture-social aspects year 2017 where:</p> <ul style="list-style-type: none"> RM 2327.85 is spent for conducting events for Humana Sports Day March 2017, SK Sabah Cocoa Amenities (Security post, school sign board and canteen fence) RM 2171.88 is spent for kindergarten/Humana upkeep RM 22,395.84 is spent for upkeep of workers quarters.
ASA 3	6.12	<p>The company strictly prohibit the use of any form of forced or traffic labour in employment of workers or staff. This is stated in KLK Sustainability Policy SOP 14: Employment of Workers/Staffs dated 01/06/2015. SOP 14 clearly outlined the restriction to practice force or trafficked labour.</p> <p>Legal foreign employees are coming from Indonesian and Philippines. Foreign workers are having legal identification such as valid permit and passport and have legality to work in estate operational activity.</p>
ASA 3	6.13	<p>The company has incorporated its human rights policy into KLK Sustainability policy in clause 3 dated 1st December 2014 signed by the Chief Executive Officer, Tan Sri Dato' Seri Lee Oi Hian.</p> <p>The policy document in Clause 3 state that" KLK respects, supports and upholds fundamental human rights, and does not engage in discrimination based on race, religion or gender." The policy has been communicated to all levels of employees.</p>
Principle 7: Responsible Development of New Plantings		
Criterion by Audit	Summary	There were no new plantings carried out.
ASA 3	7.1	Neither new planting nor extension of existing one documented and seen during this audit. Based on Group Policy - Oil Palm dated 17/07/2010, SOP for new planting not required. Management claimed there is no oil palm extension in Malaysia. There is no out grower scheme associated with this estate.
ASA 3	7.2	New planting not applicable however AAR prepared the annual soil & leaf sampling and topographic information for current estates. Topographic information for the existing estate sighted along with latest GPS Survey.
ASA 3	7.3	No primary forest sighted within this estate perimeter. As there is no new planting applicable, therefore formal HCV assessment not evidence. No new planting programme applicable. As there is no new planting applicable, therefore formal HCV, EIA and SIA assessment not evidence.
ASA 3	7.4	No peat land and due to no hilly and sloping areas, therefore terracing not applicable. The annual AAR report will be used as guideline for existing estate mature palm management and for replanting.
ASA 3	7.5	As there is no new planting applicable, therefore formal HCV, EIA and SIA assessment not evidence.
ASA 3	7.6	Neither new planting nor extension of existing one documented and seen during this audit. No negotiations concerning compensation for loss of legal or customary rights are as per this assessment period.
ASA 3	7.7	KLK has stated on zero burning in the SOP-09 dated on 01/01/2011. The

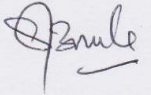

		upcoming replanting schedule to be in 2016. During field visit not observed any open burning in the operating units. Apart from the policy, Guidelines for the implementation of the ASEAN policy on zero burning used for reference
ASA 3	7.8	There were no new plantings carried out at KLK Mill 2 Complex.
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, maximizing recycling and minimizing waste or by-products generation, pollution prevention plans.
ASA 3	8.1	Continual improvement plans available covering social, environmental and OHS aspects. <u>Environmental</u> <ul style="list-style-type: none"> • Provide training on chemical handling, SW, Triple rinse method and riparian zones • Replanting along streams and buffer zones • Replanting along streams and buffer zones • Construction of new chemical store (15-03-17) • Maintenance of jungle nursery (05-01-17) <u>Social</u> <ul style="list-style-type: none"> • Annual line site gotong royong (14-04-2017) • Medical surveillance • Continual monitoring of minor accident and near misses • Continual monitoring of PPE usage • Construction of community learning centre

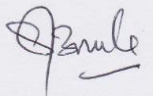
4.3 Non-conformity Raised During this Audit and Any from the Previous Year, if applicable


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 1 Minor NC were raised for this audit.			
NC number:	01/2017		
Client name:	KLK Lungmanis Complex		
Date raised:	19/04/2017		
Major or Minor:	Minor	Site:	Lungmanis Complex
Raised by:	Muhd Jamalul Arif	Deadline:	Next surveillance audit
Aspect of standard: P 6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.			
Evidence of non-conformity: There is no evidence through past record or procedure that the company have the mechanism to demonstrate that recruitment selection, hiring and promotion of local workers are based on their medical fitness. Sampled out few local workers at estates who handling the chemicals, there is no consideration of medical fitness prior to the recruitment.			
Lead Assessor signature: 			
Date: 19/04/2017			
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 type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input type="checkbox"/>			
Lead Assessor signature:		Date:	

4.3.2 Non-Conformity Identified during the last ASA, not applicable for MA			
The following NC's were raised during the last audit and the status was reviewed as indicated below.			
NC number:	01/2016		
Client name:	KLK Lungmanis Complex		
Date raised:	20/04/2016		
Major or Minor:	Minor	Site:	Tungku Estate
Raised by:	Baskaran Sankaran	Deadline:	19/04/2016
Aspect of standard:			
2.2.2 (Min) 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:			
<ol style="list-style-type: none"> 1. During site verification of boundary stone along Tabin Wild Life Reserve, it was found that one boundary stone was miss-located and not in the boundary line. 2. There are no means of boundary demarcation either by boundary stone or peg adjacent to the Ladang Matamba. 			
Lead Assessor signature:			
			
Date: 20/04/2016			
Root Cause Analysis and extent: (To be filled by Auditee)			
Less frequency monitoring visit of boundaries by staff incharge.			
Corrective/Preventive Actions: (To be filled by Auditee)			
Established the frequency for monitored the boundaries to ensure the marking is maintained.			
Evidence of Conformity:			
Evidence physical markers located and visibly maintained along the legal boundaries sighted during the site visit. Auditor has taken a sample marking no 993221 and 702660 and satisfied it is located at the boundary line.			
Review of evidences submitted to CUC:			
CUC is satisfied with the evidences sighted during the site visit at Tungku Estate for boundaries marking alongside the Tabin Wildlife Resort & Ladang Matamba. Samples of marking have been taken for No 993221 and 702660. The auditor has witnessed that the sample marking is located at the boundary line. Boundary demarcation have been carried out in a proper way by the estate.			
Conclusion by CUC:			
Proper boundary demarcation has been carried out by the estate. Physical marker sighted and well maintained along the boundary. NC can be settled based on the evidences			
NC Status: Yes <input type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN)			
ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input type="checkbox"/>			
Lead Assessor signature:		Date: 19/04/2017	
			

NC number:	02/2016		
Client name:	KLK Lungmanis Complex		
Date raised:	20/04/2016		
Major or Minor:	Minor	Site:	Lungmanis Estate & Tungku Estate
Raised by:	Baskaran Sankaran	Deadline:	19/04/2016
Aspect of standard:			
<p>5.2.4 (Min) Where a management plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • 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:			
<p>The company has established management plan for wildlife species. However, ongoing monitoring has not identified adequately wildlife species that present within the estates.</p> <p>[This sighted in the Survey Questionnaire Forms titled "Borang Soal Selidik Kawasan Bernilai Konservasi Tinggi (HCV)" is being used by the estates to identify species that seen by the estate workers where there are only pictures of 5 types of birds and 5 types animal are 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 visits to estates' river riparian zones, noticed few birds (i.e king fisher) which are not listed in the Survey Questionnaire Form and also not identified in the Monthly Monitoring HCV Checklist are found to be present within estates.]</p>			
Lead Assessor signature:			
			
Date: 20/04/2016			
Root Cause Analysis and extent: (To be filled by Auditee)			
Person in charge competency to identified and to refer appropriate list of species.			
Corrective/Preventive Actions: (To be filled by Auditee)			
Mr. Thien Jing Wen has been participated in ALS Assessor Training and completed 5 day HCV assessor training course (15-19 AUG 2016) conducted by Wild Asia (ALS2015-116 dated 15-09-2017).			
Evidence of Conformity:			
It was evident that, company has started monitoring RTE species present in the estate and in the boundaries. Species are identified using photographs and best available field guides. Outputs from the monitoring activities assessed and HCV assessment updated accordingly. Based on the monitoring results management actions was proposed and implemented within the estate.			
Review of evidences submitted to CUC:			
<p>Site observations at Bukit Tabin estate and Tungku estate.</p> <p>High conservation value assessment of KLK (Sabah) Sdn. Bhd. (Lahad datu Region) April 2017</p> <p>Monitoring checklists for HCV and riparian areas at Tungku and Bukit Tabin estate</p> <p>Interviewed Mr. Thien Jing Wen</p>			
Conclusion by CUC:			
NC can be settled based on the evidences			
NC Status: Yes <input type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input type="checkbox"/>			

Lead Assessor signature: 	Date: 19/04/2017
--	-------------------------

NC number:	03/2016		
Client name:	KLK Lungmanis Complex		
Date raised:	20/04/2016		
Major or Minor:	Minor	Site :	Tungku Estate
Raised by:	Baskaran Sankaran	Deadline :	19/04/2016

Aspect of standard:

6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.

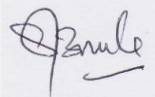
Evidence of non-conformity:

List of stakeholders does not identify exhaustively local communities, statutory bodies, NGOs etc. among POM and two (2) estates.

Evidence:

- Lungmanis POM - local communities and NGO (besides Humana) are not identified
- Lungmanis Estate - did not identify local communities i.e neighboring estates
- Tungku Estate - did not identify statutory bodies eg DOSH and DOE which they are dealing very often.

Lead Assessor signature:



Date: 20/04/2016

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

Staff incharge competency to identifying and identified the stakeholders.

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

Update the stakeholders list. Relevant staff has been provided training.

Evidence of Conformity:


NC Closure ASA 1 2016:

Lungmanis POM, the identified stakeholder is listed in Stakeholder list prepared by Mr. Basri (Asst. Manager) updated in 15/04/2017. Associated stakeholders are adequately identified in the list as sighted below:

- 16 internal stakeholders: GM's office, KLK Lahad Datu Complexes, Tawau Complexes
- 3 NGOs: Humana, Borneo Rhino Alliance, Persatuan Perancangan Keluarga Sabah
- 24 Government bodies: labour dept., Finance ministry, KWSP, MPOA, DOE, hospital
- 61 External suppliers: Hock Leng Supplies & Services Co., Kejuruteraan Sawit Timur Sdn. Bhd., Litec Engineering and Control, Millivest Sdn. Bhd., Boltson Engineering Sdn. Bhd.

In Tungku Estate, list of updated stakeholders is identified as follow:

- 15 suppliers: Penguin Aircond Electrical Services, Kian Jaya Usaha Sdn. Bhd., Kong Hing Enterprise
- 5 contractors: Bina Kini S/B, Wu Meng Fatt Enterprise, Liew Enterprise
- 3 independent stakeholders: Suriani Sanudin, Landoki Lapokore and Hj. Ajijah Ismail
- 12 internal stakeholders: gender committee, KLK Lahad Datu's mills and estates, Mahee Trading, Kedai Runcit Majene
- 19 statutory bodies: Hospital Lahad Datu, DOSH Sabah, KWSP
- 3 external stakeholders: Tabin Wildlife Resort, Ladang Matamba, Borneo Rhino Alliance

<p>Review of evidences submitted to CUC: The evidence submitted to CUC is sufficient. Cross-check with the map of Lungmanis POM and Tungku Estate, all the surrounding communities, related NGO and government bodies and engaged suppliers and contractors are all requisitely identified.</p>	
<p>Conclusion by CUC: NC can be settled based on the evidences</p>	
<p>NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input type="checkbox"/></p>	
<p>Lead Assessor signature: </p>	<p>Date: 19/04/2017</p>

4.3.3 Observations Raised During this Audit
None was 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
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 contribute 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. 	All are positive findings
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 (POM)	Mill Capacity MT/Hour	Location Address	Supply Chain Model (IP or MB)
KLK (S) Lungmanis POM	45	KM 29, JalanLahadDatu – Tungku, LahadDatu, 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	34,128.33	8,977.16	Actual volumes between 01/10/2016 to 30/09/2017. See also 1.6 above.

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

Lungmanis palm oil mill receiving FFB from own supply base and processed into CPO and Palm Kernel as a product using RSPO SCCS IP model. The mill is able to handle certified product as all system procedures are in place. Furthermore, all the workers was trained with the RSPO SCCS requirement. A full RSPO SCCS certification audit was used during this annual assessment and the findings support the certification based on supply chain model used.

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

Figure are actual FFB production on monthly basis

No	MONTH-YEAR	Certified Supply Bases (MT)	Uncertified Supply Bases (MT), if any	Total (MT)
1	Oct' 2016	17,947.55	0	17,947.55
2	Nov' 2016	19,137.45	0	19,137.45
3	Dec' 2016	14,890.27	0	14,890.27
4	Jan' 2017	12,788.03	0	12,788.03
5	Feb' 2017	9,785.29	0	9,785.29
6	Mar' 2017	10,210.01	0	10,210.01
7	Apr' 2017	7,597.51	0	7,597.51
8	May' 2017	8,406.01	0	8,406.01
9	Jun' 2017	12,265.13	0	12,265.13
10	Jul' 2017	13,419.68	0	13,419.68
11	Aug' 2017	14,328.29	0	14,328.29
12	Sep' 2017	17,460.12	0	17,460.12
	TOTAL	158,235.34	0	158,235.34

*Lungmanis POM received FFB from Ladang Rimmer due to mill inspection in Rimmer POM – 903.18 MT & from Ladang Silabukan – 1496.98 MT.

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

Figure are actual CPO and PK production on monthly basis

No	MONTH-YEAR	Certified CPO (MT)	Certified PK (MT)
1	Oct' 2016	4,091.04	1,044.42
2	Nov' 2016	4,076.28	1,106.11
3	Dec' 2016	3,201.93	840.13
4	Jan' 2017	2,854.06	715.90
5	Feb' 2017	2,194.37	558.84
6	Mar' 2017	2,268.60	598.12
7	Apr' 2017	1,653.13	450.84
8	May' 2017	1,708.52	498.06
9	Jun' 2017	2,463.56	630.28
10	Jul' 2017	2,796.85	753.53
11	Aug' 2017	3,044.14	832.65
12	Sep' 2017	3,775.85	948.28
	TOTAL	34,128.33	8,977.16

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
1	N/A			

5.7 Records of Certified CPO & PK Sold under UTZ eTrace to Buyers since the Last Audit, if Any

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

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

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

5.8 Non-Conformities Identified during this Audit

Timeline for compliance:

1. 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.
2. 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.
3. For Annual Surveillance Assessments, non-conformances raised after the certification are serious (i.e. must be considered as a major) and the integrity of the RSPO Supply Chain Certification is at risk. A maximum of one month is to be given to the certified client to satisfactorily address the non-conformance. The certification body shall assess the effectiveness of the corrective and/or preventive actions taken. Should the nonconformance not be addressed within the one-month maximum timeframe, a suspension or withdrawal of the certificate and a full re-audit may be necessary.
4. 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.

There is no Major NC raised for this audit.

5.9 Description of the Organizational Management Systems

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

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

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

Recommendations made:	Yes
Summary of non-compliances:	N/A
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:	January 2018
---	--------------

6.2 Date for Closure of Non-Conformities

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

- | | |
|----------------------------------|--|
| • All major NCs to be closed by: | N/A as no open major NC. |
| • All minor NCs to be closed by: | N/A as no minor NC identified during this 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:

Name:	Thien Jing Wen
Position:	Laboratory Manager
Date:	21/06/2017



Signature

6.4 Signing by the Lead Auditor

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

Acknowledged by:

Name:	Muhd Jamalul Arif
Position:	Lead Auditor
Date:	15/06/2017



Signature

6.5 Signing by the Certifier

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

Acknowledged by:

Name:	Elzy Ovktafia
Position:	Certifier
Date:	30/06/2017



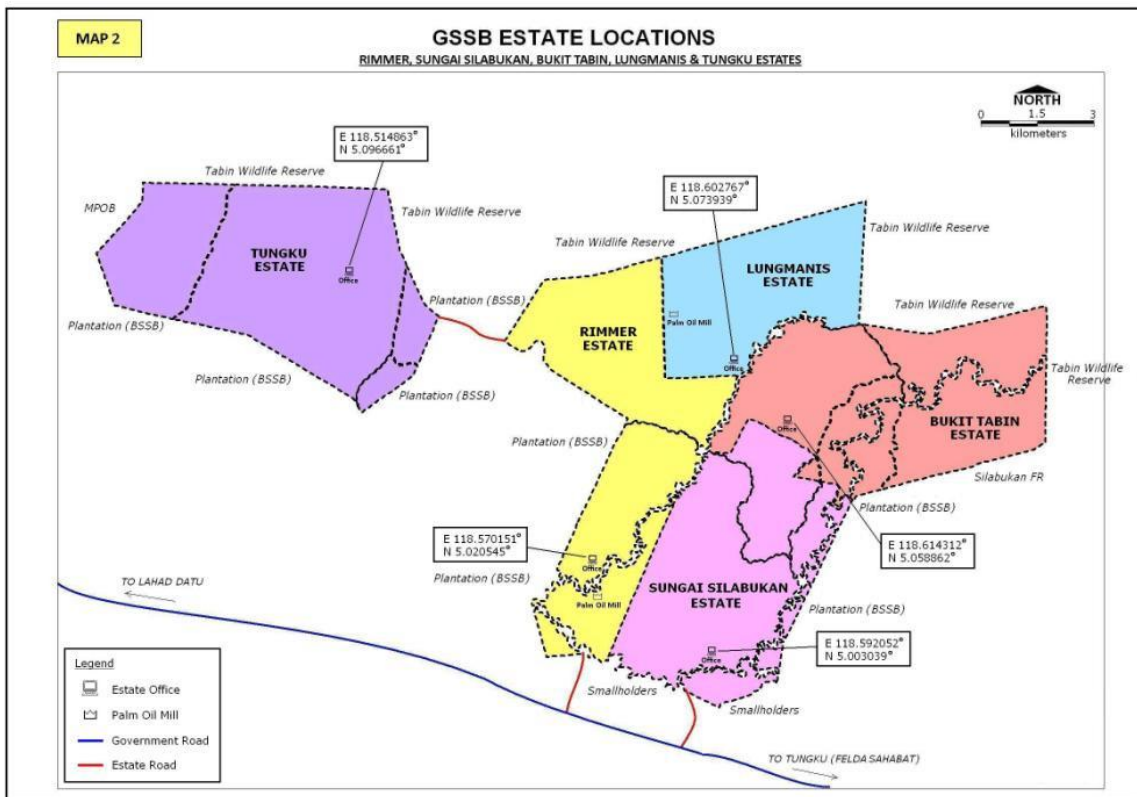
Signature

PART 7: APPENDICIES

Appendix 1: Location Map for this Certification Unit

From 1.9, the location map(s)

Map 1



Appendix 2: Summary of GHG Emissions

All data inputs and the use of RSPO PalmGHG Calculator (include the version number) have been verified with the final summary of the net GHG emissions (tCO₂e/tCPO) figure in relation to C5.6

Calculation option applied for the reporting: Full Version

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

Summary of Net GHG Emissions

Emissions per Product	tCO ₂ e/tProduct
CPO	0.91
PK	0.91

Extraction	%
OER	21.9
KER	5.76

Production	t/yr
FFB processed	155,835.18
CPO Produced	44,603

Land use	ha
OP planted area	7,500
OP planted on peat	0
Conservation (forested)	0
Conservation (non-forested)	0
Total	7,500

Summary of Field Emissions and Sinks

Emissions	Own Crop			Group		3 rd Party	
	tCO ₂ e	tCO ₂ e/ Ha	tCO ₂ e/ tFFB	tCO ₂ e	tCO ₂ e/ tFFB	tCO ₂ e	tCO ₂ e/ tFFB
Land Conversion	68808.16	9.56	0.44	-	-	-	-
*CO ₂ Emissions from Fertiliser	4337.46	0.6	0.03	-	-	-	-
**N ₂ O Emissions	7730.27	1.07	0.05	-	-	-	-
Fuel Consumption	1567.87	0.22	0.01	-	-	-	-
Peat Oxidation				-	-	-	-
Sinks				-	-	-	-
Crop Sequestration	-67394.83	-9.36	-0.43	-	-	-	-
Conservation Sequestration	0	0	0	-	-	-	-
Total	15048.93	2.08	0.1	-	-	-	-

Summary of Mill Emissions and Credits

	Own Crop	
	tCO2e	tCo2e/tFFB
Emissions		
POME	23384.14	0.15
Fuel Consumption	983.92	0.01
Grid Electricity Utilisation	0	0
Credits		
Export of Grid Electricity	0	0
Sales of PKS	0	0
Sales of EFB	0	0
Total	23,368.06	0.16

Palm Oil Mill Effluent (POME) Treatment

Divert to compost	0 %
Divert to anaerobic digestion	100 %

POME Diverted to Anaerobic Digestion:

Divert to anaerobic pond	100 %
Divert to methane capture (flaring)	0 %
Divert to methane capture (electricity generation)	0 %

Appendix 3: GHG assessment for new plantings

There were no new plantings carried out.

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
SOCISO	Social Security Organisation
SOP	Standard Operating Procedure
USDA/NOP	United States Department of Agriculture – National Organic Program
MT	Metric Tonnes
WHO	World Health Organization