

RSPO PRINCIPLES & CRITERIA

PUBLIC SUMMARY REPORT

ANNUAL SURVEILLANCE ASSESSMENT 4

Malaysia

TANJONG MALIM PALM OIL MILL

Kuala Lumpur-Kepong Berhad

2017

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Certification decision by:	Nor Atiqah Saipul Bahri	Certifier
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Control Union Certifications	
<p>Control Union Certifications is a member of the Control Union World Group - an international inspection and certification body. CUC performs assessments and certification in many agricultural based fields such as FSC, RSPO, and Organic production, Sustainable Textile Production, Organic Exchange, GLOBALGAP, HACCP, BRC, GMP and GTP.</p> <p>CUC is accredited by the Dutch Council of Accreditation (RVA) on the European quality standard EN 45011 for the inspection and certification of CUC Organic program (according to the EU regulation 2092/91) and GLOBALGAP program. When requested a copy of the accreditation certificate can be obtained from CUC.</p> <p>Control Union (Malaysia) Sdn Bhd is a registered affiliate member of RSPO and is a private limited company owned by the Control Union World Group based in Malaysia. Control Union (Malaysia) Sdn Bhd is authorized to conduct and issue certification on behalf of RSPO and Control Union Certifications.</p>	
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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)	6
1.7.4 Percentage of Planted Oil Palm by different Age Ranges	6
1.7.4 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	6
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	12
2.6 PARTIAL CERTIFICATION AUDIT AGENDA	12
PART 3: AUDIT PROCESS.....	13
3.1 ABOUT THE CERTIFICATION BODY	13
3.2 AUDIT TEAM	13
3.2.1 Qualifications of the Lead Auditor	13
3.2.2 Qualifications of the Assessment Team	14
3.3 AUDIT METHODOLOGY.....	16
3.3.1 General Overview	16
3.3.2 Assessment agenda for this Audit	17
PART 4 ASSESSMENT FINDINGS	18
4.1 LEAD ASSESSOR'S SUMMARY AND RECOMMENDATION FOR CERTIFICATION.....	18
4.2 SUMMARY OF THE FINDINGS BY PRINCIPLES AND CRITERIA	19
Principle 1: Commitment to Transparency.....	19
Principle 2: Compliance with Applicable Laws and Regulations	20
Principle 3: Commitment to Long-Term Economic and Financial Viability.....	21
Principle 4: Use of Appropriate Best Practices by Growers and Millers	21
Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity	24
Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers.....	25
Principle 7: Responsible Development of New Plantings	28
Principle 8: Commitment to Continuous Improvement in Key Areas of Activity	29
4.3 NON-CONFORMITY RAISED DURING THIS AUDIT AND ANY FROM THE PREVIOUS YEAR, IF APPLICABLE	29
4.3.1 Non-Conformities Identified during this Audit	29
4.3.2 Non-Conformity Identified during the last ASA, not applicable for MA	37
The following NC's were raised during the last audit and the status was reviewed as indicated below.....	37
4.3.3 Observations Raised During this Audit	43
2 observations raised during this audit.	43

4.4 ISSUES THAT WERE RAISED DURING THE STAKEHOLDER CONSULTATION, IF ANY.....	44
RSPO PRINCIPLE	45
STAKEHOLDER COMMENT	45
CUC RESPONSE	45
[IN CASE THIS HAS RESULTED IN AN NC, MAKE REFERENCE TO THE NC NUMBER].....	45
PART 5: RSPO SUPPLY CHAIN CERTIFICATION	46
5.1 POM INCLUDED IN THE SCOPE OF THE AUDIT.....	46
5.2 CONFIRMATION OF THE COMPANY’S SUMMARY OF ANNUAL CERTIFIED VOLUME OF RSPO CERTIFIED PALM OIL AND PALM KERNEL OVER A SPECIFIED PERIOD	46
5.3 SUMMARY REPORT INCLUDING A BRIEF DESCRIPTION OF THE SCOPE OF CERTIFICATION	46
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.	46
5.5 MONTHLY RECORDS OF CERTIFIED CPO AND PK SINCE THE LAST AUDIT	47
5.6 RECORDS OF CERTIFIED CPO & PK SOLD UNDER GREENPLAM TO BUYERS SINCE THE LAST AUDIT, IF ANY.....	47
5.7 RECORDS OF CERTIFIED CPO & PK SOLD UNDER UTZ eTRACE TO BUYERS SINCE THE LAST AUDIT, IF ANY	47
5.8 NON-CONFORMITIES IDENTIFIED DURING THIS AUDIT	48
5.9 DESCRIPTION OF THE ORGANIZATIONAL MANAGEMENT SYSTEMS	48
5.10 FINAL CERTIFICATION DECISION BY CONTROL UNION FOR THE RSPO SCCS AUDIT OF THE POM	48
PART 6: CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY	49
6.1 DATE OF NEXT ASA	49
6.2 DATE FOR CLOSURE OF NON-CONFORMITIES	49
6.3 SIGNING BY THE CLIENT	49
6.4 SIGNING BY THE LEAD AUDITOR	49
6.5 SIGNING BY THE CERTIFIER	49
PART 7: APPENDICIES	50
APPENDIX 1: LOCATION MAP FOR THIS CERTIFICATION UNIT	50
APPENDIX 2: SUMMARY OF GHG EMISSIONS.....	55
APPENDIX 3: GHG ASSESSMENT FOR NEW PLANTINGS	56
APPENDIX 4: LIST OF ABBREVIATIONS.....	56

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:	+6052417844
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-827183
Start Date Of Certificate:	19 th November 2013
End Date Of Certificate:	18 th November 2018
Date Of Original Certification:	19 th November 2013
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:	22 nd Aug. 2017– 25 th Aug. 2017
Audit Number:	Annual Surveillance Audit 4 (ASA 4)

1.4 Assessment Type

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

1.5 Location of the Palm Oil Mill

Name Palm Oil Mill (POM)	Mill Capacity MT/Hour	Location Address	GPS Reference	
			Longitude	Latitude
Tanjong Malim POM	20	Lot 4261, Ladang Changkat Asa, Hulu Bernam, 35900 Hulu Selangor, Selangor.	E 101°29'34.1"	N 3°41'24.0"

1.6 Palm Oil Mill Output and Approximate Tonnages Certified

Figures below are from:

- Only from certified supply bases (Y/N). **NO**
- Combining certified with uncertified supply bases (Y/N). **YES**
- 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) Aug'16 to July'17			Actual Production for this Audit Year 2015/2016 (MT) Aug'16 to July'17			Projected 12 Months (MT) Forecast Certified in this Report Aug'17 to July'18		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
90,900.77	19,481.91	4,700.85	105,651.37	22,532.41	5,440.52	50,671	11,024	2,634

1.7 General Description of Supply Base

Tanjong Malim Palm Oil Mill which operates on MB Model received 60% FFBs from its own certified estates and 40% from non-certified supply base. No changes have been introduced in the supply base since previous assessment and this audit has carried out to ensure full compliance with RSPO requirement.

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	Changkat Asa Estate	Ladang Changkat Asa, 35900 Hulu Bernam, Selangor	E '101°29'28.6"	N 3°41'4.62"	1,276	1,080
OPP 2	Kerling Estate	Ladang Kerling, Peti Surat 202, 44109 Kerling, Selangor	E '101°34'56"	N 3°34.54"	221	221
OPP 3	Sg Gapi Estate	KM 62, Jalan KL-Ipoh, 44100 Kuala Kubu Bharu, Selangor	E '101°36'35.99"	N 3°34'11.99"	570	543
OPP 4	Kampar Estate	90, Jalan Tronoh Mines, 31910 Kampar, Perak	E '101°6'35.67"	N 4°16'8.48"	705	438
OPP 5	Bukit Katho Estate	Ladang Bukit Katho, 35500 Bidor, Perak Darul Ridzuan	E 101°20'11.62"	N 4°4'51.04"	457	316
TOTAL					3,229	2,598

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

OPP	Oil Palm Plantation	Estimated FFB/Year (MT) July'17 to Jun'18	Planting Years	Cycle (Years)
OPP 1	Changkat Asa Estate	30,431	1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2007, 2008, 2014, 2016	25
OPP 2	Kerling Estate	5,532	2003, 2004, 2005	25
OPP 3	Sg Gapi Estate	5,773	1997, 1998, 1999, 2000, 2001, 2003, 2004, 2005, 2014,	25
OPP 4	Kampar Estate	1,200	1989, 1990, 1991, 1992, 1993, 1995, 1997, 1998, 2000, 2014, 2016, 2017	25
OPP 5	Bukit Katho Estate	7,735	1991, 1993, 1995, 1997, 1999, 2001, 2004, 2012, 2013, 2014	25
TOTAL		50,671		

1.7.2 (b) Non-Certified Tonnage (outside supplier – Excluded from Certificate)

Supplier	Production Area (ha)	Tonnage / Year								
		Estimated			Actual (Aug – July 2017)			Forecast		
		FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Landta Rasmi										
Pinji Estate										
Sg. Chinoh Estate										
Ladang Sg. Jernih		43,037	-	-	36,515.02	-	-	43,037	-	-
Narborough Plantation										
Ladang Kelapa Bali										
TOTAL		43,037	-	-	36,515.02	-	-	43,037	-	-

1.7.3 Conservation and HCV Area (Ha)				
OPP	Oil Palm Plantation	Conservation Area (Ha)	HCV Area (Ha)	* HCV part of Conservation
OPP 1	Changkat Asa Estate	15	0	0
OPP 2	Kerling Estate	10	0	0
OPP 3	Sg Gapi Estate	3	0	0
OPP 4	Kampar Estate	0.5	0	0
OPP 5	Bukit Katho Estate	0	0	0
TOTAL		28.5	0	0

* 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							
CU Code	Planting Years by 5 year Ranges (%)						Total (Ha)
	0-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	
OPP 1	196 (15%)	199 (16%)	23 (2%)	510 (40%)	292 (23%)	56 (4%)	1,276
OPP 2	0	0	221 (100%)	0	0	0	221
OPP 3	27 (4.7%)	0	157 (27.9%)	386 (67.4%)	0	0	570
OPP 4	267 (38%)	0	0	134 (19%)	130 (18%)	174 (25%)	705
OPP 5	236 (52%)	0	44 (10%)	103 (22%)	74 (16%)	0	457
Total							3,229

1.7.4 Calculation of the Number of Production Units (N) to Sample for the Mill			
N = 0.8vY, where "Y" is the number of units, with the result always to be rounded "up" to the next whole integer. Where only a sample of the supply base is assessed, units not previously assessed, or assessed earlier in the certification program, are to be preferred over those more recently assessed			
For the Mill, how many units make up the production base?			
Owned estates (Y)	N = 0.8vY	Smallholders (Z)	N = 0.8vZ
5	2	NA	NA
Explanation as to the selection of estates sampled			
Kerling Estate and Changkat Asa Estate were selected in this audit.			

1.8 Progress of associated Smallholders or Out-growers, if applicable to this assessment
Progress of associated Smallholders or Out-growers towards Compliance with relevant Standards - should be in accordance to the 3 years implementation plan, if applicable to this assessment
There is no associated smallholder or out grower.

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	The plan is achievable unless otherwise with unforeseen circumstances. The risk involves varies from: <ul style="list-style-type: none"> To engage certification bodies and their availability. Laws and regulations in Indonesia – a lot uncertainty. In Indonesia, ISPO precede other certification standards. In Indonesia, it finds mobilizing the internal resources to different geographical locations. 	Yes

	law.		
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 produced?	Since all the facilities in Malaysia were certified, therefore the facilities in Indonesia monitor by the Pak Stephen and once in a 3 month, a review with Sustainability Head will be done in KLK HQ in Ipoh. The internal control points have included all the requirements to validate the compliance against uncertified units or holdings as per partial. Joint venture in Liberia does not required internal audit as it is part of EPO as their stand-alone entity.	Yes
2.4.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> Primary forest. Any area identified as containing High 	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

	<p>Conservation Values (HCVs).</p> <ul style="list-style-type: none"> Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 		
2.4.3	Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	There is no NPP applicable. There will either be a moratorium on development or for new areas to be developed the HCS Approach method will be employed until the exercise of convergence is completed.	Yes
2.4.4	Any land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	PT Adei Plantation land conflicts around 2,544 Ha are still in progress of negotiation and the land area been enclave.	Yes
2.4.5	Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	None noted. No stakeholder comments or complaints received.	Yes
2.4.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	None noted. No stakeholder comments or complaints received.	Yes

TIME BOUND PLAN FORECAST FOR RSPO CERTIFICATION OF ALL PALM OIL MILLS & SUPPLY BASES						
s/n	Palm Oil Mill	Country	Supply Bases (estates, plantations, associations)	Area [Ha]	Targeted RSPO Certification Year	Current Certification Status as per this Audit
1	Batu Lintang	Kulim, Kedah, Malaysia	Pelam Estate*	2,960	2013	Certified
		Serdang, Kedah, Malaysia	Batu Lintang Estate* Buntar Estate	1,808 899		
		Batu Kurau, Perak Malaysia	Subur Estate	1,290		
2	Kekayaan	Paloh, Johor, Malaysia	Landak Estate	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,	Sg Bekok Estate	625				

		Malaysia				
		Pagoh, Johor, Malaysia	Ban Heng Estate	631		
		Renggam, Johor, Malaysia	See Sun Estate	589		
		Bandar Tenggara, Johor, Malaysia	Sg Penggeli Estate	942		
3	Jeram Padang	Bahau, Negeri Sembilan, Malaysia	Ayer Hitam Estate Jeram Padang Estate*	2,640 2,114	Sept 2012	Certified
		Telemong, Pahang, Malaysia	Renjok Estate* Tuan Estate*	1,578 1,353		
		Lanchang, Pahang, Malaysia	Sg Kawang Estate*	1,889		
		Rompin, Negeri Sembilan, Malaysia	Batang Jelai Estate*	2,148		
		Simpang Durian, Negeri Sembilan, Malaysia	Gunung Pertanian Estate*	686		
		Pedas, Negeri Sembilan, Malaysia	Ulu Pedas Estate*	922		
		Rantau, Negeri Sembilan, Malaysia	Kombok Estate*	1,915		
4	Tanjong Malim	Tanjung Malim, Perak, Malaysia	Changkat Asa Estate*	1,716	2013	Certified
		Kerling, Selangor, Malaysia	Kerling Estate*	619		
		Serendah, Selangor, Malaysia	Sg Gapi Estate	603		
5	Tuan Mee	Sungai Buloh, Selangor, Malaysia	Tuan Mee Estate	1,556	2013	Certified
6	Kuala Pertang	Kuala Krai, Kelantan, Malaysia	Pasir Gajah Estate	2,107	By 2014	Certified 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,	Pang Burong Estate	2,548	March 2009	Certified

		Malaysia	Sri Kunak Estate Tundong Estate Ringlet Estate	2,770 2,155 1,834		
8	Pinang	Tawau, Sabah, Malaysia	Jatika Estate Sigalong Estate Pangeran Estate Pinang Estate	3,508 2,864 2,855 2,420	March 2009	Certified
9	Lungmanis	Lahad Datu, Sabah, Malaysia	Tungku Estate Bukit Tabin Estate Lungmanis Estate	3,418 2,916 1,656	July 2010	Certified
10	Rimmer	Lahad Datu, Sabah, Malaysia	Rimmer Estate Sg. Sibalukan	2,730 2,654	July 2010	Certified
11	Bornion	Kinabatangan, Sabah, Malaysia	Bornion Estate Segar Usaha Estate	3,233 2,792	July 2010	Certified
12	Changkat Chermin	Manjung, Perak, Malaysia	Lekir Estate	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				

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			
	Pinang		
Indonesia	Kaltim	Berau	32,056
		Jabontara	
	Riau	Mandau	35,259
		Nilo 1	
		Nilo 2	
	Belitung	Tapung Kanan	20,391
		Parit Sembada	
		Steelindo Wahana Perkasa	
	Sumatera Utara	Gohor Lama	21,372
		Padang Brahrang	
Kalteng	MAP	28,097	
Total			239,036

2.6 Partial Certification Audit Agenda

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

PART 3: AUDIT PROCESS

3.1 About the Certification Body

Control Union Certifications is a member of the Control Union World Group – an international inspection and certification body. CUC performs Audits and certification in many agricultural based fields such as FSC, RSPO, MSPO, ISCC, 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:	Muhammad Faizul b. Yusoff
Team member 1:	Mr. Fadly Bin Ahmad
Team member 2:	Mr. Ahmad Kamal bin Shahabudin
Team member 3:	Mr. Razaleigh b. Mohamad

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;	A Diploma of Agriculture Science and Bachelor of Applied Chemistry holders which involved in MSPO, ISCC & ISO 9001 audit since 2014/15. Has undergone the necessary RSPO Lead Auditor Course for both P&C as well as the Supply Chain Certification System (SCCS). Also as a qualified auditor for MPOB Codes of Practice (Nurseries, Estates, Palm Oil Mills, Refineries, Bulking Station and Kernel Crushers Plant).
At least 5 years professional experience in area of work relevant to the assessment (e.g., palm oil management; agriculture/forestry; ecology; social science);	Possesses more than 7 years working experiences in palm oil plantation management and 3rd party auditing (ISO & Palm Oil Sustainability Standard). Fully trained in similar agriculture certification programs such as ISCC, MSPO, SCCS and MPOB CoP.
Training in the practical application of the RSPO criteria, and RSPO certification systems;	Involved in MSPO, ISCC & ISO 9001 audit since 2014/15. Member of CUC RSPO audit team since 2017 and involved in RSPO audits conducted in Malaysia, Indonesia, PNG and Sri Lanka.
Successfully completion of an ISO 9000:19011 lead auditors course;	Successfully completed ISO 9001:2008, ISO 9001:2015, RSPO LA, SCCS LA, MSPO LA, ISCC LA and MPOB CoP LA Course.
Training in the practical application of RSPO certification systems.	Involved in RSPO assessment since 2017. Member of CUC RSPO audit team. Involved in audits conducted in Malaysia, Indonesia, PNG and Sri Lanka.
A supervised period of training in practical auditing against the RSPO criteria or similar sustainability standards, with a minimum of 15 days audit experience and at least 3 audits at different organizations.	Involved in audits conducted in for many different companies in Malaysia, Indonesia, PNG and Sri Lanka.
RSPO endorsed lead auditors course.	Attended and successfully completed RSPO Lead Auditor Course.

Signed code of conduct.	Yes
General knowledge of:	
• RSPO P&C standards.	Yes
• CUC organizational structure.	Yes
• CUC quality systems.	Yes
• Lead auditor role.	Yes
• Report writing.	Yes
• Stakeholder consultation.	Yes
• Certification decision process.	Yes
• RSPO SCCS program manual.	Yes
• CUC filing systems.	Yes
• Correct use of RSPO trademarks.	Yes
• History and objectives of RSPO.	Yes
• CV available.	Yes
• Completion of CUC RSPO lead auditor training.	Yes

3.2.2 Qualifications of the Assessment Team		
RSPO Requirement	Team Member Name	Qualifications
Fluent in main local languages and English.	Fadly Bin Ahmad	Fluent in both English and Bahasa Malaysia
	Ahmad Kamal bin Shahabudin	Fluent in both English and Bahasa Malaysia
	Razaleigh b. Mohamad	Fluent in both English and Bahasa Malaysia
Field working experience in the palm oil sector, or a demonstrable equivalent.	Fadly Bin Ahmad	Graduated from University Technology Mara (UiTM) in Bachelor (Sc) in Plantation Management & Technology. Experiences more than 5 years in palm oil industry and qualified auditor for GlobalGAP and Organic certification.
	Ahmad Kamal bin Shahabudin	Involved in RSPO auditing since September 2014. Lead Auditor for MPOB Codes of Practice Palm Oil Mills, Refineries, Estates, Nurseries, Bulking and Kernel crushers since 2011. 4 years of auditing experience in quality, environment (EQA), occupational health and safety (OSH), factories and machineries (FMA) 30 years' experience in Palm Oil Industries (MPOB)..
	Razaleigh b. Mohamad	Graduated from University Technology Mara (UiTM) in Bachelor (Sc) in Plantation Management & Technology. Experiences more than 5 years in palm oil industry and qualified auditor for GlobalGAP and Organic certification.
Good agricultural practices (GAP), integrated pest management (IPM), pesticide and fertilizer use.	Fadly Bin Ahmad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia and Indonesia. Trained and completed the Lead Auditor course for ISO 14001:2015.
	Ahmad Kamal bin Shahabudin	Involved in RSPO auditing since September 2014. Lead Auditor for MPOB Codes of Practice Palm Oil Mills, Refineries, Estates, Nurseries, Bulking and Kernel crushers since 2011. 4 years of auditing experience in quality, environment (EQA), occupational health and safety (OSH), factories and machineries (FMA) 30 years' experience in Palm Oil

		Industries (MPOB).
	Razaleigh b. Mohamad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia, Indonesia and Ivory Coast. Trained and completed the lead auditor course for ISO 14001:2015.
Health and Safety auditing on the farm and in processing facilities. (For example, OHSAS 18001 or occupational. Health and safety assurance system).	Fadly Bin Ahmad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia and Indonesia. Trained and completed the Lead Auditor course for ISO 14001:2015.
	Ahmad Kamal bin Shahabudin	Involved in RSPO auditing since September 2014. Lead Auditor for MPOB Codes of Practice Palm Oil Mills, Refineries, Estates, Nurseries, Bulking and Kernel crushers since 2011. 4 years of auditing experience in quality, environment (EQA), occupational health and safety (OSH), factories and machineries (FMA) 30 years' experience in Palm Oil Industries (MPOB).
	Razaleigh b. Mohamad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia, Indonesia and Ivory Coast. Trained and completed the lead auditor course for ISO 14001:2015.
Workers welfare issues and social auditing experience. (For example, with SA8000 or related social or ethical accountability codes).	Fadly Bin Ahmad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia and Indonesia. Trained and completed the Lead Auditor course for ISO 14001:2015.
	Ahmad Kamal bin Shahabudin	Involved in RSPO auditing since September 2014. Lead Auditor for MPOB Codes of Practice Palm Oil Mills, Refineries, Estates, Nurseries, Bulking and Kernel crushers since 2011. 4 years of auditing experience in quality, environment (EQA), occupational health and safety (OSH), factories and machineries (FMA) 30 years' experience in Palm Oil Industries (MPOB).
	Razaleigh b. Mohamad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia, Indonesia and Ivory Coast. Trained and completed the lead auditor course for ISO 14001:2015.
Environmental and ecological auditing. (For example, experience with organic agriculture, ISO 14001 or environmental management systems).	Fadly Bin Ahmad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia and Indonesia. Trained and completed the Lead Auditor course for ISO 14001:2015.
	Ahmad Kamal bin Shahabudin	Involved in RSPO auditing since September 2014. Lead Auditor for MPOB Codes of Practice Palm Oil Mills, Refineries, Estates, Nurseries, Bulking and Kernel crushers since 2011. 4 years of auditing experience in quality, environment (EQA), occupational health and safety (OSH), factories and machineries (FMA) 30 years' experience in Palm Oil Industries (MPOB).
	Razaleigh b. Mohamad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia, Indonesia and

		Ivory Coast. Trained and completed the lead auditor course for ISO 14001:2015.
Economic issues.	Fadly Bin Ahmad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia and Indonesia. Trained and completed the Lead Auditor course for ISO 14001:2015.
	Ahmad Kamal bin Shahabudin	Involved in RSPO auditing since September 2014. Lead Auditor for MPOB Codes of Practice Palm Oil Mills, Refineries, Estates, Nurseries, Bulking and Kernel crushers since 2011. 4 years of auditing experience in quality, environment (EQA), occupational health and safety (OSH), factories and machineries (FMA) 30 years' experience in Palm Oil Industries (MPOB).
	Razaleigh b. Mohamad	Involved in RSPO auditing since 2017. Been part of CUC RSPO P&C team in Malaysia, Indonesia and Ivory Coast. Trained and completed the lead auditor course for ISO 14001:2015.

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
22 nd Aug. 2017 (Tuesday)	Kerling Estate Faizul/Kamal/ Razaliegh/ Fadly	10:00 – 10:30: Opening meeting <ul style="list-style-type: none"> • Introduction by Team leader
		10:30 – 17:00: Document review – RSPO P&C <ul style="list-style-type: none"> • Document review [SOP, EIA, SIA, CIP, Management Plan, Business Plan etc] • Complaint mechanism / Request & Respond • Best agricultural practices • Safety and Health, Environment, Social issues etc
		10:30 – 12:30: Site verification (Estate) <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.
		13:00 – 14:00: Lunch Break
23 rd Aug 2017 (Wednesday)	Changkat Asa Estate Faizul/Kamal/ Razaliegh/ Fadly	08:30 – 17:30: Document review – RSPO P&C <ul style="list-style-type: none"> • Document review [SOP, EIA, SIA, CIP, Management Plan, Business Plan etc] • Complaint mechanism / Request & Respond • Best agricultural practices • Safety and Health, Environment, Social issues etc
		09:30 – 12:30: Site verification (Estate) <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.
		13:00 – 14:00: Lunch Break
24 th Aug 2017 (Thursday)	Tanjung Malim POM Faizul	08.30 – 17:30: SCCS Document review Supply Chain Certification Assessment of the POM (RSPO SCCS) <ul style="list-style-type: none"> • Demonstration of legal entity • Roles and responsibility • Procedures/manual/SOP • Record of purchase – RSPO certified product • Record of sales– RSPO certified product • RSPO logo & claims
		08:30 – 17:30: Document review – RSPO P&C

	Kamal/ Razaliegh/ Fadly	<ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best milling practices • Safety and Health, Environment, Social issues etc <p>09:30 – 12:30: Site verification (Palm Oil Mill)</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>13:00 – 14:00: Lunch Break</p>
25th Aug 2017 (Friday)	Tanjung Malim POM Faizul/Kamal/ Razaliegh/ Fadly	<p>09:00 – 10:30: Preparation for closing meeting Additional field visits and meetings with managers if necessary</p> <p>10:30: Closing meeting</p> <ul style="list-style-type: none"> • Presentation of findings by the audit team • NC closure dateline (if any) • Questions and answers • Final summary by team leader <p>End of assessment</p>

PART 4 ASSESSMENT FINDINGS

4.1 Lead Assessor's Summary and Recommendation for Certification

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

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

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

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

Summary of Non-Conformance and Current Status

There are 2 Major Non-Conformity, 5 Minor Non-Conformity and 2 Observations raised to this complex for this Annual Surveillance audit. For Major Non-Conformities, the management of KLK Tanjung Malim Complex with KLK Sustainability Department already send the evidence to close this Major NC's. Basically, the Lead Auditor satisfied with the compliance and management plan that company presented.

Minor non-conformities are usually closed out at the next surveillance visit. Failure to do so will result in the NC being elevated to a Major NC and 60 days given to close it. In the case of any non-conformity raised against any

facility/unit, the non-conformity assigned is/are applicable to the whole of the complex (POM & Supply Base). Therefore, implementation plan should cover all units specified in the scope. Observation are raised by CUC auditor for the client consideration and it is non-obligatory. See PART 4.3 below.

It is therefore the recommendation of the lead assessor that:

- A certificate of compliance is maintained.



Name: Muhammad Faizul b. Yusoff

Date: 24th Oct. 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	
		The procedure established was comprehensive enough to cover the issue related to stakeholders surrounding the Tanjong Malim POM and its supply base. Requests made by stakeholder were responded to and all these are well documented. Adequate information available for confidential information that being listed as publicly available. The company is in full compliance to Principal 1 for this complex.
ASA 1	1.1	<p>Standard Operating Procedures (SOP) for Stakeholders Engagement/Negotiation–SOP No.1 dated on 01/06/2016 established to guide the activities related to stakeholders engagement and consultation. Generally, the procedure established was comprehensive enough to cover the issue related to stakeholders surrounding the Tanjong Malim POM and its supply base. The policy has identified mechanism for Request and Respond, Consultation & Meeting and Complaint & Grievances.</p> <p>Tanjong Malim POM and its supply base continued to maintain a comprehensive system with respect to this criterion. Request & Responses Logbook for their stakeholders or other interested party who had viewed / obtained document related to RSPO were well maintained.</p> <p>Requests are recorded and being provided in appropriate languages and forms. Once completed, stakeholders shall then acknowledge the completed action and response. As evidence in Stakeholder Logbook (Request & Response/ Consultation & Communication / Complaint & Grievance) for all operating units effectively responded by the manager.</p>
ASA 1	1.2	<p>The KLK website (http://www.klk.com.my/), continued to be available to the public. Information such as company's policies as well as sustainability report which provided information on environmental, social and legal issues related to the KLK operations were available on this website.</p> <p>The company has developed SOP 9 - Control of documents & Records - Issue/rev: 1/0; dated on 01/06/2015. Stated management must provide adequate information to other stakeholders on environmental, social and legal issue. The publicly available document in the mill and estate offices are as per below:</p>

		<ul style="list-style-type: none"> • Land titles / user rights • Safety and health plan • Plans and impact assessments relating to environmental and social impacts • Pollution prevention plans • Details of complaints and grievances • Negotiation procedures • Continuous improvement plan <p>All these documents were sighted in the mill and estate offices. Requests for official documents through the estate or mill offices will have to go through the mill or estate managers/assistant in charge, whom will make the decision as to whether the information can be shared to or viewed by the person requesting the information or document.</p>
ASA 1	1.3	The written policy committing to a code of ethical conduct and integrity in all operations and transactions was documented and effectively communicated to all levels of the workforce and operations.
Principle 2: Compliance with Applicable Laws and Regulations		
Criterion by Audit	Summary	The mill and estates have demonstrated compliance to the most of applicable local, national and international laws. Legal ownership of land and its land use is clearly demonstrated through the respective land titles. Boundaries have been clearly demarcated. There have been no land disputes or claims involving the mill and estate. However, one major NC's were raised against this Principle.
ASA 1	2.1	<p>The mill and estates have a register of all applicable laws and regulations and some of applicable laws sighted includes:</p> <ul style="list-style-type: none"> • OSHA and regulations 1994 (Act 514) • Factories and Machinery Act with regulations (Act 139) • Poison Act and Regulations 1952 (Act 366) • Kementerian Perdagangan. • MPOB Act • Road Transport Act 1987 (Act 333) • Employees Social Security Act and Regulations (Act 4) • Industrial Relations Act and Regulations (Act 177) • Trade Union Act and Regulations • Employees Provident Fund Act 1991 <p>They are also responsible for the tracking of the changes in the laws and regulations. SOP No. 2.0 titled "Legal Compliance" Issue 1/0, dated 01/06/2015 has stated to carry out periodic review and evaluation on the Laws & regulations list to ensure that any new/addition as well as changes and amendment are captured and update, through the following manner:</p> <ul style="list-style-type: none"> • Enquiring the laws books publisher • Communication with law/enforcement officers • Website <p>1 Major NC raised. Refer to Part 4.3.1 for detail.</p>
ASA 1	2.2	<p>The mill and estates have demonstrated legal ownership of their land by having legal land titles to the land. All land titles demonstrate the right to use the land. The land titles are kept in the estate office and were sighted during the audit.</p> <p>The estate boundary is well demarcated with boundary stones surrounding the land. The boundary stone map clearly states the GPS coordinate of that</p>

		particular point. Maps clearly showing the estate boundary were also sighted in the estate office.
ASA 1	2.3	There is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. Company has SOP 3.0 titled “Responsible Development for New Planting” dated 01/05/2016. This policy has identified FPIC process for acquiring land and disputes management under Attachment 2.0. Land Acquisition (For OP Planting) in case of any disputes arise.
Principle 3: Commitment to Long-Term Economic and Financial Viability		
Criterion by Audit	Summary	A documented business plan 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 activity carried out as per programme for all estates involved. Basically, the company fully complied with Principal 3 for this complex.
ASA 1	3.1	<p>It was noted that Tanjong Malim POM and its supply base continued to commit to long-term economic and financial viability. The annual budgets are prepared on an annual basis before the end of financial year.</p> <p>The yearly budget and projections where the cost of production was reviewed annually and compared against expenditure for each year was an on-going process. The parameters monitored remained essentially unchanged and included Capital (CAPEX) and Operating costs. The operating expenditure included expenditure for Replanting, Mature and Immature Oil Palm upkeep, Administration cost, Housing and Machinery upkeep, allocation for sustainability implementation (environmental, social, occupational safety and health), infra-structure development (roads, etc.), and training, etc.</p> <p>Replanting activity carried out as per established programme for all estates involved. All the progress for implementation before replanting is recorded in “Replanting Work Agreement” and the progress during replanting will be record in Replanting Progress Report.</p>
Principle 4: Use of Appropriate Best Practices by Growers and Millers		
Criterion by Audit	Summary	The mill and estates have a complete set of GAP, POD and SOP which is being strictly adhered to and continuously monitored. Soil fertility is being maintained in the fields and IPM is being implemented in all the estates. The use of chemicals 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. However, 1 Major Non-Conformity and 1 Minor Non-Conformity were raised for this complex for this area of audit.
ASA 1	4.1	<p>KLK Berhad has developed SOPs for mill and estates. Seen the Standard Operation Procedure on Sustainability and Standard Operating Procedures documented for mill was maintained and well implemented. For estate, sighted the Good Agricultural Practices (GAP) Policy, Standard Operation Procedure on Sustainability and Standard Operating Procedures and Safety Operation Procedure. All the SOPs are established and controlled by Head Quarters. The daily monitoring records are well maintained for the past 12 months. All SOP and procedures are kept and will be updated periodically.</p> <p>The mechanism to ensure the consistency of implementation sighted through internal audit. Sighted record of the internal audit for mill and estates during the audit. The purpose of the internal audit is to verify records and procedure</p>

		<p>against specific requirement and relevant standards requirements</p> <p>1 Minor NC were raised. Refer to Part 4.3.1 for detail.</p>
ASA 1	4.2	<p>Sighted the SOPs for Good Agricultural Practices in managing soil fertility is available in SOP 4.0: Soil Erosion & Fertility and Road Maintenance dated on 01/06/2016. The GAP starts from the survey by Agronomist with recommendation for fertilizer application. Soil improvement plan includes in fertilizer based on soil and foliar sampling annually.</p> <p>The operating unit is utilizing nutrient recycling for all waste generated in the mill operation. The estates are also applying EFB as per recommendation from Agronomist. EFB and Decanter application record is evident in Estate Application Record.</p>
ASA 1	4.3	<p>Seen the soil maps for all estate. It is evident that there are no fragile soils exist in the estate. The production unit has established management strategy for plantings on slopes. SOP 4.0 title "Soil Erosion & Fertility and Road Maintenance" dated on 01/6/2015 is refer to guide the activities related to soil management.</p> <p>The management only spot spray large woodies and conserved as much ground vegetation as possible to protect the topsoil. No peat areas and problematic soil sighted from site visit and verified through estate Soil series map for every estate.</p> <p>During the field visit, it was noted road conditions were satisfactory and accessibility were made possible by regular maintenance guided by its road maintenance programmes which consist of road resurfacing, grading & compacting and culvert maintenance.</p>
ASA 1	4.4	<p>Water management plan for the mil and estates is evident in Water Management Plan 2016. Water management plan done as per SOP: 5.0; Date: 1st June 2015.</p> <p>Protection of water courses and wetlands is covered in SOP 5.0 Surface & Groundwater Management Issue/Rev 1/0 dated 01/06/2015.</p> <p>Analysis parameters were BOD, COD, Suspended solid, Oil and grease, dissolved oxygen, ammonia cal Nitrogen, E. Coli, PH and etc. Seen the daily record of the rainfall. Water consumption record per ton FFB ratio has been maintained for every year to measure the performance of the mill. The mill's record shows the water consumption by monthly basis and accumulated per intended period.</p>
ASA 1	4.5	<p>Implementation of IPM is based on the SOP 7.0 Integrated Pest Management dated 01/06/2015 contains information regarding the implementation of IPM. The procedure indicates information regarding the implementation of IPM including Spraying, Trunk injection and Rat baiting.</p> <p>The planting of beneficial plant was sighted along the main road of the estate. There are programme to expand the planting of beneficial plant. The planting of beneficial plants includes Tunera Subulata, Antigonon Leptopus and Cassia Cobanesis as a biological control for pest such as bagworms and needle caterpillar. Records of pesticides used by area, quantity used, hectares applied and ai/Ha from 2011 were made available for verification.</p> <p>All staffs and workers involved in the IPM implementation has been trained</p>

		by the estate management. As evidence, seen the training for workers from spraying and manuring operation are done. Training records was available.
ASA 1	4.6	<p>The mill and estates maintain a chemical register detailing the chemicals used, its purpose and classification as per the Classification, packaging and labeling requirements as per the Register of Chemicals Hazardous to Health stipulated in the USECHH 2000 regulations (regulation 5). All pesticides used are in accordance with the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A) and in accordance with USECHH Regulations (2000).</p> <p>Sighted the chemical usage for year 2016/17 and Herbicide application records done for circle spraying. Record of pesticides used including the information of active ingredients used, area treated, and amount of active ingredients per hectare is evident.</p> <p>Application of any chemical products in the mill and estate is under controlled and only can be carried out by qualified workers which have attended certain training. All sprayers are provided with proper PPE such as mask, apron, gloves and rubber boot. Mixing of the chemicals was done at mixing area under control and secure environment. During field visit, spraying gang was using the proper equipment and well maintained. All chemical activities are accordance to the company procedure and good agriculture practices.</p> <p>1 Major NC raised. Refer to Part 4.3.1 for detail.</p>
ASA 1	4.7	<p>The mill and estate is in compliance to health and safety plan set by the company. The company has established Occupational Safety & Health Policy signed by Mr. Roy Lim Kiam Chye (Group Plantations Director) dated 07/11/2014 is circulated and maintained in place. The policy is written in Bahasa and English language that can be easily understood by all levels of its employees.</p> <p>This policy is displayed in all the offices and on notice boards. It is this policy that is being adhered to with regards to the implementation of (OSH) requirements within the company. The mill has also updated HIRARC for all activities in the mill operations. The HIRARC has been updated in accordance to the latest accident recorded.</p> <p>All Managers for this complex are responsible person for Health and Safety issue. The OSH meeting has been conducted every 3 months to discuss all issues regarding worker's safety and health. All issues raised and discussed during conducted meeting has been resolve and taken action by estate management with proper action and target date cited in the minute meeting.</p> <p>The ERP has clearly justified procedures when dealing with chemical spillage, accident and others. Emergency response plan include the emergency contact number and available in local language (Malay and English). The ERP has been explained to all workers and staffs during training which has been conducted. All workers have been provided with medical and accident insurance. With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations.</p>
ASA 1	4.8	The mill & estates have developed a training programme for year 2016/17, which includes work stations in the mill and each task in the estate. Trainings are conducted to improve or develop skills. The training records of each individual was sighted which records training information and trainer's name

		and followed by competency assessment of the trainee. Records of training for each employee are maintained at all operating units as evident in Attendance & Evaluation Forms (SOP No.: 8.0; Appendix 1; Dated: 01 June 2015).
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. However, 2 Minor Non-Conformity and 1 Observation was raised for this complex for this area of audit.
ASA 1	5.1	<p>KLK Berhad has established SOP for Environmental Impact Assessment Procedure titled "Environmental Impact Assessment" SOP # 10.0 dated 01/06/2015. Based on the SOP 10, the mill and estates have to conducted, reviewed and updated environmental impact assessment (EIA) for their activities.</p> <p>Environmental management plan was made available for each environment impacts identified in the EAIA 2017. Management control plan includes actions, responsible personnel with target dates to complete and the present status. It was observed that management actions proposed in the plan are implemented and continual monitoring done.</p>
ASA 1	5.2	<p>The mill and estates uses its sustainability department's SOP 11.0 titled "High Conservation Value (HCV)/Conservation Area management" procedure dated 01/06/2015 for HCV assessment.</p> <p>The estate has established management plan for RTE species. The management plan includes erect warning signages such as "No Hunting", "No tress passing" and "No Fishing".</p> <p>Refer to Part 4.3.1 for detail of NC raised.</p>
ASA 1	5.3	<p>Sighted SOP 12.0 titled "Waste Management & Energy Use" dated 01/06/2015 Issue/Rev 1/0 that applicable for both mill and estates. The mill and estates have identified and documented type of waste that generated from its operation in a waste management plan titled "Identification of all waste products and operational plan to reduce pollution". The waste management plan has also identified source of pollution, mitigation measures, target, person responsible, and status.</p> <p>Scheduled wastes generated from mill and estate are send to DOE approved contractor for disposed. Scheduled waste was disposed in accordance with scheduled waste requirements and regulation. The SW materials are placed in the schedule waste store.</p> <p>Practice of open fires not evident within both estate. Monitoring is done weekly in both domestic waste collection areas and in landfill sites.</p> <p>Refer to Part 4.3.1 and 4.3.3 for detail of NC and Observation raised.</p>
ASA 1	5.4	Company has established SOP 12 – "Waste Management & Energy Use"; date on 01/06/2015. In mill, the management monitors fossil fuel usage tabulated in Appendix 3 of SOP 12 Scheduled Waste Management Rev. 1/0. Mill continuously monitor the fuel consumption of generator and vehicles in terms of litter/FFB produced.
ASA 1	5.5	Estate has adopted Policy of Zero burning dated 1 st Jan.2014 by Regional Director Mr The Sar Moh Ne well implemented. There is no open burning

		<p>noticed during the plant visit.</p> <p>Open burning in relation to new planting, re-planting or other development is not allowed and this was communicated to all employee and stakeholder. There is replanting in estate area. During replanting process, the old palm to be felled, chipped and pulverised and been remained in the field for self-composed.</p>
ASA 1	5.6	<p>The polluting activities has been assessed during environmental aspect and impact assessment. The EIA assessment findings including list of polluting sources are recorded in document titled “Environmental Aspect and Impact Identification and Risk Assessment”. Mitigation measures are identified for in the aspect-impact register to prevent or minimize pollution.</p> <p>Boiler stack emissions is monitored and test report was available for both stacks.</p>
<p>Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers</p>		
Criterion by Audit	Summary	<p>The mill and estate have conducted the social impact assessment. The relevant policies are in place and are fully implemented across the board. Communication and consultation as well complaints and grievances procedure are well communicated and adhered to. There are evidences of workers not been discriminated against in any way and all are being paid their fair wages. However, 2 Minor Non-Conformity and 1 Observation was raised for this complex for this area of audit.</p>
ASA 1	6.1	<p>SOP # 13.0, Social Impact Assessment (SIA) procedure has been established by KLK Sustainability department on 01/06/2015 under the title “In-house Social Impact Assessment” which is available at mill office. Appendix 1 of the SOP has identified the format to record the assessment. The “In-house Social Impact Assessment” format has identified columns such as Flow, Hazards, Level of social impact, Mitigation measures, Person in charge and status.</p> <p>Sighted the latest SIA conducted in year 2017 for mill and estates operation as following the SOP 13 In-house Social Impact Assessment dated 01/06/2015.</p> <p>This purpose of internal SIA conducted is to measure and to understand both positive and negative social impacts of the mill and estates operations towards the local population and communities surrounding the premises. The response obtained, provided information on the negative and positive social impacts of the operations.</p>
ASA 1	6.2	<p>SOP 1.0 Stakeholder Engagement/ Negotiation Issue/Rev 1/0 dated 01/06/2015 was established as the consultation and communication procedures to relevant stakeholders. SOP has outlined the request & response, consultation & communication and complaint & grievance mechanism in order to handle issues highlighted by stakeholders.</p> <p>Stakeholder logbook is a mechanism used by mill and estates in order to compile any request from affected stakeholders. Stakeholders form can be filled to address request & response, consultation & communication and complaint & grievance. Sighted records of all communication and actions taken in response to input from stakeholders maintained effectively in stakeholder’s logbook.</p> <p>Refer to Part 4.3.1 for detail of NC raised.</p>
ASA 1	6.3	<p>KLK Berhad has establish SOP 01 entitled Stakeholders Engagement and</p>

		<p>Negotiation. Last issued in 01st June 2015 is shown at the process of complaints & grievance.</p> <p>SOP outlined the method of handling requests, complaints and grievances, identified and registered all stakeholders, record of request and response, resolving consultation, resolving communication and complaint and grievance.</p> <p>For private and confidentiality, protection of whistle blower is stated in KLK Sustainability Policy Issue/Rev. 1/0 approved by Tan Sri Dato’ Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 Clause 3.2 (xii) where the group shall provide a confidential means for all personnel to report illicit (unethical or illegal) activities.</p> <p>All the complaints and grievances were handled by all managers or assistant in charge. Training were provided to ensure they understand about delivering complaints and grievances.</p> <p>There is complaint book placed in the mill and estates office. The book is open to all. Action was taken by responsible person and will acknowledge to the complainer back. No complaint registered and all request has been attended promptly. Request is being requested through stakeholder logbook form.</p> <p>During site visit and stakeholder’s consultation, workers/stakeholders who were interviewed confirmed that they are aware of the complaints and grievances procedure and how to channel their grievances. Complaint and Grievances record in Stakeholder Logbook was maintained. No grievance registered as per this audit period.</p>
ASA 1	6.4	<p>Company’s SOP 3.0 titled “Responsible Development for New Planting” dated 01/05/2016 has identified process for acquiring land and disputes management under Attachment 2.0. Land Acquisition (For OP Planting). No negotiations concerning compensation for loss of legal or customary rights as this land belong to KLK Kepong Sdn Bhd.</p>
ASA 1	6.5	<p>Sighted payment records for all workers and contractors. The contract of works is available and verified. Contract is signed by both employee and management indicating hours of work, amendments to annual leave, medical leave, pay, overtime etc. Interview with both mill & estates workers, confirmed that they understand the terms and conditions of their employment.</p> <p>The salary is according to ‘Guidelines on the Implementation on the Minimum Wages’. Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made.</p> <p>All local and foreign workers are provided with proper and adequate housing facilities. Electricity is produced by own gen-set while water for domestic used is from estate water catchment.</p> <p>Refer to Part 4.3.1 and 4.3.3 for detail of NC and Observation raised.</p>
ASA 1	6.6	<p>The ‘KLK Sustainability Policy’ approved by Tan Sri Dato’ Sri Lee Oi Hian (KLK</p>

		<p>Group CEO) dated 01/12/2014 which under clause 3.2 (v) indicates Freedom of Association and Right to Collective Bargaining where workers are allowed to join collective association.</p> <p>This policy is displayed in the mill and estates. Interviews with workers confirmed that policy has been communicated to all workers and staff and the understanding of policy is satisfactory.</p>
ASA 1	6.7	<p>Children are not employed or exploited. Minimum age indicated at 18 years old. In the organization child policy stated in 'KLK Sustainability Policy dated 01/06/15; clause (3.2)(ii) 'No Child Labour' where company outlined the commitment to comply with national law in regards to minimum age requirement.</p> <p>In mill and estates, recently appointed new worker is above 18 years old. The data of workers is available, monitor and checked by the auditor. Interviews with workers and staff confirmed that there is no child labor employed neither in mill and estates.</p>
ASA 1	6.8	<p>Sighted 'KLK Sustainability Policy approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 Clause 3.2(ix)-Equal Employment Opportunities' described company's policy with regards to equal opportunities and no discrimination practice among employed worker. Local employees are given 1st priority for employment (Positive).</p> <p>This policy are available in English and Malay displayed at the mill and estate office wall and notice boards. Policy stated that employment of either local or foreign workers will not practice any discrimination regardless race, religion and gender. Verified through interview with workers, they are treated equally regardless their origin and gender. Opportunities are given to all level of workforce without being discriminated.</p> <p>The practice of equal opportunities is implemented as sighted the job advertisement displayed at road junction nearby complex entrance.</p> <p>The company has established SOP for employment of new workers as documented in SOP14.0: Employment of Workers/Staffs. The procedure clearly stated that workers need to attend for medical check-up prior to employment.</p>
ASA 1	6.9	<p>A policy protection against sexual harassment stated in KLK Sustainability Policy issue/rev 1/0 dated 01/06/2015 approved by KLK CEO Tan Sri Dato' Seri Lee Oi Hian dated 01/12/2014 clause 3.2 (xi) Harassment and violence stated the group and its supplier/contractor shall not tolerate any type of harassment or violence. Also sighted 'Polisi Hak Reproduksi Pekerja' approved by Mr. Mah Fak Chin (Regional Director) dated 01/04/2017.</p> <p>Gender committee has been established in the mill and estates as evident in the Organization Chart. Gender committee meeting is being conducted every 3 months. Welfare of female workers were discussed. Minutes meeting available and there are evidence on matters regarding sexual harassment, violent, breastfeeding and pregnant lady being discussed during the meeting.</p> <p>The company has outlined flow chart on handling sexual harassment complaints in Policy No: GP/OSH12 OSH Mgt. System-4 issued 01/07/2010 attachment: 5 stated way to handle allegation of sexual harassment when received.</p>

		Workers interviewed were aware of the policy against sexual harassment and violence. The establishment of the gender committee at every operating unit and the specific grievance mechanism. No cases of sexual harassment or violence against female workers reported.
ASA 1	6.10	KLK has developed SOP for FFB Pricing mechanism, SOP no 17 Issue/Rev 1/0 dated 01/06/2015. At this moment, the mill received 60% FFBs from their own estates and 40% from external sources.
ASA 1	6.11	Company are committed and have contributed to local development. Regular consultations with the local internal and external communities had assisted the company in its efforts to contribute to local development such as providing more jobs and improved amenities such as school bus, hostel for staffs' and workers' children, clinic and etc.
ASA 1	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>Foreign workers are having legal identification such as valid permit and passport and have legality to work in estate operational activity. All employees are employed legally where foreigner workers are having valid permit and passport and local having identity card as the valid residential card.</p> <p>There is no evidence of forced labour during interviewing workers at site. Workers enter into employment contracts with the company on their free will. Letter of offer for local employees and employment contract for foreign workers are available where duly signed by both parties.</p> <p>The company has established 'KLK Sustainability Policy approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 Clause 3.2(ix)-Equal Employment Opportunities' described company's policy with regards to equal opportunities and no discrimination practice among employed worker.</p>
ASA 1	6.13	<p>The 'KLK Sustainable Policy' in clause 3. Drive Positive Socio-Economic Impact for People and Communities, has described company's policy regards to respect human right in the statement "KLK respects, supports and upholds fundamental human rights, and does not engage in discrimination based on race, religion or gender". This policy was approved by Chief Executive Officer - Tan Sri Dato' Seri Lee Oi Hian</p> <p>Respect human right aspect of the 'KLK sustainable policy' has been explained to all estate employees by the Assistant Manager. The "KLK Sustainability Policy" is displayed in notice boards inside the office as well as outside the office. The policy also publicly available through the official website : http://www.klk.com.my</p>
Principle 7: Responsible Development of New Plantings		
Criterion by Audit	Summary	Generally, the management has fully complied with the requirement of Principle 7.
ASA 1	7.1	There were no new plantings involving forest land.
ASA 1	7.2	There is no new land surveyed for the growing of oil palm. However, there are sufficient SOPs available for the soil and land type that being implemented at all operating units. A general soil map, slope classes map and elevation map, to provide a general recommendation for soil and water management practices to overcome soil limitations are available.

ASA 1	7.3	No HCV area within the area.
ASA 1	7.4	The company has prepared soil maps. SOPs are in place to protect fragile and marginal soils. Terracing implemented above 15° as per the topographic map. Field inspection confirmed on the implementations.
ASA 1	7.5	SIAs and EIAs developed with participation from affected parties and include an analysis of both positive and negative impacts.
ASA 1	7.6	SIAs and EIAs developed with participation from affected parties and include an analysis of both positive and negative impacts.
ASA 1	7.7	The company has a zero burning policy for preparing land for planting and has a procedure in place to respond to land burning on neighboring properties.
ASA 1	7.8	Not applicable
Principle 8: Commitment to Continuous Improvement in Key Areas of Activity		
Criterion by Audit	Summary	Sighted continuous monitoring, review of activities and development are implemented along with action plans that allow demonstrable continual improvement in key operations such as in minimizing use of certain pesticides, environmental impacts, pollution prevention plans and working conditions.
ASA 1	8.1	Continuous improvement plan seen documented in SOP 16.0 dated 01/06/2015. Seen the CIP format includes of activity, process area, PIC and status of action taken.

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

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

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

4.3.1 Non-Conformities Identified during this Audit

The following NC's was raised for this audit.

NC number:	NC-01		
Client name:	Kuala Lumpur Kepong Berhad – Tanjung Malim POM		
Date raised:	25 th August 2017		
Major or Minor:	Major	Site:	Kerling Estate and Changkat Asa Estate
Raised by:	Mohd Razaleigh	Deadline:	60 days
Aspect of standard: 2.1.1			
Evidence of compliance with relevant legal requirements shall be available			
Evidence of non-conformity:			
According to Environment Quality Act 1974 (Schedule Waste) 2005 regulations stated that: Reg. 9; Any person may store scheduled wastes generated by him for 180 days or less after its generation Reg. 10; The date when the scheduled wastes are first generated, name, address and telephone number of the waste generator shall be clearly labelled on the containers that are used to store the scheduled wastes			
Also stated in KLK Standard Operating Procedure, Waste Management and Energy Used (SOP 12.0 dated 1 st			

June 2015):

- a. For schedule waste, the maximum storage period and amount that can be stored for SW must be compliance with the local regulations. Therefore, waste generated must be disposed or treated if any of these limits are exceeded.
- b. SW container must be labelled clearly with the following details
 - i. The date when the SW are 1st generated
 - ii. Name, address and telephone number of waste generator
 - iii. SW codes and types.

However, during audit at :

a. Kerling Estate

Schedule waste generated are SW 305 and SW 410 and last disposal for SW 410 was on July 2016. There are lacks of evidences that estates complying with legal requirement and internal procedure.

b. Changkat Asa Estate

There are no evidences of compliance to legal requirement and internal procedure since last disposal of SW was on 8th June 2016 where SW generated and stored more than 180 days through Malik Family Resources and Technology (Consignment Note 52849, Transportation Code 50013/902/160 for SW 305 and 410).

It also observed at SW store that one of the schedule waste are not properly labelled (SW 306, used hydraulic oil).



Muhammad Faizul b. Yusoff

Lead Auditor

Date: 25th August 2017

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

Kerling & Changkat Asa Estate

Estate management has analysed and found the root causes for NC-01 (SW 305, SW410 was stored more than 180 days, which, not complying with Legal Requirement and Internal Procedure) are because as per below:

1. The quantity produce by estate is very little, where as the licensed contractors are not willing to dispose and meet their promises.
2. Estate management is also has overlooked the disposal of SW 305, SW410 due to attaining approval from DOE to extent the storing period of SW more than 180 days.

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

Kerling Estate


1. SW410 was disposed on 7th Sept 2017. **(NC-01_Attachment 1_Consignment Note)**
2. Estate Management have engaged Anggun Kitar Sdn.Bhd for future SWs disposals. **(NC-01_Attachment 1_Company License)**
3. Estate Management also prepared and pasted a Time table with Person In charge for next SW disposals at office and schedule waste store for reference. **(NC-01_Attachment 1_Time table with PIC)**


Changkat Asa Estate


1. Label of SW 306 was corrected and displayed. **(NC-01_Attachment 2_Label)**
2. SW 305, SW306 and SW 410 was disposed on 24th August 2017 by Tex Cycle. **(NC-01_Attachment 2_Consignment Note)**
3. Set a timetable and assign a supervisor in-charge of disposing and updating inventory of SW. **(NC-01_Attachment 2_Timetable)**

Evidence of Conformity:


Kerling Estate


<ul style="list-style-type: none"> SW410 was disposed on 7th Sept 2017. (NC-01_Attachment 1_Consignment Note) Estate Management have engaged Anggun Kitar Sdn.Bhd for future SWs disposals. (NC-01_Attachment 1_Company License) Estate Management also prepared and pasted a Time table with Person In charge for next SW disposals at office and schedule waste store for reference. (NC-01_Attachment 1_Time table with PIC) 	
Changkat Asa Estate	
<ul style="list-style-type: none"> Label of SW 306 was corrected and displayed. (NC-01_Attachment 2_Label) SW 305, SW306 and SW 410 was disposed on 24th August 2017 by Tex Cycle. (NC-01_Attachment 2_Consignment Note) Set a timetable and assign a supervisor in-charge of disposing and updating inventory of SW. (NC-01_Attachment 2_Timetable) 	
Review of evidences submitted to CUC: NC Closed	
Conclusion by CUC: NC Closed	
NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN)	
ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Lead Assessor signature: 	Date: 24 th Oct. 2017

NC number:	NC-02		
Client name:	Kuala Lumpur Kepong Berhad – Tanjung Malim POM		
Date raised:	25 th August 2017		
Major or Minor:	Major	Site:	Kerling Estate and Changkat Asa Estate
Raised by:	Mohd Razaleigh	Deadline:	60 days
Aspect of standard: 4.6.6			
Storage of all pesticides shall be according to recognized best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations.			
Evidence of non-conformity:			
According to the Occupational Safety and Health Act 1994 (Act 514), Reg. 25; In any place of work where a chemical hazardous to health is used, the current Chemical Safety Data, Sheet for that chemical or a copy there of shall be kept in a conspicuous place close to each location where that chemical is used, and shall be easily accessible to the employees.			
Also stated in KLK Occupational Safety and Health procedure, document GP/P&G, “Garis Panduan bagi Stor Bahan Kimia” classification SG 2 issued 1 st July 2010; the safety data sheet and emergency procedure for the chemical used must be available in English and Malay.			
However, during the site visit at the chemical store for both estate, safety data sheet for some chemicals are not available and placed close to each location where that chemical is stored.			
<ul style="list-style-type: none"> a) Kerling Estate- Nufarm Ethepon 2 Plant Growth Regulator b) Changkat Asa Estate- Genne 15, Hallmark 15 and Cyper 16EW 			
 Muhammad Faizul b. Yusoff			


Lead Auditor Date: 25 th August 2017	
Root Cause Analysis and extent: (To be filled by Auditee) Kerling Estate Management will regularly checking and updating the contents of the SDS file based on arrival of new chemicals. On this attribute we have taken out the outdated SDS of Nufarm Ethepon 2 and forgot to replace the new SDS at the site, but it is available at office. Changkat Asa Estate The SDS obtained by the management was based on A.I. and not according to the brand of the chemical. Therefore, SDS for above mentioned chemicals which contained same A.I but different chemical brand name was not available during time of audit.	
Corrective/Preventive Actions: (To be filled by Auditee) Kerling Estate 1. SDS of Nufarm Ethepon 2 plant Grwoth Regulator placed in file on 22/08/2017. (NC-02_Attachment 1) 2. Estate Management also prepared an Agenda for next OSH Meeting on work place inspection where to check on the availability of the Latest Chemicals SDSs at conspicuous place near to Chemical Store at 3 months interval. (NC-02_Attachment 1_Agenda of next OSH Meeting) Changkat Asa Estate 1. Estate management will obtain the SDS according to the respective chemical brands and suppliers. (NC-02_Attachment 2_SDS).	
Evidence of Conformity: Kerling Estate <ul style="list-style-type: none"> SDS of Nufarm Ethepon 2 plant Grwoth Regulator placed in file on 22/08/2017. (NC-02_Attachment 1) Estate Management also prepared an Agenda for next OSH Meeting on work place inspection where to check on the availability of the Latest Chemicals SDSs at conspicuous place near to Chemical Store at 3 months interval. (NC-02_Attachment 1_Agenda of next OSH Meeting) Changkat Asa Estate <ul style="list-style-type: none"> Estate management will obtain the SDS according to the respective chemical brands and suppliers. (NC-02_Attachment 2_SDS). 	
Review of evidences submitted to CUC: NC Closed	
Conclusion by CUC: NC Closed	
NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Lead Assessor signature: 	Date: 24 th Oct. 2017

NC number:	NC-03		
Client name:	Kuala Lumpur Kepong Berhad – Tanjung Malim POM		
Date raised:	25 th August 2017		
Major or Minor:	Minor	Site:	Changkat Asa Estate
Raised by:	Mohd Razaleigh	Deadline:	Next Surveillance Audit
Aspect of standard: 5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.			
Evidence of non-conformity: According to Wildlife Conservation Act 2010; “protected wildlife” means any wildlife specified in the First			

Schedule.	
During on site audit, it was observed two species of old world monkeys (<i>Macaca fascicularis</i> - Long-tailed Macaque and <i>Macaca nemestrina</i> -Pig-tailed Macaque) have been rear at the line site by the workers where both species have been categorized as protected wildlife.	
	
Muhammad Faizul b. Yusoff Lead Auditor Date: 25 th August 2017	
Root Cause Analysis and extent: (To be filled by Auditee)	
Corrective/Preventive Actions: (To be filled by Auditee)	
Evidence of Conformity:	
Review of evidences submitted to CUC:	
Conclusion by CUC:	
NC Status: Yes <input type="checkbox"/> (CLOSED) No <input checked="" type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Lead Assessor signature:	Date:

NC number:	NC-04		
Client name:	Kuala Lumpur Kepong Berhad – Tanjung Malim POM		
Date raised:	25 th August 2017		
Major or Minor:	Minor	Site:	Changkat Asa Estate
Raised by:	Mohd Razaleigh	Deadline:	Next Surveillance Audit
Aspect of standard: 5.3.3			
A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented			
Evidence of non-conformity:			
According to KLK Standard Operating Procedure, Waste Management and Energy Used (SOP 12.0 dated 1 June 2015) stated that:			
<ul style="list-style-type: none"> a. Empty pesticides container (EPC) must be triple rinsed and pierced before being disposed by the management b. To ensure general waste are collected periodically in the dustbins placed at designated locations and disposed at the estate`s landfill area or through appropriate and legal manner. 			
During the site visit at premix area for Changkat Asa Estate;			
<ul style="list-style-type: none"> a) Sighted empty chemical containers have been left without proper management. As per interviewed with the store keeper, the containers have been there for more than 4 days. b) There is evidence the general wastes was not properly managed since sighted general waste have been thrown everywhere and can be found at the back side of line site. 			
			
Muhammad Faizul b. Yusoff			

Lead Auditor Date: 25 th August 2017	
Root Cause Analysis and extent: (To be filled by Auditee)	
Corrective/Preventive Actions: (To be filled by Auditee)	
Evidence of Conformity:	
Review of evidences submitted to CUC:	
Conclusion by CUC:	
NC Status: Yes <input type="checkbox"/> (CLOSED) No <input checked="" type="checkbox"/> (OPEN)	
ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Lead Assessor signature:	Date:

NC number:	NC-05		
Client name:	Kuala Lumpur Kepong Berhad – Tanjung Malim POM		
Date raised:	25 th August 2017		
Major or Minor:	Minor	Site :	Changkat Asa Estate
Raised by:	Fadly Ahmad	Deadline :	Next Surveillance Audit
Aspect of standard: Principle 6: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties. Clause 6.2.3 (Min); 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: According to the stakeholder map established by the Changkat Asa Estate management there is potential stakeholders identified as neighbouring smallholders but not stated in the list of stakeholders.			
 Muhammad Faizul b. Yusoff Lead Auditor Date: 25 th August 2017			
Root Cause Analysis and extent: (To be filled by Auditee)			
Corrective/Preventive Actions: (To be filled by Auditee)			
Evidence of Conformity:			
Review of evidences submitted to CUC:			
Conclusion by CUC:			
NC Status: Yes <input type="checkbox"/> (CLOSED) No <input checked="" type="checkbox"/> (OPEN)			
ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			

Lead Assessor signature:	Date:
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NC number:	NC-06		
Client name:	Kuala Lumpur Kepong Berhad – Tanjung Malim POM		
Date raised:	25 th August 2017		
Major or Minor:	Minor	Site :	Changkat Asa & Kerling Estate
Raised by:	Fadly Ahmad	Deadline :	Next Surveillance Audit

Aspect of standard:

Principle 6: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

Clause 6.5.3 (Min); Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).

Evidence of non-conformity:

Based on Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) :

Reg. 6 Supply of water and electricity and maintenance of houses

6. (1) Where workers and their dependants are provided with housing at their place of employment it shall be the duty of the employer of such place of employment:

(c) to ensure that the buildings are kept in a good state of repair and painted to present a satisfactory appearance

Reg. 23 Weekly inspection of workers' housing

23. (1) It shall be the duty of the employer of a place of employment where workers and their dependants are provided with housing accommodation to ensure that:

- (a) the area surrounding the workers' housing is kept clear of undergrowth and maintained in a clean and sanitary condition;
- (b) the perimeter drains around each dwelling or block of dwellings including all outlet drains are kept in a good state of repair and clear of refuse or undergrowth to permit free flow of water;
- (c) all refuse in the housing site is collected daily and disposed of satisfactorily;

During the line site inspection, it was sighted:

Kerling Estate – The linesite buildings were in poor condition whereby the broken glass of windows does not being replaced and the appearance of the house with paint already faded

Changkat Asa Estate – The linesite surrounding is not maintained in a clean manner with a lots of rubbish at the back of workers houses. Blockage of drainage with rubbish constraint the free flow of water. Rubbish disposal is not satisfactorily conducted where remaining domestic waste can be sighted along the drainage.






Muhammad Faizul b. Yusoff

Lead Auditor

Date: 25th August 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 (CLOSED) No (OPEN)

ON SITE VERIFICATION REQUIRED Yes No

Lead Assessor signature:


Date:



NC number:	NC-07		
Client name:	Kuala Lumpur Kepong Berhad – Tanjung Malim POM		
Date raised:	25 th .August 2017		
Major or Minor:	Minor	Site:	Changkat Asa Estate
Raised by:	Ahmad Kamal Shahabuddin	Deadline:	Next ASA
Aspect of standard:			
Criterion 4.1 : Operating procedures are appropriately documented, consistently implemented and monitored			
Clause 4.1.2 (Minor) : A mechanism to check consistent implementation of procedures shall be in place			
Evidence of non-conformity:			
According to company internal procedure; SOP for chemical sprayer (Rev. 03/2014) - After work : to make sure the sprayer clean themselves before going home.			
However, during site visit; it was observed that sprayers did not clean themselves after coming back from work @spraying activity. Interviewed with the sprayer, they informed that they did not take bath because there is no soap provided.			

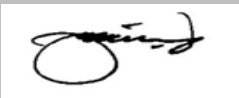
	
Muhammad Faizul b. Yusoff Lead Auditor Date: 25 th August 2017	
Root Cause Analysis and extent: (To be filled by Auditee)	
Corrective/Preventive Actions: (To be filled by Auditee)	
Evidence of Conformity:	
Review of evidences submitted to CUC:	
Conclusion by CUC:	
NC Status: Yes <input type="checkbox"/> (CLOSED) No <input checked="" type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Lead Assessor signature:	Date:

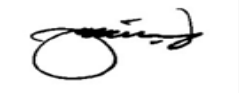
4.3.2 Non-Conformity Identified during the last ASA, not applicable for MA


The following NC's were raised during the last audit and the status was reviewed as indicated below.

Non-conformity number: 01/2016		
Project No: 827183		
Site: KLK Berhad – Tanjong Malim Complex (Sg. Gapi Estate)		
Date: 25 th August 2016		
Part of scope: Principle 2		
Requirement reference: 2.1.1 (Major) Evidence of compliance with relevant legal requirements shall be available.		
Type of Non-conformity: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	Verification by Lead Auditor:  The verification audit assessment (site visit) carry out is evident and therefore this major non-compliance is closed.
Time Line to Close the Non-conformity 24 th October 2016	Pre-Conditioned: Main/Re-Assessment: Yes <input type="checkbox"/> No <input type="checkbox"/> Annual Surveillance: Major (60 days): <input checked="" type="checkbox"/> Minor (364 Days/Next ASA): <input type="checkbox"/>	
Non-conformance (objective observation and statement of non-conformance):		

Estate has a skid tank and the licence was updated. However, during site visit auditor was observed that no label or signages as per "Peraturan-Peraturan Kawalan Bekalan 1974" at skid tank area.	
Root Cause Analysis and extent: (To be filled by Auditee)	
Estate management is aware of the requirement to have the signage as per "Peraturan-Peraturan Kawalan Bekalan 1974" as this has been raised during the Sustainability Internal Audit. The signage board has been ordered and is still awaiting for the installation during RSPO external audit.	
Corrections: Kindly provide the extent (To be filled by Auditee)	
Purchase order had been made. The signage board has been received and installed.	
Corrective/Preventive Actions: (To be filled by Auditee)	
Management will monitor the availability of the signage and update the information on label whenever necessary.	
Review of evidences submitted to CUC:	
Sg. Gapi Estate has send the picture of the signage and already installed the signage. The update information as per "Peraturan-Peraturan Kawalan Bekalan 1974". Lead Auditor also verified during site visit (to close Major Major NC's) to this estate. The signage already installed as per evidence that send by this estate to the Lead Auditor.	
Conclusion by CUC:	
The verification audit assessment (site visit) carry out is evident and therefore this major non-compliance is closed within 60 days.	
NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Lead Auditors' Name: Muhammad Syafiq Signature: 	Date: 09 th September 2016
Company's Representative Acceptance: Name: Lee Kuan Yee Signature: 	Date: 09 th September 2016

Non-conformity number: 02/2016		
Project No: 827183		
Site: KLK Berhad – Tanjung Malim Complex (Sg. Gapi Estate)		
Date: 25 th August 2016		
Part of scope: Principle 4		
Requirement reference: 4.4.1 (Major) An implemented water management plan shall be in place.		
Type of Non-conformity: Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	Verification by Lead Auditor:  The verification audit assessment (site visit) carry out is evident and therefore this major non-compliance is closed.

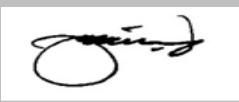
Time Line to Close the Non-conformity 24 th October 2016	Pre-Conditioned: Main/Re-Assessment: Yes <input type="checkbox"/> No <input type="checkbox"/> Annual Surveillance: Major (60 days): <input checked="" type="checkbox"/> Minor (364 Days/Next ASA): <input type="checkbox"/>												
Non-conformance (objective observation and statement of non-conformance): During the audit, auditor take a few samples of Water Analysis (Test Certificate). All sample are done by Organo (Asia) Sdn. Bhd. However, latest 2 sample of the result of analysis of spring water used in the estate were observed to be out of M.O.H standard specification. Data as per below:													
a) Date Report Issued: 29 th July 2016 Lab Serial No : LC/LAB/3971/16(A)													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Parameter</th> <th style="width: 33%;">M.O. H Standard</th> <th style="width: 33%;">Results</th> </tr> </thead> <tbody> <tr> <td>pH</td> <td>6.5-9.0</td> <td>4.71</td> </tr> <tr> <td>Free Chlorine</td> <td>>0.2</td> <td>0.10</td> </tr> </tbody> </table>		Parameter	M.O. H Standard	Results	pH	6.5-9.0	4.71	Free Chlorine	>0.2	0.10			
Parameter	M.O. H Standard	Results											
pH	6.5-9.0	4.71											
Free Chlorine	>0.2	0.10											
b) Date Report Issued: 10 th February 2016 Lab Serial No : LC/LAB/6867/15 A													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Parameter</th> <th style="width: 33%;">M.O. H Standard</th> <th style="width: 33%;">Results</th> </tr> </thead> <tbody> <tr> <td>pH</td> <td>6.5-9.0</td> <td>10.86</td> </tr> <tr> <td>Turbidity</td> <td><5</td> <td>6.2</td> </tr> <tr> <td>Aluminium</td> <td><0.2</td> <td>0.21</td> </tr> </tbody> </table>		Parameter	M.O. H Standard	Results	pH	6.5-9.0	10.86	Turbidity	<5	6.2	Aluminium	<0.2	0.21
Parameter	M.O. H Standard	Results											
pH	6.5-9.0	10.86											
Turbidity	<5	6.2											
Aluminium	<0.2	0.21											
Root Cause Analysis and extent: (To be filled by Auditee) 1. Lack of monitoring on pH for water supplied to linesite. 2. The pH of water fluctuates as the water source is surface (spring) water.													
Corrections: Kindly provide the extent (To be filled by Auditee) Current water sources (spring water) will be monitored weekly by using the pH meter. In the meantime, the management is in the process of installing tubewell as alternate water source.													
Corrective/Preventive Actions: (To be filled by Auditee) Estate management is aware of the above issue and tubewell had been installed on September 2015 for workers consumption. The water quality from tubewell is still under testing period. Once it is in compliance with the water quality parameters which target to be in October 2016, water from tubewell will be used as water source.													
Review of evidences submitted to CUC: Seen the evidence that prepared by Sg. Gapi Estate. Estate already monitored by weekly by using the pH meter. Also seen the application of installation of tubewell for workers consumption by Drilco Technologies (M) sdn Bhd. Lead Auditor also verified during site visit (to close Major Major NC's) to this estate. Sighted the monitoring data by the estate management and the reading is between M.O.H Standard. Also seen the tubewell project that still in progress and the process as per estate plan.													
Conclusion by CUC: The verification audit assessment (site visit) carry out is evident and therefore this major non-compliance is closed within 60 days.													
NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>													
Lead Auditors' Name: Muhammad Syafiq Signature: 	Date: 09 th September 2016												

Company's Representative Acceptance: Name: Lee Kuan Yee  Signature:	Date: 09 th September 2016
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Non-conformity number: 03/2016
Project No: 827183
Site: KLK Berhad – Tanjong Malim Complex (Sg. Gapi Estate)
Date: 25 th August 2016

Part of scope: Principle 4

Requirement reference: 4.4.2 (Major)
 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated.

Type of Non-conformity:		Verification by Lead Auditor:
Major	<input checked="" type="checkbox"/>	 The verification audit assessment (site visit) carry out is evident and therefore this major non-compliance is closed.
Minor	<input type="checkbox"/>	

Time Line to Close the Non-conformity	Pre-Conditioned: Main/Re-Assessment:						
24 th October 2016	Yes <input type="checkbox"/> No <input type="checkbox"/>						
	<table border="1" style="width: 100%;"> <tr> <td>Annual Surveillance:</td> <td></td> </tr> <tr> <td>Major (60 days):</td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>Minor (364 Days/Next ASA):</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	Annual Surveillance:		Major (60 days):	<input checked="" type="checkbox"/>	Minor (364 Days/Next ASA):	<input type="checkbox"/>
Annual Surveillance:							
Major (60 days):	<input checked="" type="checkbox"/>						
Minor (364 Days/Next ASA):	<input type="checkbox"/>						

Non-conformance (objective observation and statement of non-conformance):
 During site visit to the estate, it was observed that the buffer zone is sprayed with pesticide. This is not as per Standard Operating Procedure On Sustainability No. 11- High Conservation Value / Conservation Area; date on 01st June 2015. The buffer should be free of any activities such as spraying and manuring.

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

1. Management has conducted training on riparian zone for spraying and manuring operators. However, the understanding on riparian zone management needs to be further improved.
2. Management has conducted monthly monitoring on activities in riparian zone. However, the frequency of monitoring needs to be increased to ensure no human activities in riparian zone at all times.

Corrections: Kindly provide the extent (To be filled by Auditee)
 Management has conducted re-training on riparian zone management for spraying and manuring operators on 24th August 2016 to further improve their understanding and awareness on related topic.

Corrective/Preventive Actions: (To be filled by Auditee)
 Management will conduct weekly monitoring to ensure no human activities at riparian zone area.

Review of evidences submitted to CUC:
 Seen the evidence that prepared by estate. Estate give training regarding SOP for the sprayers gang. Also sighted the evaluation checklist for the sprayers. Sighted monitoring checklist for Riparian Zone done by person in charge. Lead Auditor also verified during site visit (to close Major Major NC's) to this estate. Interview the

sprayers gang in this area. They fully understand now that this area is free from human activity (spraying and manuring).

Conclusion by CUC:

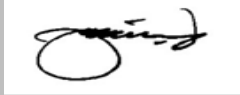
The verification audit assessment (site visit) carry out is evident and therefore this major non-compliance is closed within 60 days.

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

Lead Auditors' Name: Muhammad Syafiq

Date: 09th September 2016

Signature:




Company's Representative Acceptance:

Date: 09th September 2016

Name: Lee Kuan Yee

Signature:



Non-conformity number: 04/2016

Project No: 827183

Site: KLK Berhad – Tanjong Malim Complex (Sg. Gapi Estate)

Date: 25th August 2016

Part of scope: Principle 2

Requirement reference: 2.2.2 (Minor)

There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves.

Type of Non-conformity:

Major

Minor

Verification by Lead Auditor:

Time Line to Close the Non-conformity

364 days / Next Surveillance Audit

Pre-Conditioned: Main/Re-Assessment:

Yes No

Annual Surveillance:

Major (60 days):

Minor (364 Days/Next ASA):



Non-conformance (objective observation and statement of non-conformance):

No boundary stones been maintained alongside the boundary between Sungai Gapi Estate and Bukit Tarek Forest as accordance with JUPEM map (plan # 5285). Site verification at coordinate N 03°33'39.5" E 101°36'13.8" no any boundary marker available which was less than 100 M adjacent to the forest. Management has taken immediate action by appointed contractor to conduct re-survey however no complete action plan and timeline to completion still unable to be defined. This issue will be verify on next surveillance audit therefore minor NC been raise at the moment.

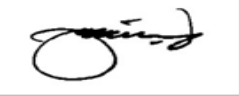

Root Cause Analysis and extent: (To be filled by Auditee)

Lack of monitoring of the boundary markers by management

Corrections: Kindly provide the extent (To be filled by Auditee)


Regular monitoring	
Corrective/Preventive Actions: (To be filled by Auditee) Management has engaged licensed land surveyor to conduct land survey and boundary markers are allocated along the boundary.	
Review of evidences submitted to CUC: NC Closed	
Conclusion by CUC: NC Closed	
NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input checked="" type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Lead Auditors' Name: Muhammad Syafiq  Signature:	Date: 25 th August 2016
Company's Representative Acceptance: Name: Lee Kuan Yee  Signature:	Date: 25 th August 2016


Non-conformity number: 05/2016	
Project No: 827183	
Site: KLK Berhad – Tanjung Malim Complex (Sg. Gapi Estate & Tg. Malim POM)	
Date: 25 th August 2016	
Part of scope: Principle 4	
Requirement reference: 4.1.3 (Minor) Records of monitoring and any actions taken shall be maintained and available, as appropriate	
Type of Non-conformity: Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/>	Verification by Lead Auditor:
Time Line to Close the Non-conformity 364 days / Next Surveillance Audit	Pre-Conditioned: Main/Re-Assessment: Yes <input type="checkbox"/> No <input type="checkbox"/> Annual Surveillance: Major (60 days): <input type="checkbox"/> Minor (364 Days/Next ASA): <input checked="" type="checkbox"/>
Non-conformance (objective observation and statement of non-conformance): During site visit to both operating units, it was observed that the sumps is not functioning according to the Standard Operating Procedure On Sustainability-SOP 12; date on 01 st June 2015. No water has been maintained in sumps as per stated in their policy.	
Root Cause Analysis and extent: (To be filled by Auditee)	

Lack of training provided on the function of sump.	
Corrections: Kindly provide the extent (To be filled by Auditee)	
Monitoring regularly	
Corrective/Preventive Actions: (To be filled by Auditee)	
Training has provided to the staff in charge of store to ensure the sump function in accordance to the SOP.	
Review of evidences submitted to CUC:	
NC Closed	
Conclusion by CUC:	
NC Closed	
NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Lead Auditors' Name: Muhammad Syafiq	Date: 25 th August 2016
Signature: 	
Company's Representative Acceptance:	Date: 25 th August 2016
Name: Lee Kuan Yee	
Signature: 	

4.3.3 Observations Raised During this Audit

2 observations raised during this audit.

Client name:	Kuala Lumpur Kepong Berhad – Tanjung Malim POM (Changkat Asa Estate)		
Date raised:	25 th August 2017		
Raised by:	Mohd Razaleigh		
Aspect of standard	5.3.3; A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.		
<p>During the audit at Changkat Asa Estate, inventory for empty chemical container have been established. However, figure shown in the record is not tally with physical amount. Sighted during site visit, 20L container stored in the store, however it is not stated in the records.</p> <p>Also observed used acid battery (SW 102) and Kalimantan bulb (SW 110) not declared as schedule waste even it was widely used in the estate.</p>			
Assessors Signature		Date	25 th August 2017

Client name:	Kuala Lumpur Kepong Berhad – Tanjung Malim POM (Tanjung Malim POM and Changkat Asa Estate)		
Date raised:	25 th August 2017		
Raised by:	Fadly Ahmad		
Aspect of standard	6.5.4; Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.		
<p>The Changkat Asa estate and Tanjung Malim POM do not have proper mechanism for food prices control in their Sundry shop</p> <p>During the onsite visit and workers interview (Tanjung Malim POM and Changkat Asa Estate), it was discovered:</p> <ul style="list-style-type: none"> a) Changkat Asa Estate – The worker raised about expensive food price sold by internal Sundry Shop b) Tanjung Malim POM – All the interviewed workers highlighted the expensive price of food bought from the Sundry Shop whereby in some occasion the food will increase in price without any notice if the demand is high 			
Assessors Signature		Date	25 th August 2017

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

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

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

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

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

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

RSPO Principle	Stakeholder comment	CUC response [In case this has resulted in an NC, make reference to the NC number]
<p>1 – Commitment To Transparency</p> <p>2 - Compliance With Applicable Laws And Regulations</p> <p>3 - Commitment To Long-Term Economic And Financial Viability</p> <p>4 - Use Of Appropriate Best Practices By Growers And Millers</p> <p>5 - Environmental Responsibility And Conservation Of Natural Resources And Biodiversity</p> <p>6 – Responsible Consideration Of Employees, And Of Individuals And Communités Affected By Growers And Mills</p> <p>7 - Responsible Development Of New Plantings</p>	<p>This stakeholder comments are including all 8 main principles complied with RSPO Principles & Criteria assessed during consultation. Below are the cited responses gained during consultation:</p> <ul style="list-style-type: none"> • Company give good commitment in maintaining relationship with stakeholder. Stakeholder are being invited to the annual consultation with company’s management. Sighted list of stakeholder and minutes meeting held on 10/07/2017. • Business relationship with contractors are going on well without any dispute. Contractors are being paid after conducting the respective works required. Reviewed the payment documents on contract work. • The safety of workers at working place and housing area is guaranteed. PPE are provided free of charge by estate and mill management. Interviewed Kanniyama estate worker (bunch counter) during line site inspection. • Workers have no major concern and are happy with KLK management especially with the 50% school bus subsidy provided by the company. Interviewed Pn Noridah Bt Sapari-Chief clerk at Tanjung Malim POM with 30 years working experience. • With the implementation of RSPO, workers gained benefits in a lot of aspects such as in term of welfare, safety, wages etc. Interviewed Nurul Izzati Husna – Chairperson of Gender Committee Changkat Asa Estate 	<p>Positive feedbacks from the management</p>
<p>8 - Commitment To Continuous Improvement In Key Areas Of Activities</p>		

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 of Palm Oil Mill (POM)	Mill Capacity MT/Hour	Location Address	Supply Chain Model (IP or MB)
Tanjong Malim POM	20	Beg Berkunci No. 3, 35909 Tanjong Malim, Perak, Malaysia.	MB

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	22,532.41	5,440.52	Volumes between 01/08/2016 to 31/07/2017.

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

KLK Tanjong Malim POM is running under approved capacity of 20 MT/Hour to process FFB received from own estates and external suppliers. RSPO certified FFB received are converted into RSPO certified CPO and PK under CPO-Mills: Mass Balance (MB) model.

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

Sales of CPO and PK are made in real time and the quantity of sales never exceeds that shown in the spreadsheet. A full RSPO SCCS certification audit was used during this annual assessment and the findings support the certification based on supply chain model listed above.

5.4 Monthly Records of Certified and Uncertified FFB Received since the Last Audit In case of Main Assessment, it shall be the last 12 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	Aug 16	4072.800	3727.400	7800.2
2	Sep 16	4405.800	3606.180	8011.98
3	Oct 16	4132.820	3492.770	7625.59
4	Nov 16	4754.050	3697.570	8451.62
5	Dec 16	4625.870	3513.760	8139.63
6	Jan 17	4244.790	3526.170	7770.96
7	Feb 17	3907.600	4637.520	8545.12
8	March 17	6035.100	5810.190	11845.29
9	Apr 17	3049.590	4130.810	7180.4
10	May 17	4202.960	5759.110	9962.07
11	June 17	3762.400	5211.710	8974.11
12	July 17	5086.560	6257.840	11344.4
	TOTAL	52280.34	53371.03	105651.37

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	Aug 16	902.94	209.75
2	Sep 16	999.24	233.07
3	Oct 16	921.21	197.14
4	Nov 16	1006.91	221.06
5	Dec 16	980.22	239.16
6	Jan 17	893.10	211.39
7	Feb 17	822.16	210.62
8	March 17	1257.71	331.33
9	Apr 17	630.05	157.97
10	May 17	864.97	212.25
11	June 17	802.90	194.52
12	July 17	1085.98	270.10
	TOTAL	11167.39	2688.36

5.6 Records of Certified CPO & PK Sold under GreenPlam to Buyers since the Last Audit, if Any

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

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

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

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

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

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

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

No	Buyers Name	UTZ eTrace Trading No	Certified CPO (MT) Sold	Certified PK (MT) Sold
	Sang Kee Edible Oile	TR-e289a9d4		100
	Hup Lee Oil Mills	TR-2816f975		100
	KLK Oleo	TR-28ea94ce	100.16	
	Southern Acids Industries	TR-c695dbe6	38.68	
	Southern Acids Industries	TR-3e273cd7	40	
	Southern Acids Industries	TR-24678301	79.92	
	Southern Acids Industries	TR-b86c46b1	40	
	Southern Acids Industries	TR-e8ef69c6	40.59	
	Southern Acids Industries	TR-4e348873	40.69	
	Southern Acids Industries	TR-ca0539c7	40	
	Southern Acids Industries	TR-6766dde	40.08	
	Sang Kee Edible Oile	TR-165f6964		50
	Sang Kee Edible Oile	TR-37bbd010		100
	Sang Kee Edible Oile	TR-0add0a0b		100
	Sang Kee Edible Oile	TR-fa4814be		50
	Sang Kee Edible Oile	TR-0f996e6c		100
	Southern Acids Industries	TR-05243b47	119.5	
	TOTAL		579.62	600

**5908.81mt of CPO were sold as ISCC

**16043.982mt of CPO and 4840.518mt of PK were sold as conventional

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.

Non-were raised during this audit.

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

5.9 Description of the Organizational Management Systems

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

This palm oil mill and its supply bases were audited against RSPO SCCS. The mill processing capacity is 20 tonne FFB per hour. The mill is capable of handling MB supply chain model.

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

Recommendations made:	Yes
Summary of non-compliances:	No NC was raised during the audit.
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 RSPO P&C 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: Aug. 2018

6.2 Date for Closure of Non-Conformities

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

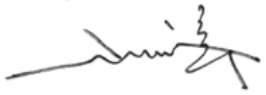
- All major NCs to be closed by: 60 days from the issuance date
- All minor NCs to be closed by: Before next surveillance audit

6.3 Signing by the Client

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


I also confirm:

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

Acknowledged by:		 Signature
Name:	Sin Chuan Eng	
Position:	Head of Sustainability (Plantations)	
Date:	24.11.2017	


6.4 Signing by the Lead Auditor

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

Acknowledged by:		 Signature
Name:	Muhammad Faizul b. Yusoff	
Position:	Lead Auditor	
Date:	24.10.2017	

6.5 Signing by the Certifier

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

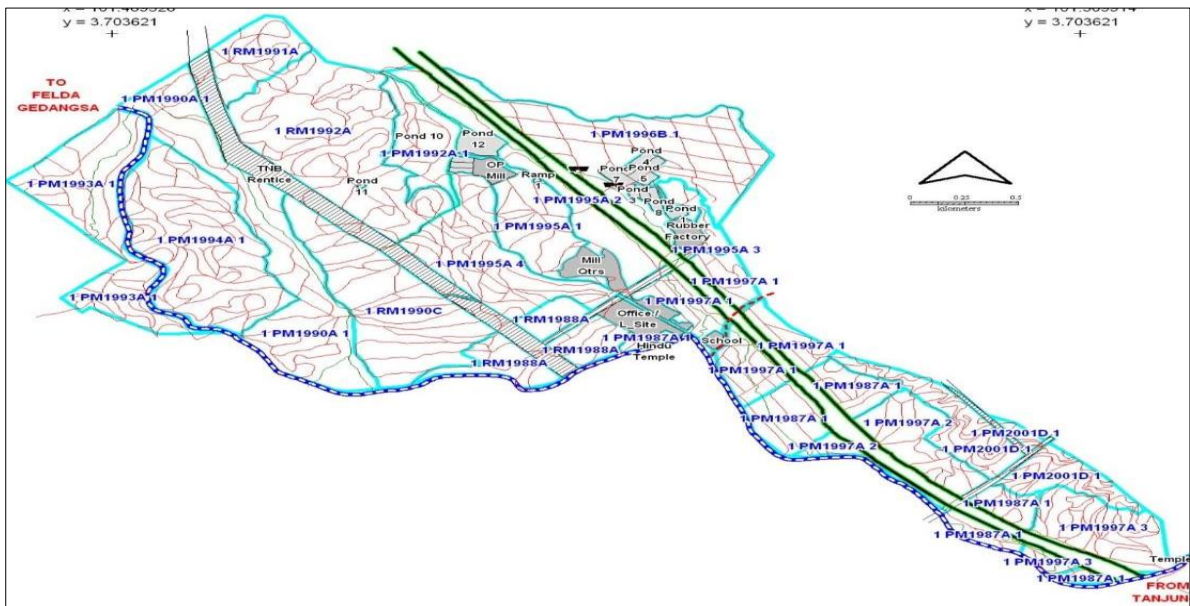
Acknowledged by:		 Signature
Name:	Nor Atiqah	
Position:	Certifier	
Date:	24/11/2017	

PART 7: APPENDICIES

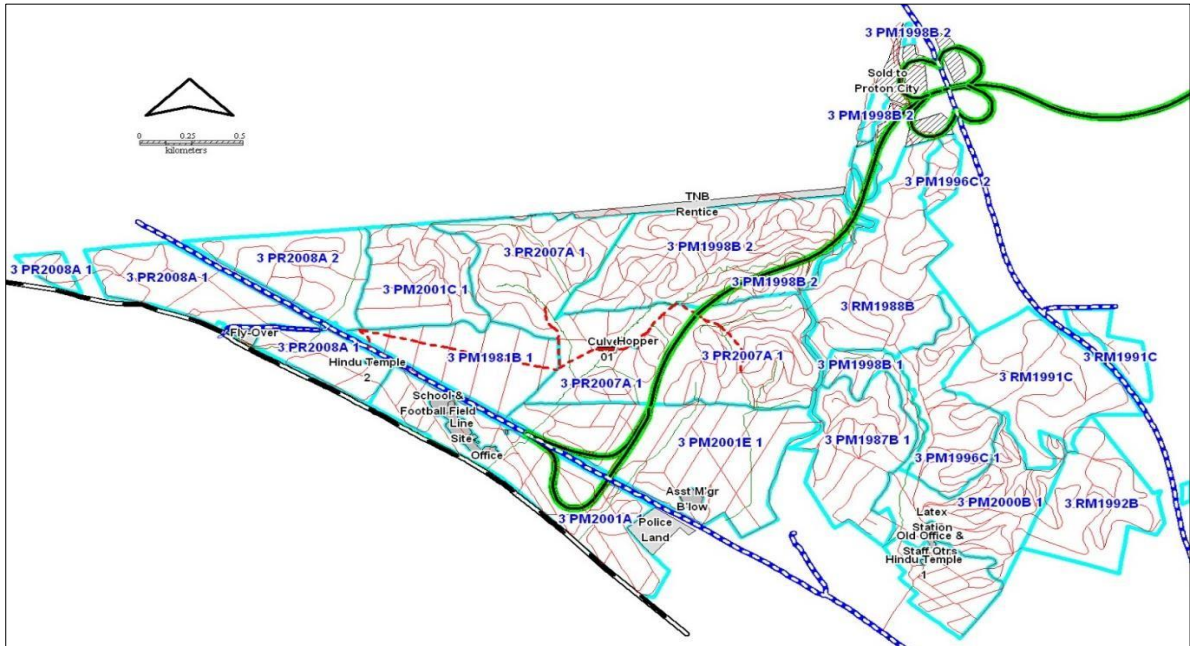
Appendix 1: Location Map for this Certification Unit

From 1.9, the location map(s)

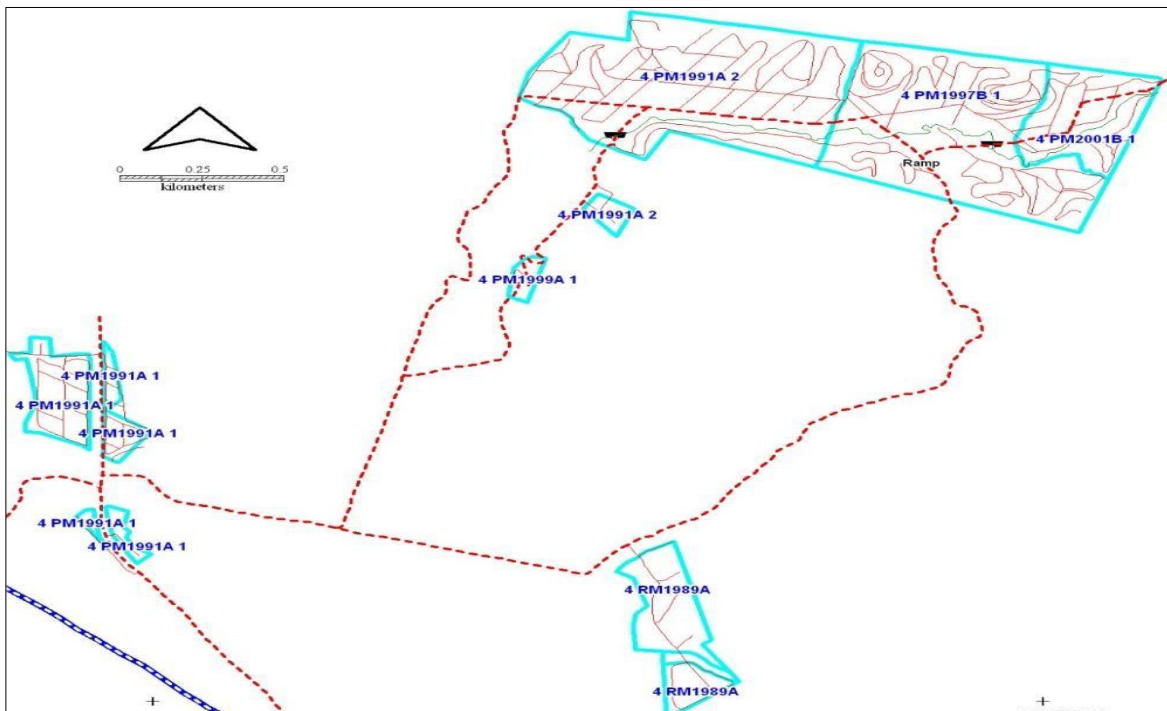
Map showing the location of Tanjong Malim Complex in Malaysia
**Changkat Asa Estate – Home
Division**



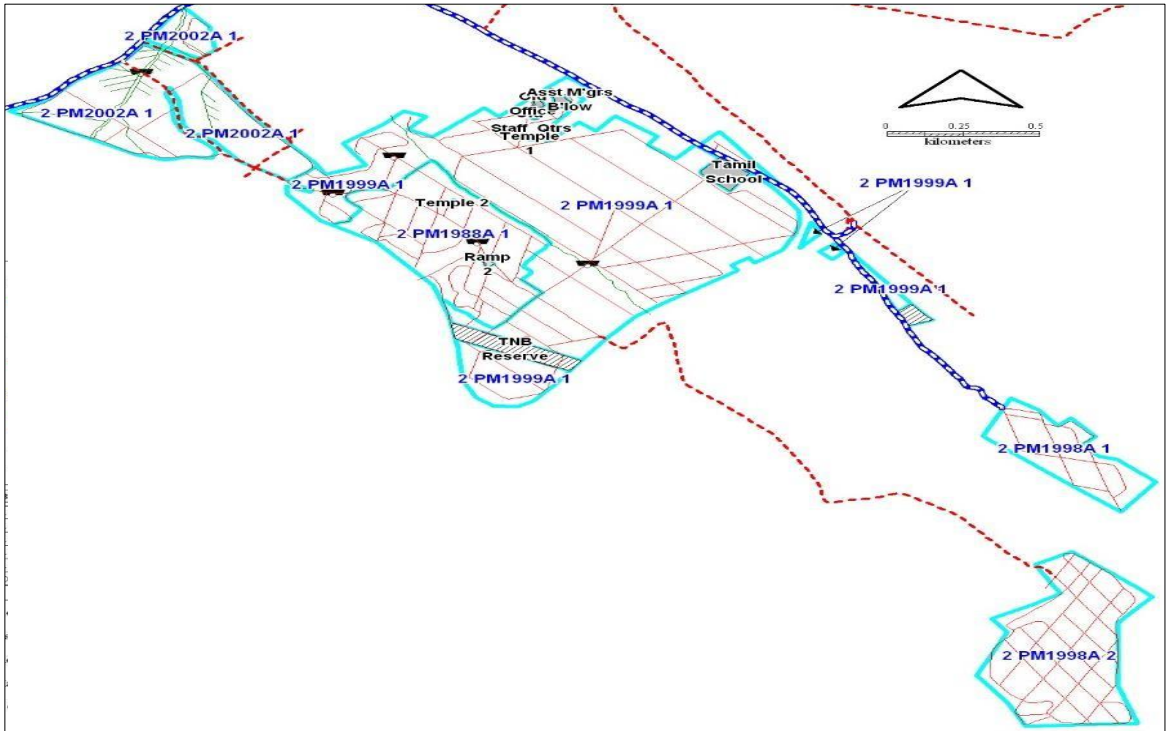
**Changkat Asa Estate – Katoyong
Division**



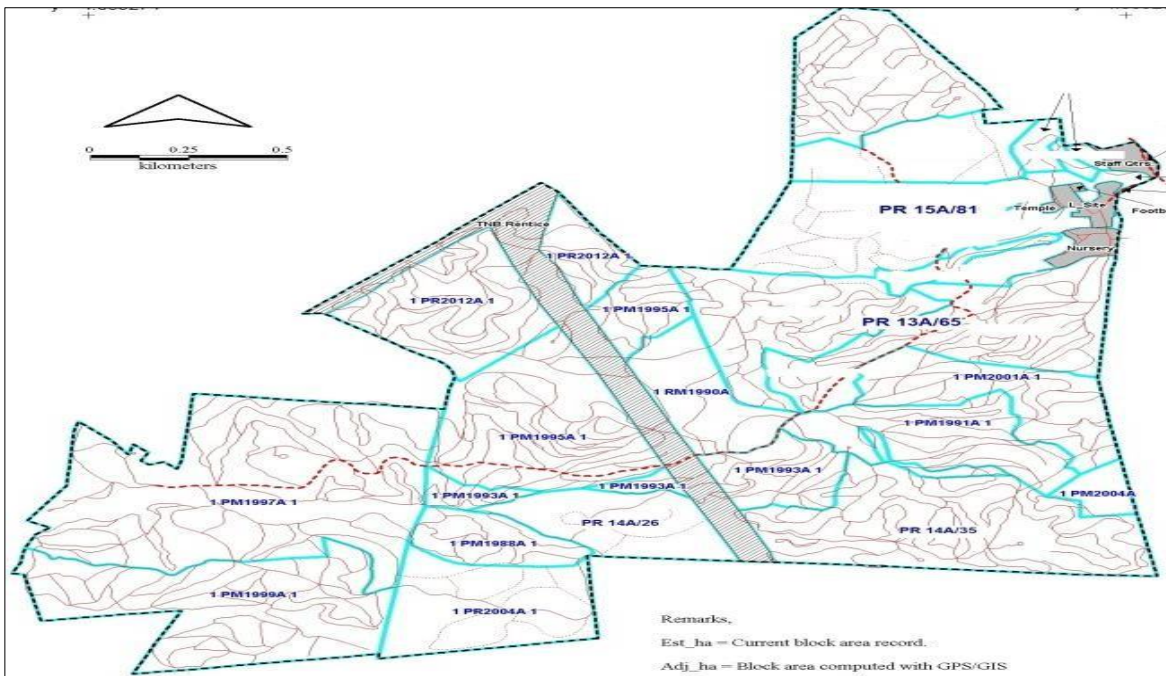
Changkat Asa Estate – Escot Division

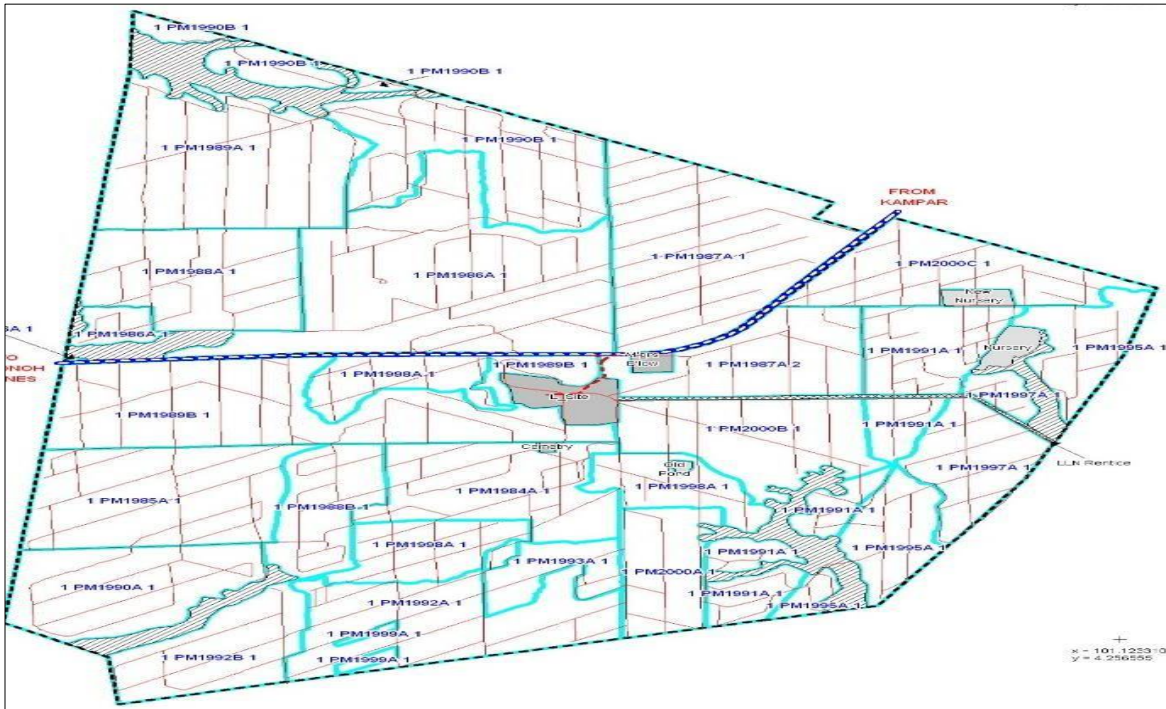


Changkat Asa Estate – KTM Division

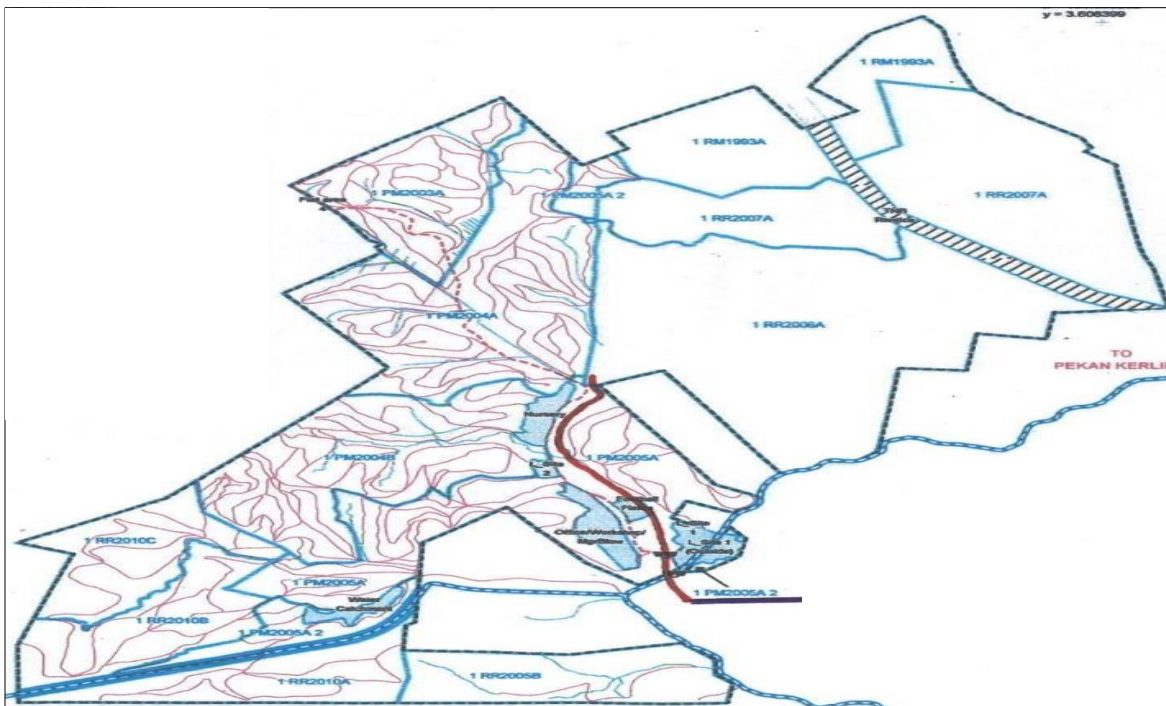


Bukit Katho Estate

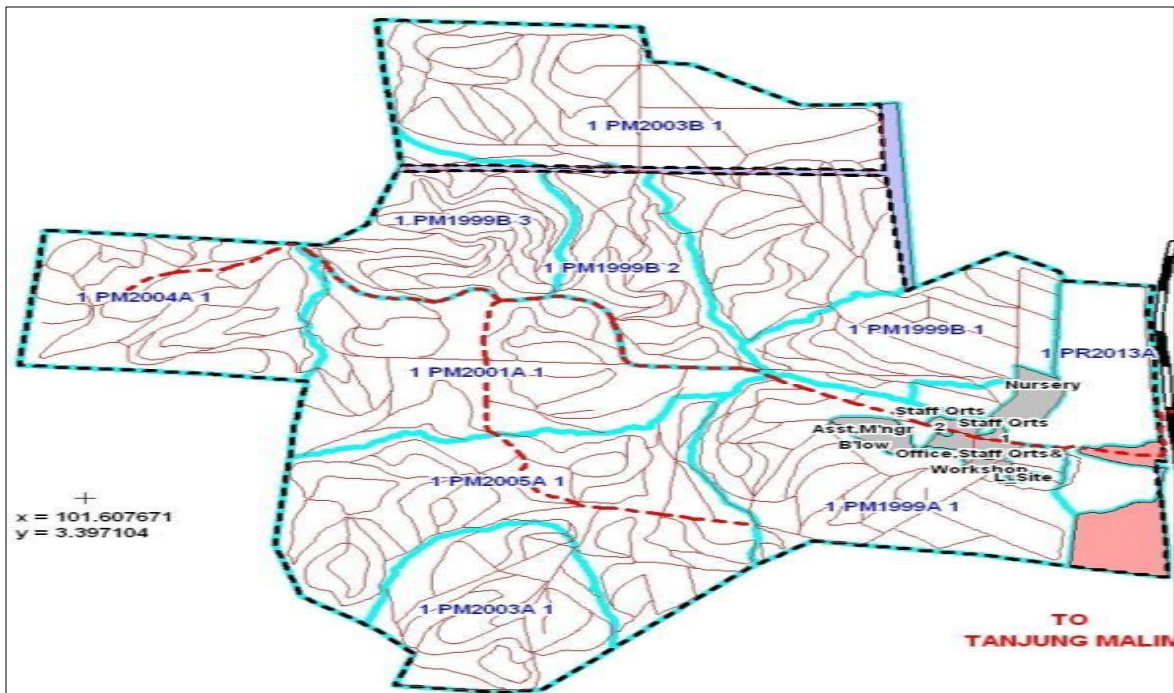




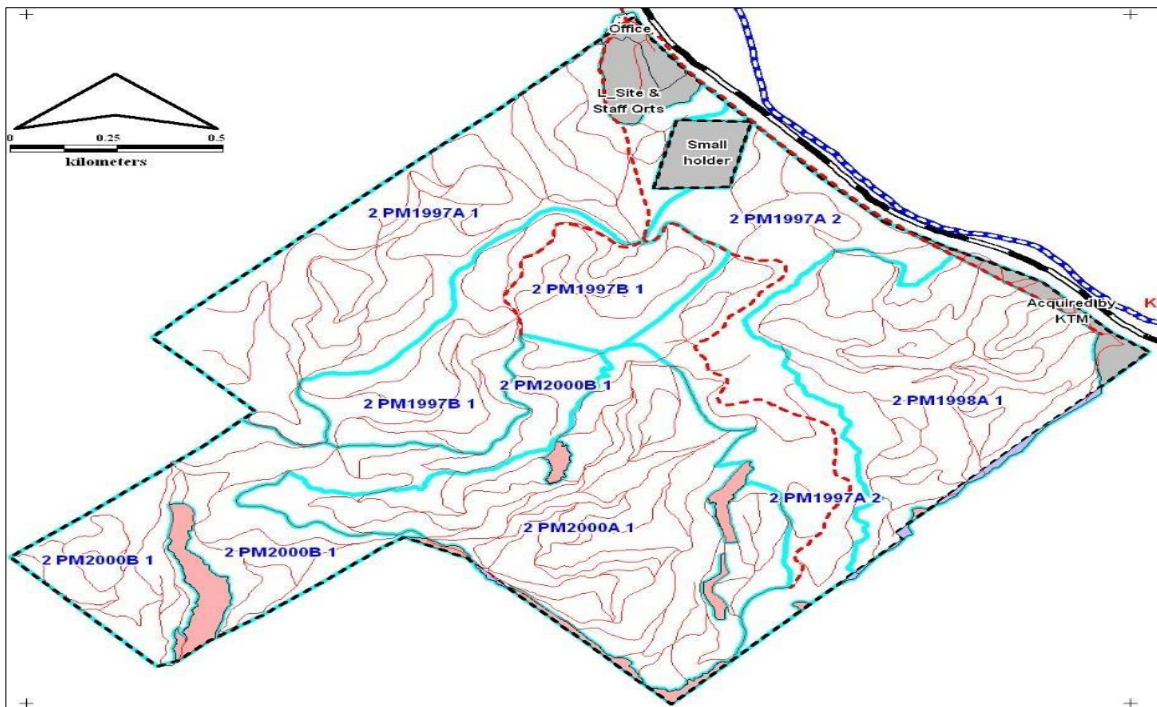
Kampar Estate



Kerling Estate



Sungai Gapi Estate – Home Division



Appendix 2: Summary of GHG Emissions

Summary of Net GHG Emissions

Emissions per Product	tCO ₂ e/tProduct
CPO	0.9
PK	0.9

Extraction	%
OER	21.53
KER	5.09

Production	t/yr
FFB processed	86927.5
CPO Produced	18712.05

Land use	ha
OP planted area	5732
OP planted on peat	0
Conservation (forested)	17
Conservation (non forested)	20
Total	5769

Summary of Field Emissions and Sinks

	Own Crop		Group		3rd Party		Total	
	tCO ₂ e	tCO ₂ e /tFFB	tCO ₂ e	tCO ₂ e /tFFB	tCO ₂ e	tCO ₂ e /tFFB	tCO ₂ e	tCO ₂ e /tFFB
Emissions	-	-	-	-	-	-	-	-
Land Conversion	25691.96	0.48	0	0	0	0	25691.96	0.48
*CO ₂ Emissions from Fertiliser	3462.11	0.06	0	0	0	0	3462.11	0.06
**N ₂ O Emissions	2661.18	0.04	0	0	0	0	2661.18	0.04
Fuel Consumption	331.03	0.01	0	0	0	0	331.03	0.01
Peat Oxidation	0	0	0	0	0	0	0	0
Sinks	-	-	-	-	-	-	-	-
Crop Sequestration	-23774.39	-0.45	0	0	0	0	-23774.39	-0.45
Conservation Sequestration	0	0	0	0	0	0	0	0
Total	8371.89	0.13	0	0	3845.36	0	12217.25	0.13

Summary of Mill Emissions and Credits

tCO ₂ e	tCo ₂ e/tFFB
Emissions	-
POME	0.1
Fuel Consumption	0
Grid Electricity Utilisation	0
Credits	-
Export of Grid Electricity	0
Sales of PKS	0
Sales of EFB	0
Total	0.1

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

Not applicable

Appendix 4: List of Abbreviations

BRC	British Retail Consortium
CHRA	Chemical Health Risk Assessment
CoC	Chain of Custody
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
CU	Control Union
CUC	Control Union Certifications
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
ERT	Endangered Rare or Threatened species
EU	European Union
FFB	Fresh Fruit Bunch
FSC	Forest Stewardship Council
FSC COC	Forest Stewardship Council Chain of Custody
FSC FM	Forest Stewardship Council Forest Management
GGL	Green Gold Label
GMP	Good Manufacturing Practice
GOTS	Global Organic Textile Standard
GTP	Good Trading Practice
GPS	Global Positioning System
HACCP	Hazard Analysis and Critical Control Point
HCV	High Conservation Value
HCVF	High Conservation Value Forest
IPM	Integrated Pest Management
JAS	Japanese Agricultural Standard
MDC	MDC Publishers Sdn Bhd (Company Name)
MSDS	Material Safety Data Sheet
NC	Non Conformity
OE	Organic Exchange
OSH	Occupational Safety and Health
OSHAS	Occupational Safety and Health Assessment Scheme
P&C	Principle and Criteria
PEFC	Programme for the Endorsement of Forest Certification

PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
RSPO NI	Roundtable on Sustainable Palm Oil National Interpretation
SA8000	Social Accountability 8000
Sdn Bhd	Sendirian Berhad
SIA	Social Impact Assessment
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