

RSPO PRINCIPLES & CRITERIA

PUBLIC SUMMARY REPORT

ANNUAL SURVEILLANCE ASSESSMENT 4

Malaysia

CHANGKAT CHERMIN PALM OIL MILL

Kuala Lumpur-Kepong Berhad

2017

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PART 1: SCOPE OF THE CERTIFICATION ASSESSMENT AUDIT

1.1 Company and Contact Details

Company Name:	Kuala Lumpur Kepong Berhad
Business Address:	1, Jalan S. P. Seenivasagam, 30000 Ipoh, Perak. Malaysia.
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:	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-822639
Start Date Of Certificate:	10th September, 2013
End Date Of Certificate:	9th September, 2018
Date Of Original Certification:	10th September, 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 Surveillance Assessment Details

Dates Of This Audit:	3 rd – 7 th July 2017
Audit Number:	ASA 4

1.4 Assessment Type

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

1.5 Location of the Palm Oil Mill

Name	Mill Capacity	Location	GPS Reference	
(POM)	MT/Hour	Address	Longitude	Latitude
KLK Changkat Chermin POM	60	Batu 13 ½, 32400 Ayer Tawar, Perak, Malaysia.	E 100°47'5.9"	N 4°16'29.7"

1.6 Palm Oil Mill Output and Approximate Tonnages Certified

Figures below are from:

- Only from certified supply bases (Y/N). **YES**
- Combining certified with uncertified supply bases (Y/N). **NO**
- If the Mill is receiving FFB from uncertified supply bases outside the audit scope, such uncertified sources is highlighted under the following sections as seen applicable:
 - PART 1, Section 1.7 – General Description of Supply Base,
 - PART 2: Partial Certification, Section 2.4 – Uncertified Units or Holdings,
 - PART 5: RSPO Supply Chain Certification of this report

Projected Production from the last 12 Months (MT) May'16 to Apr'17			Actual Production for this Audit May'16 to Apr'17			Projected 12 Months (MT) Forecast Certified in this Report May'17 to Apr'18		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
249,745	55,543	12,097	227,473.47	47,672.43	10,521.88	276,827	60,902	13,007

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

1.7 General Description of Supply Base

There is increase in supply base for Changkat chermin Mill from 10 estates reported in last year to 11 estates during this year audit. The increase was due to inclusion of Kampar Estate for this year which has been sending majority of its FFB to Changkat Chermin Mill which was previously supply base for Tanjong Malim Palm Oil Mill. Also there is increase of hectarege for Kuala Kangsar Estate from 214 Ha to 701 Ha due to parking of Selinsing Division which was acquired last year by the company. Scope of extension audit was done on 14-15/12/2016 and the new acquired oil palm planted area has been certified by CUC on 16/12/2016. The other estates which witness slight increase of oil palm planted area are Glenealy Estate (increased by 50 Ha) and Pinji Estate (increased by 19 ha) due to completion replanting while in increase Batu Dua Estate (increased by 16 Ha) was due to conversion of rubber to oil palm. The mill receives only crops from its own certified estates identified in table 1.7.1 below.

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 Chermin Estate	Batu 13 ½, 32400, Ayer Tawar, Perak	E100°47'48"	N4°18'16"	2,488	2,279
OPP 2	Lekir Estate	Batu 12, 32020 Sitiawan, Perak	E100°46'47"	N4°7'12"	3,266	2,625
OPP 3	Raja Hitam Estate	Bt 18, Kg Jering, 32400 Ayer, Tawar, Perak	E100°46'25"	N4°21'2"	1,445	1,445
OPP 4	Glenealy Estate	Jalan Siputih – Batu Hampar, 32800 Parit Perak	E100°55'5"	N4°27'32"	794	555
OPP 5	Allagar Estate	Ladang Allagar, 34800 Trong, Perak.	E100°44'8"	N4°35'57"	776	740
OPP 6	Serapoh Estate	Ladang Serapoh, 32800 Parit, Perak	E100°53'30"	N4°31'15"	715	665
OPP 7	Kuala Kangsar Estate	Ladang Kuala Kangsar, 33700 Padang Rengas, Perak	E100°51'36"	N4°47'24"	701	658
OPP 8	Pinji Estate	Ladang Pinji, P.O.Box 1027, 30820 Ipoh, Perak	E101°5'19"	N4°30'12"	570	425
OPP 9	Batu Dua Estate	Ladang Batu Dua, P.O.Box 1027, 30820 Ipoh, Perak	E101°4'29"	N4°28'43"	134	101
OPP 10	Menglembu Estate	Ladang Menglembu d/k No. 1, Hala Kledang 4, Taman Kledang, 31450 Menglembu, Perak	E101°2'23"	N4°33'44"	42	42
OPP 11	Kampar Estate	Ladang Kampar, Peti Surat 20, 31907 Kampar, Perak	E101°6'34.233"	N4°16'8.492"	705	438
TOTAL					11,636	9,973

1.7.2 Statistics of the Supply Base and Estimated Tonnes of FFB produced per year				
OPP	Oil Palm Plantation	Estimated FFB/Year (MT)	Planting Years	Cycle (Years)
OPP 1	Changkat Chermin Estate	69,928	2001, 2005, 2006, 2007, 2009, 2010, 2011, 2013	25
OPP 2	Lekir Estate	67,611	1991, 1999, 2001, 2002, 2003, 2004, 2008, 2009, 2011, 2012, 2014, 2016, 2017	25
OPP 3	Raja Hitam Estate	44,228	2002,2003,2004,2006,2007	25
OPP 4	Glenealy Estate	14,202	1984, 1987, 1990, 1992, 1994, 1995, 1996, 1999, 2001, 2002, 2005, 2006, 2011, 2012, 2014, 2015, 2016	25
OPP 5	Allagar Estate	17,317	1997,1998,1999,2000,2001,2002,2003,2004,2005,2007,2008,2010, 2012,2016	25
OPP 6	Serapoh Estate	17,561	1996,1997,1998,1999,2000,2001,2002,2003,2004,2007,2008,2009,2011,2014	25
OPP 7	Kuala Kangsar Estate	20,680	1997,1999,2000,2001,2002,2003,2004,2005,2006,2010,2013,2016	25
OPP 8	Pinji Estate	11,069	1993,1996,1998,1999,2000,2001,2006,2011,2012,2014,2015,2016	25
OPP 9	Batu Dua Estate	2,480	2000,2003,2010,2016	25
OPP 10	Menglembu Estate	1,215	1999	25
OPP 11	Kampar Estate	10,536	1989,1990,1991,1992,1993,1995,1997,1998,2000,2014,2016,2017	25
TOTAL		276,827		

Only use data from 1.7.3 in the eTrace Summary

1.7.3 Conservation and HCV Area (Ha)				
OPP	Oil Palm Plantation	Conservation Area (Ha)	HCV Area (Ha)	* HCV part of Conservation
OPP 1	Changkat Chermin Estate	9.09	-	No
OPP 2	Lekir Estate	-	-	-
OPP 3	Raja Hitam Estate	-	-	-
OPP 4	Glenealy Estate	-	-	-
OPP 5	Allagar Estate	20.0	-	No
OPP 6	Serapoh Estate	-	-	-
OPP 7	Kuala Kangsar Estate	9.3	-	No
OPP 8	Pinji Estate	-	-	-
OPP 9	Batu Dua Estate	-	-	-
OPP 10	Menglembu Estate	-	-	-
OPP 11	Kampar Estate	-	-	-
TOTAL		38.39	-	No
* Indicate if HCV area is part of the Conservation Area. If the HCV area is part of the Conservation Area, then "YES" otherwise, "No"				

1.7.4 Percentage of Planted Oil Palm by different Age Ranges									
OPP	Planting Years by 5 year Ranges (%)								Total (ha)
	1981-1985	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010	2011-2015	2016, 2017	
OPP 1	-	-	-	-	488 (19.61%)	1528 (61.41%)	472 (18.97%)	-	2,488
OPP 2	-	-	186 (5.70%)	57 (1.75%)	1627 (49.82%)	298 (9.12%)	782 (23.94%)	150 (4.59 %) 166 (5.08 %) New Replanting	3,266
OPP 3	-	-	-	-	841 (58.20%)	604 (41.80%)	-	-	1,445
OPP 4	14 (1.78%)	53 (6.68%)	107 (13.47%)	49 (6.17%)	227 (28.59%)	46 (5.79%)	190 (23.92%)	108 (13.60%)	794
OPP 5	-	-	-	263 (33.89%)	239 (30.80%)	175 (22.55%)	63 (8.12%)	36 (4.64%)	776
OPP 6	-	-	-	199 (27.83%)	335 (46.85%)	115 (16.08%)	66 (9.23%)	-	715
OPP 7	-	-	-	125 (17.83%)	438 (62.48%)	58 (8.27%)	37 (5.28%)	43 (6.14)	701
OPP 8	-	-	6 (1.05%)	207 (36.32%)	140 (24.56%)	40 (7.02%)	171 (30.00%)	6 (1.05%)	570
OPP 9	-	-	-	43 (32.09%)	46 (34.33%)	12 (8.95%)	17 (12.69%)	16 (11.94%)	134
OPP 10	-	-	-	42 (100%)	-	-	-	-	42
OPP 11	-	174 (24.68%)	130 (18.44%)	134 (19%)	-	-	82 (11.63%)	110 (15.60%), 75 (10.64%)	705
Total (ha)	14	227	429	1,119	4,381	2,876	1,880	469, 241	11,636

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
11	3	-	-
Explanation as to the selection of estates sampled			
One large estate and 2 smaller estates were sampled. Sampled Kuala Kangsar Estate and Allagar Estate which have not been audited for the last 3 years while Changkat Chermin being the second largest supply base for the mill was not audited last year.			

1.8 Progress of associated Smallholders or Out-growers, if applicable to this assessment
Progress of associated Smallholders or Out-growers towards Compliance with relevant Standards - should be in accordance to the 3 year implementation plan, if applicable to this assessment
There are no smallholders under this complex.

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	The plan is achievable unless otherwise with unforeseen circumstances. The risk involves varies from: • To engage certification bodies and their availability. • Laws and regulations in Indonesia – a lot uncertainty. • In Indonesia ISPO precede other certification standards. • In Indonesia it finds mobilizing the internal resources to	Yes

	<p>development.</p> <ul style="list-style-type: none"> ➤ Infrastructure. ➤ Compliance with applicable law. 	different geographical locations.	
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: 1st August 2013 which includes an approval clause 1a that this IL will remain in force until land swap process is finalised and as at now, the land / boundary survey on-going.	Yes
2.3.6	Have there been any newly acquired subsidiaries?	No.	Yes
2.3.7	Have there been any isolated lapses in the implementation of the plan?	No lapses	Yes
2.3.8	Has there been any systematic failure to proceed with the implementation of the plan?	No	Yes
2.3.9	General statement as to progress made since the last audit?	The target to certify all the units within year 2017 remain same.	Yes

2.4 Un-Certified Units or Holdings			
Section	Requirement	Findings and any action required	Compliance
	NOTE:	Companies may demonstrate compliance by clear evidence of a self-audit (i.e. an internal audit for all subsidiaries, estates and Palm Oil Mills)	
2.4.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p>Since all the facilities in Malaysia were certified, therefore the facilities in Indonesia monitor by the Pak Steven and once in a 3 months a review with Sustainability Head will be done in KLK HQ in Ipoh.</p> <p>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.</p>	Yes
2.4.2	No replacement after dates defined in NIs Criterion 7.3	There will either be a moratorium on development or for new areas to be developed the HCS Approach method will be employed until the exercise of convergence is completed.	Yes

	<p>of:</p> <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 		
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				
Palm Oil Mill	Country	Supply Bases (estates, plantations, associations)	Targeted RSPO Certification Year	Current Certification Status as per this Audit
Batu Lintang	Kulim, Kedah, Malaysia	Pelam Estate	2013	Certified
	Serdang, Kedah, Malaysia	Batu Lintang Estate Buntar Estate		
	Batu Kurau, Perak Malaysia	Subur Estate		
Kekayaan	Paloh, Johor, Malaysia	Landak Estate Kekayaan Estate Paloh Estate	Oct 2011	Certified
	Tenang, Johor, Malaysia	Voules Estate New Pogoh Estate		
	Kulai, Johor, Malaysia	Fraser Estate		
	Bekok, Johor, Malaysia	Sg Bekok Estate		
	Pagoh, Johor, Malaysia	Ban Heng Estate		
	Renggam, Johor, Malaysia	See Sun Estate		
	Bandar Tenggara, Johor, Malaysia	Sg Penggeli Estate		
Jeram Padang	Bahau, Negeri Sembilan, Malaysia	Ayer Hitam Estate Jeram Padang Estate	Sept 2012	Certified
	Telemong, Pahang, Malaysia	Renjok Estate Tuan Estate		
	Lanchang, Pahang, Malaysia	Sg Kawang Estate		
	Rompin, Negeri Sembilan, Malaysia	Batang Jelai Estate		
	Simpang Durian, Negeri Sembilan, Malaysia	Gunung Pertanian Estate		
	Pedas, Negeri Sembilan, Malaysia	Ulu Pedas Estate		
	Rantau, Negeri Sembilan, Malaysia	Kombok Estate		
Tanjong Malim	Tanjung Malim, Perak, Malaysia	Changkat Asa Estate	2013	Certified
	Kerling, Selangor, Malaysia	Kerling Estate		
	Serendah, Selangor, Malaysia	Sg Gapi Estate		
Tuan Mee	Sungai Buloh, Selangor, Malaysia	Tuan Mee Estate	2013	Certified
Kuala Pertang	Kuala Krai, Kelantan, Malaysia	Pasir Gajah Estate	By 2014	Certified by SGS in 2014, currently engaging new CAB.
	Tanah Merah, Kelantan, Malaysia	Kerilla Estate Sg Sokor Estate		
Mill 2	Tawau, Sabah, Malaysia	Pang Burong Estate Sri Kunak Estate Tundong Estate Ringlet Estate	March 2009	Certified
Pinang	Tawau, Sabah, Malaysia	Jatika Estate Sigalong Estate Pangeran Estate	March 2009	Certified

		Pinang Estate		
Lungmanis	Lahad Datu, Sabah, Malaysia	Tungku Estate Bukit Tabin Estate Lungmanis Estate	July 2010	Certified
Rimmer	Lahad Datu, Sabah, Malaysia	Rimmer Estate Sg. Sibalukan	July 2010	Certified
Bornion	Kinabatangan, Sabah, Malaysia	Bornion Estate Segar Usaha Estate	July 2010	Certified
Changkat Chermin	Manjung, Perak, Malaysia	Lekir Estate Changkat Chermin Estate Raja Hitam Estate	2013	Certified
	Parit, Perak, Malaysia	Glenealy Estate Serapoh Estate		
	Padang Rengas, Perak, Malaysia	Kuala Kangsar Estate		
	Trong, Perak, Malaysia	Allagar Estate		

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)
Nil	Nil
<p>Include any known concerns, media reports and major issues both present and from the past covering, for example:</p> <ul style="list-style-type: none"> • 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 was 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	
		Mill 1	
		Mill 2	

	Sabah	Rimmer	40,353	
		Bornion		
		Lungmanis		
		Pinang		
Indonesia	Kaltim	Berau	32,056	
		Jabontara		
	Riau	Mandau	35,259	
		Nilo 1		
		Nilo 2		
	Belitung	Parit Sembada	20,391	
		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, and Organic production, Sustainable Textile Production, Organic Exchange, GLOBALGAP, HACCP, BRC, GMP and GTP.

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

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

3.2 Audit Team

Lead auditor:	Baskaran Sankaran
Team member 1:	Md Jefri Bin Sharaai
Team member 2:	Mohd Razaleigh Mohamad
Team member 3:	Fadly Ahmad

3.2.1 Qualifications of the Lead Auditor

Requirement	Qualifications
A minimum of post high school (post-secondary school) training in either agriculture/forestry, environmental science or social sciences;	Diploma in Mechanical Engineering and Diploma in Management Programme. Certified ISO 9001 and EMS 14001 Lead Auditor.
At least 5 years professional experience in area of work relevant to the assessment (e.g., palm oil	More than 20 years of working experience in various industries. More than 5 years of experience in auditing

management; agriculture/forestry; ecology; social science);	quality, environmental and OSH Standards. Trained in agriculture certification programs such as RSPO.
Training in the practical application of the RSPO criteria, and RSPO certification systems;	Involved in RSPO assessment since 2014. Member of CUC RSPO audit team. Involved in audits conducted in Malaysia and Indonesia.
Successfully completion of an ISO 9000:19011 lead auditors course;	Completed ISO 9001:2008 and ISO 14001:2004 lead auditor course in 2006 & 2010.
Training in the practical application of RSPO certification systems.	Involved in RSPO audits since 2014. Member of CUC RSPO audit team, participated audits in Malaysia and Indonesia.
A supervised period of training in practical auditing against the RSPO criteria or similar sustainability standards, with a minimum of 15 days audit experience and at least 3 audits at different organizations.	Involved in audits conducted in for many different companies in Malaysia and Indonesia since 2014.
RSPO endorsed lead auditors course.	Completed RSPO Lead Auditor training in October 2015 and RSPO Supply Chain Certification Standard and Systems training in October 2015.
Signed code of conduct.	Yes
General knowledge of:	
• RSPO P&C standards.	Yes
• CUC organizational structure.	Yes
• CUC quality systems.	Yes
• Lead auditor role.	Yes
• Report writing.	Yes
• Stakeholder consultation.	Yes
• Certification decision process.	Yes
• RSPO SCCS program manual.	Yes
• CUC filing systems.	Yes
• Correct use of RSPO trademarks.	Yes
• History and objectives of RSPO.	Yes
• CV available.	Yes
Completion of CUC RSPO lead auditor training.	Yes

3.2.2 Qualifications of the Assessment Team		
RSPO Requirement	Team Member Name	Qualifications
Fluent in main local languages and English.	Md Jefri Bin Sharaai	Fluent in both English and Malay
	Mohd Razaleigh Mohamad	Fluent in both English and Malay
	Fadly Ahmad	Fluent in both English and Malay
Field working experience in the palm oil sector, or a demonstrable equivalent.	Md Jefri Bin Sharaai	Bachelor Degree in Chemical Engineering and Master Degree (Science) in Quality & Productivity. Working experience in various industries and discipline since 1992. Auditing experience in quality, environmental and safety & health since year 2008. Certified ISO 14001:2004 and OHSAS 18001:2007 Lead Auditor
	Mohd Razaleigh Mohamad	Diploma in planting industry management Uitm Jengka. Bachelor degree in planting industry and management 2nd class upper. Working with Tradewinds Plantation berhad from 2012-2017. Have attended RSPO, Global Gap, USDA NOP,

		JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
	Fadly Ahmad	Graduated in BSc Plantation Technology and Management from UiTM. 6 years' experience in oil palm plantation as Assistant Manager in Genting Plantations Sabah. Qualified for Lead Auditor course training for ISO14001:2015. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
Good agricultural practices (GAP), integrated pest management (IPM), pesticide and fertilizer use.	Md Jefri Bin Sharaai	Bachelor Degree in Chemical Engineering and Master Degree (Science) in Quality & Productivity. Working experience in various industries and discipline since 1992. Auditing experience in quality, environmental and safety & health since year 2008. Certified ISO 14001:2004 and OHSAS 18001:2007 Lead Auditor
	Mohd Razaleigh Mohamad	Diploma in planting industry management Uitm Jengka. Bachelor degree in planting industry and management 2nd class upper. Working with Tradewinds Plantation berhad from 2012-2017. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
	Fadly Ahmad	Graduated in BSc Plantation Technology and Management from UiTM. 6 years' experience in oil palm plantation as Assistant Manager in Genting Plantations Sabah. Qualified for Lead Auditor course training for ISO14001:2015. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
Health and Safety auditing on the farm and in processing facilities. (For example OHSAS 18001 or occupational. Health and safety assurance system).	Md Jefri Bin Sharaai	Bachelor Degree in Chemical Engineering and Master Degree (Science) in Quality & Productivity. Working experience in various industries and discipline since 1992. Auditing experience in quality, environmental and safety & health since year 2008. Certified ISO 14001:2004 and OHSAS 18001:2007 Lead Auditor
	Mohd Razaleigh Mohamad	Diploma in planting industry management Uitm Jengka. Bachelor degree in planting industry and management 2nd class upper. Working with Tradewinds Plantation berhad from 2012-2017. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
	Fadly Ahmad	Graduated in BSc Plantation Technology and Management from UiTM. 6 years' experience in oil palm plantation as Assistant Manager in Genting Plantations Sabah. Qualified for Lead

		Auditor course training for ISO14001:2015. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
Workers welfare issues and social auditing experience. (For example with SA8000 or related social or ethical accountability codes).	Md Jefri Bin Sharaai	Bachelor Degree in Chemical Engineering and Master Degree (Science) in Quality & Productivity. Working experience in various industries and discipline since 1992. Auditing experience in quality, environmental and safety & health since year 2008. Certified ISO 14001:2004 and OHSAS 18001:2007 Lead Auditor
	Mohd Razaleigh Mohamad	Diploma in planting industry management Uitm Jengka. Bachelor degree in planting industry and management 2nd class upper. Working with Tradewinds Plantation berhad from 2012-2017. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
	Fadly Ahmad	Graduated in BSc Plantation Technology and Management from UiTM. 6 years' experience in oil palm plantation as Assistant Manager in Genting Plantations Sabah. Qualified for Lead Auditor course training for ISO14001:2015. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
Environmental and ecological auditing. (For example experience with organic agriculture, ISO 14001 or environmental management systems).	Md Jefri Bin Sharaai	Bachelor Degree in Chemical Engineering and Master Degree (Science) in Quality & Productivity. Working experience in various industries and discipline since 1992. Auditing experience in quality, environmental and safety & health since year 2008. Certified ISO 14001:2004 and OHSAS 18001:2007 Lead Auditor
	Mohd Razaleigh Mohamad	Diploma in planting industry management Uitm Jengka. Bachelor degree in planting industry and management 2nd class upper. Working with Tradewinds Plantation berhad from 2012-2017. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
	Fadly Ahmad	Graduated in BSc Plantation Technology and Management from UiTM. 6 years' experience in oil palm plantation as Assistant Manager in Genting Plantations Sabah. Qualified for Lead Auditor course training for ISO14001:2015. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
Economic issues.	Md Jefri Bin Sharaai	Bachelor Degree in Chemical Engineering and Master Degree (Science) in Quality &

		Productivity. Working experience in various industries and discipline since 1992. Auditing experience in quality, environmental and safety & health since year 2008. Certified ISO 14001:2004 and OHSAS 18001:2007 Lead Auditor
	Mohd Razaleigh Mohamad	Diploma in planting industry management Uitm Jengka. Bachelor degree in planting industry and management 2nd class upper. Working with Tradewinds Plantation berhad from 2012-2017. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia
	Fadly Ahmad	Graduated in BSc Plantation Technology and Management from UiTM. 6 years' experience in oil palm plantation as Assistant Manager in Genting Plantations Sabah. Qualified for Lead Auditor course training for ISO14001:2015. Have attended RSPO, Global Gap, USDA NOP, JAS audits in Malaysia, Indonesia, and Sri Lanka. Fluent in English and Bahasa Malaysia/Indonesia

3.3 Audit Methodology

3.3.1 General Overview

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

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

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

The Palm Oil Mill audit verification included the following activities:

- **Mill and workshop inspections.** Documentation review & worker interviews.
- **Mill.** SOP's. Safe working environment. Gen sets. Walk ways. Signs. EFB. POME treatment. Emissions. Mass balance. Diesel tanks. PPE. Fire extinguishers. First aiders and boxes. Fuel and water usage.
- **OSH.** Training. Management structure. First aiders.

- **Full document review.** Completion of the checklist. Review and documentation of evidence. All aspects of RSPO P&C's applicable.
- **Worker interviews.** OSH. Sexual, religious, racial harassment. Pay and contracts.
- **Compliance against the RSPO SCCS certification scheme.**

Verification:

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

3.3.2 Assessment agenda for this Audit

Date	Location	Main activities
03/07/2017 (Monday)	Kuala Kangsar Estate	1000 – 1030: Opening meeting <ul style="list-style-type: none"> • Introduction by team leader
		1030 – 1700: Document review <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best agricultural practices • Safety and Health Site verification <ul style="list-style-type: none"> • Best agricultural practices • Manuring, Spraying, Harvesting, • HCV / Conservation Area • Legal compliance / boundary • Chemical / Pesticide / Fertilizer Stores • Workers interview • Worker's facilities (housing, pay, etc)
04/07/2017 (Tuesday)	Allagar Estate	0900 – 1700: Document review <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best agricultural practices • Safety and Health Site verification <ul style="list-style-type: none"> • Best agricultural practices • Manuring, Spraying, Harvesting, • HCV / Conservation Area • Legal compliance / boundary • Chemical / Pesticide / Fertilizer Stores • Workers interview • Worker's facilities (housing, pay, etc)
05/07/2017 (Wednesday)	Changkat Chermin Estate	0900 – 1700: Document review <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best agricultural practices • Safety and Health Site verification <ul style="list-style-type: none"> • Best agricultural practices • Manuring, Spraying, Harvesting, • HCV / Conservation Area • Legal compliance / boundary

		<ul style="list-style-type: none"> • Chemical / Pesticide / Fertilizer Stores • Workers interview • Worker’s facilities (housing, pay, etc)
		11.00 – 12.00: Stakeholders Consultation
06/07/2017 (Thursday)	Changkat Chermin POM	<p>0830 – 1700: Document review (All Auditors)</p> <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond <p>1100 – 1700: Document review (Lead Auditor) Supply Chain Certification Assessment of the POM (RSPO SCCS)</p> <ul style="list-style-type: none"> • Demonstration of legal entity • Roles and responsibility • Procedures/manual/SOP • Record of purchase – RSPO certified product • Record of sales– RSPO certified product • RSPO logo & claims <p>Site verification</p> <ul style="list-style-type: none"> • Mill inspection • Workshops • Stores • POM application • Safety and Health / PPE / Signage • Waste Management / Environment • Workers interview
07/07/2017 (Friday)	Changkat Chermin POM	<p>0900 – 1000: Preparation for closing meeting Additional field visits and meetings with managers as necessary</p> <p>1000: Closing meeting</p> <ul style="list-style-type: none"> • Presentation of findings by the audit team • NC closure dateline (if any) • Questions and answers • Final summary by team leader <p>End of assessment</p>

PART 4 ASSESSMENT FINDINGS

4.1 Lead Assessor’s Summary and Recommendation for Certification

The mill and supply bases visited (as per the above Tables 1.5 and 1.7.1) and were assessed at field, office, facilities, stores and a document review was carried out in accordance to the RSPO principles and criteria as well audit evidences were recorded during the audit process. Interviews with managers, workers and staff took place at various locations and evidences referred in the audit checklist respectively.

RSPO management system seen well implemented, therefore the sampled management units have very clear and proper strategies in collecting information from both internal and external stakeholders and required information seen publicly available to those concerns. Since from previous assessment, there was neither any negative complaints nor feedbacks received from either NGOs, government, agencies, local communities and own workers. There are also no land conflicts nor disputes within the estates sampled and it was evidenced through stakeholder interviews.

During field and mill visit, the audit team has witnessed good agricultural practices and good mill operational

practices respectively. Various procedures, standard operating procedures and work instruction available for each activity. The mill and estates effectively complying with domestic laws and regulations and seen the awareness on chemical usage, training programs and continues improvement activities are well communicated. During site visit to line sites, sighted the workers been provided with good basic amenities facilities such as housing, clean drinking water, electricity, religious places and etc. Through interview with local communities and workers, there is no evidence of child labour, any forced labour, any human trafficking and discrimination of genders.

This year audit has witnessed slight increase of oil palm planted area for Glenealy Estate (increased by 50 Ha) and Pinji Estate (increased by 19 ha) due to completion of replanting which was commenced October 2015 as per replanting contract sighted. While increase in Batu Dua Estate (increased by 16 Ha) was due to conversion of rubber to oil palm which was done in year 2016 with obtaining approval from RSPO upon conducting SEIA, HCV, Social Liability and LUCA as per document sighted. Batu Dua Estate shall be sampled next year to verify the NPP. In addition, there is 9.09 Ha of river riparian reported as conservation area starting from this year for Changkat Chermin Estate since declaration by 'Jabatan Pengaliran dan Saliran' that Sg Tiram and Sg Wangi as gazetted river.

The mill is fully verified for RSPO SCCS system verification and it is found to be in full compliance that reference to part 5 in this report.

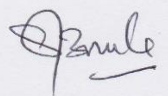
Summary of Non-Conformance and Current Status

During this audit, there was one minor non-conformity was raised. Details of the minor specified in table 4.3.1.

It is therefore the recommendation of the lead assessor that:

- A certificate of compliance is maintained.

Signed:



Name: Baskaran Sankaran

Date: 07/07/2017

4.2 Summary of the findings by Principles and Criteria

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

Principle 1: Commitment to Transparency

Criterion by Audit	Summary	The company provides adequate information to its stakeholders and has well maintains records of the communication. Publicly available documents been clearly identified and made available satisfactorily.
ASA4	1.1	<p>Mill and estates communication with its stakeholders is defined in procedure titled "Stakeholder's Engagement/Negotiation, SOP No.01 dated 1st June 2015. The SOP has elaborated processes such as identifying all stakeholders; to record request for information and to provide response; to record complaint and grievance and resolving through consultation.</p> <p>The mill and estates have identified stakeholders that are relevant to them including internal stakeholders such as women committee, surau committee, workers union, clinics and external stakeholders such as customers, suppliers, village heads and regulatory bodies in their respective stakeholder list. The list is updated whenever there is a change and was last updated on</p>

		<p>01/06/2015.</p> <p>Annual meetings are held with both internal and stakeholders combine with all operating units under Changkat Chermin Complex. Sighted latest meeting minutes for stakeholder meeting which was held on 18/06/2016 at Changkat Chermin Estate meeting room. The stakeholder meeting agenda includes explanation on KLK Sustainability Policy, EIA, SIA and HCV areas, consultation and communication mechanism.</p> <p>The company has logbook to record request for information, communication, negotiations and also for complaint & grievance. There is no specific time frame is determined by the company for respond on request for information made by its stakeholders. However from the records sighted shows management responds promptly to requests made by its stakeholders. For example at mill sighted record of complaint made by an internal stakeholder Mageswari A/P Munusamy on blockage of drain dated 05/04/2017 to which the management has acted on the same day to remove the clear the blockage.</p>
ASA4	1.2	<p>Company documents that are publicly available are defined in Appendix 1A of SOP No. 9.0 titled "Control of Documents & Records" dated 01/06/2015. Some of the documents were made publicly available in the mill and estates include Land titles, Occupational health and safety plans, plans and impact assessments relating to environmental and social impacts, HCV documentation, Pollution prevention and reduction plans, Details of complaints and grievances, Negotiation procedures, Human Rights Policy etc.</p> <p>Among publicly available documents sighted at mill includes annual environmental program dated 02/01/2017, mill's OHS policy dated 01/01/2016, continues improvement plan dated 10/04/2016 covers environment, social and health & safety, Company's human right policy which has been incorporated into KLK Sustainability Policy dated 01/06/2015 indicating human rights requirement in clause 3.0 of the policy. Similar documents are also sighted for estates.</p>
ASA4	1.3	<p>The commitment to ethical conduct is outlined in the KLK Sustainability Policy, signed by KLK Group CEO Tan Sri Dato' Seri Lee Oi Hian dated 01/12/2014 which has been socialized to the workers and external stakeholders. In addition, the company also has code of conduct for employees dated 01/10/2014 prohibiting bribery, corruption and personal gifting.</p>
Principle 2: Compliance with Applicable Laws and Regulations		
Criterion by Audit	Summary	The mill and estates demonstrated compliance to 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 recorded.
ASA4	2.1	<p>The mill and estates have established and updated list of applicable laws and regulations that applicable for its operation as per SOP No.2 under document titled "List & Summary of Applicable Laws & Regulations". The legal register contains information such as law & regulatory title, regulatory authority, requirements, current status and remarks. At mill sighted list identifying relevant applicable legal requirements, Licenses, Permits, Certificates and compliances status in document titled "List of Summary of Applicable Guidelines in Agriculture". Examples of the legislations and legal requirements identified in the register as follows:</p> <ul style="list-style-type: none"> • OSHA and Regulations Act 1994

		<ul style="list-style-type: none"> • Factories and Machinery Act with Regulations Act 139 • National Land Code 1965 • Environmental Quality Act 1974 • Pesticides Act and Regulations Act 149 • Poison Act Regulations 1952 (Act 356) • Industrial Relations Act and Regulation Act 177 • Workmen’s Compensation Act 1952 • Trade Union Act 1959 • Land Acquisition Act 1960 • Sales Tax Act 1972 • MPOB Licence • Diesel and petrol permits • Road Transport Act 1987 (Act 333) <p>Company’s legal compliance status has been stated for each of the law identified in the current status column of the legal register titled “List and Summary of Applicable Laws and Regulations”. A total of 81 legal laws been identified in the legal register for the mill.</p> <p>Similar to the mill, all the estates have established legal register identifying list of laws and regulations that applicable for them under SOP No. 2. There are total of 62 laws that applicable to estates been identified in legal register which was last updated on 02/01/2017. Status of compliance to the applicable legal requirements has been identified in the “Current” status column of the legal register. Examples of the legislations and legal requirements identified in the register includes OSH Act 1994, Factory Machinery Act 1967, Environmental Quality Act 1974, DOSH and DOE regulations & Guidelines , MPOB Act 1998 ,Labour laws, etc. Written information on legal requirements is maintained in legal text books and softcopies. Sighted licenses and permits hat required to maintain by estates which found to be renewed and kept valid.</p> <p>Monitoring of legal compliance is done annually during the internal audit for both mill and estates. Last legal compliance monitoring for the mill was done on 02/05/2017; Changkat Chermin Estate on 03/05/2017; Allagar Estate and Kuala Kangsar Estate on 21/04/2017 as sighted from the internal audit report summary for respective units.</p> <p>Based on SOP # 2.0 the company 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 enquiring law books publisher and communication with law/enforcement officers.</p>
ASA4	2.2	<p>Legal land titles for all estates are properly documented and land taxes have been paid duly for the land tiles by the HQ. The mill is located within Changkat Chermin Estate. Estates boundaries are demarcated with boundary stones and pegs sighted in the respective estate’s boundary map. During field visits, at Changkat Chermin Estate sighted boundary stone No. 29 & No. 30, boundary stone No.117 & No. 118 at Allagar Estate and boundary stone No.145 & 146 at Kuala Kangsar Estate. All the boundary stones are well maintained by the estate management. There is no land dispute as the estate’s land titles are legally identified and documented.</p>
ASA4	2.3	<p>The company has established procedure titled SOP No.1 titled ‘Stakeholder Engagement / Negotiation’ dated 01/06/2015 to deal with any land disputes. All land acquisitions are done per company SOP No. 3 ‘Land Acquisitions’</p>

		procedure. There is no customary right as there is no land dispute.																																																																												
Principle 3: Commitment to Long-Term Economic and Financial Viability																																																																														
Criterion by Audit	Summary	Three year management plan is available for the mill and estates that details projected revenue and costs of operation. There is no replanting programme for the estates for the next five years as next replanting is expected only after year 2022.																																																																												
ASA4	3.1	<p>The company has annual budget and business forecast for 10 years starting from 2017 to 2026 covering both mill and estates. The plan includes forecast of FFB, CPO, OER, PK, KER, production cost, forecast price, average yield per Ha, etc. At mill sighted "Summary 10 year Crop Forecast" plan which prepared by Mill Assistant and reviewed by Mill Senior Manager Mr Mohd Hadzri on annual basis. Sighted report titled "Summary 10 year Crop Forecast". Below are the samples of the forecast sighted for the mill.</p> <table border="1"> <thead> <tr> <th></th> <th>2017/2018</th> <th>2018/2019</th> <th>2019/2020</th> </tr> </thead> <tbody> <tr> <td>FFB (Mt)</td> <td>282,570</td> <td>297,520</td> <td>306,491</td> </tr> <tr> <td>CPO Mt)</td> <td>60,752</td> <td>65,454</td> <td>70,492</td> </tr> <tr> <td>OER (%)</td> <td>21.50</td> <td>22.00</td> <td>23.00</td> </tr> <tr> <td>PK (Mt)</td> <td>13,280</td> <td>14,132</td> <td>14,711</td> </tr> <tr> <td>KER (%)</td> <td>4.70</td> <td>4.75</td> <td>4.80</td> </tr> <tr> <td>Prod cost (RM/Mt CPO)</td> <td>270.00</td> <td>275.00</td> <td>280.00</td> </tr> <tr> <td>Forecast Price (RM/Mt CPO)</td> <td>2,500</td> <td>2,600</td> <td>2,500</td> </tr> </tbody> </table> <p>Changkat Chermin Estate has 10 year forecast plan which prepared by Assistant Estate Manager Mr Tan Hock Eng and reviewed by Estate Senior Manager Mr Roland Chong on annual basis. Sighted report titled "Estimate 2016/2017 Ladang Changkat Chermin" which was last reviewed and updated in July 2016. Following are the samples of the forecast sighted for Changkat Chermin Estate on crop projected.</p> <table border="1"> <thead> <tr> <th>YEAR</th> <th>Avg.Ha</th> <th>Yield Per Ha</th> <th>CROP (MT)</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>2,488</td> <td>28</td> <td>68,496</td> </tr> <tr> <td>2017/18</td> <td>2,488</td> <td>30</td> <td>73,777</td> </tr> <tr> <td>2018/19</td> <td>2,488</td> <td>30</td> <td>74,942</td> </tr> <tr> <td>2019/20</td> <td>2,488</td> <td>30</td> <td>75,634</td> </tr> <tr> <td>2020/21</td> <td>2,488</td> <td>30</td> <td>74,885</td> </tr> <tr> <td>2021/22</td> <td>2,488</td> <td>30</td> <td>74,904</td> </tr> <tr> <td>2022/23</td> <td>2,488</td> <td>30</td> <td>74,768</td> </tr> <tr> <td>2023/24</td> <td>2,488</td> <td>30</td> <td>74,126</td> </tr> <tr> <td>2024/25</td> <td>2,488</td> <td>29</td> <td>72,779</td> </tr> <tr> <td>2025/26</td> <td>2,488</td> <td>29</td> <td>71,251</td> </tr> </tbody> </table> <p>The estate management maintains proper records financial planning. At estate sighted summary of actual revenue expenditure estimates for financial year 2016/2017 is RM 14,289,260.00</p> <p>Allagar Estate has 10 year forecast plan which prepared by Estate Manager and reviewed by General Manager on annual basis. Sighted report titled "Allagar Estate 2016/2017 Final Estimate" which was last reviewed and updated in July 2016. Following are the samples of the forecast sighted for Allagar Estate on crop projected.</p>		2017/2018	2018/2019	2019/2020	FFB (Mt)	282,570	297,520	306,491	CPO Mt)	60,752	65,454	70,492	OER (%)	21.50	22.00	23.00	PK (Mt)	13,280	14,132	14,711	KER (%)	4.70	4.75	4.80	Prod cost (RM/Mt CPO)	270.00	275.00	280.00	Forecast Price (RM/Mt CPO)	2,500	2,600	2,500	YEAR	Avg.Ha	Yield Per Ha	CROP (MT)	2016/17	2,488	28	68,496	2017/18	2,488	30	73,777	2018/19	2,488	30	74,942	2019/20	2,488	30	75,634	2020/21	2,488	30	74,885	2021/22	2,488	30	74,904	2022/23	2,488	30	74,768	2023/24	2,488	30	74,126	2024/25	2,488	29	72,779	2025/26	2,488	29	71,251
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YEAR	Avg.Ha	Yield Per Ha	CROP (MT)
2016/17	740	22	16,649
2017/18	740	27	19,836
2018/19	776	27	20,887
2019/20	776	28	21,385
2020/21	776	28	21,547
2021/22	776	28	21,499
2022/23	756	28	20,983
2023/24	663	28	19,046
2024/25	630	28	17,537
2025/26	650	27	17,837

Allagar Estate management maintains proper records financial planning. At estate sighted summary of actual revenue expenditure estimates for financial year 2016/2017 is RM 3,855,649.00.

Kuala Kangsar Estate has 10 year forecast plan which prepared by Estate Manager and reviewed by General Manager on annual basis. Sighted report titled "KLK Ladang Kuala Final Estimates 2016/2017" which was last reviewed and updated in May 2016. Oil palm forecast is available for year 2016/2017 up to year 2025/2026. The estimate divided into Division :GA and Division :SD. Following are the samples of the forecast sighted for Kuala Kangsar Estate on crop projected by Division .

Division: GA

YEAR	Avg.Ha	Yield Per Ha	CROP (MT)
2016/17	214	28	5,927
2017/18	214	27	5,721
2018/19	214	28	6,027
2019/20	214	29	6,138
2020/21	214	28	6,091
2021/22	214	29	6,220
2022/23	214	28	6,062
2023/24	214	28	6,025
2024/25	214	28	5,906
2025/26	214	27	5,791

Division: SD

YEAR	Avg.Ha	Yield Per Ha	CROP (MT)
2016/17	487	30	14,753
2017/18	487	28	13,697
2018/19	487	28	13,600
2019/20	444	28	12,582
2020/21	444	28	12,484
2021/22	444	28	12,350
2022/23	487	27	12,919
2023/24	487	26	12,909
2024/25	487	26	12,790
2025/26	458	26	12,048

Kuala Kangsar Estate management maintains proper records of its financial planning. At estate sighted record summary of actual revenue expenditure

		estimates for financial year 2015/2016 is RM 959,278.70 and estimate for year 2016/2017 is RM 4,361,859.00.
Principle 4: Use of Appropriate Best Practices by Growers and Millers		
Criterion by Audit	Summary	Mill and estates have established and applied SOPs and best agricultural practices to ensure its operations are conducted in safe, effective and environmentally friendly manner. There is a comprehensive OSH policy implemented throughout the mill and estate. However, there is one minor NC raised due to poor housekeeping of stores for the mill.
ASA4	4.1	<p>The company has established Standard Operating Procedures (SOP) for the effective and efficient operation of palm oil mill and estates. Mill's SOPs are defined under Guidelines on Safe Operating Procedure for Palm Oil Mill dated 01 July 2010. The SOP covers all key operations in the mill such as:</p> <ol style="list-style-type: none"> a. Reception Station b. Loading Ramp c. Kernal Plant d. Oil Room Station e. Sterilizing Station f. Hoisting/Threshing Station g. Pressing and Digester Station h. Depericarper Station i. Kernel Recovery Station j. Clarification Station k. CPO Despatch l. Maintenance and Cleaning m. FFB/SFB/EFB Conveyors n. Boiler/Power House o. Water/Effluent Treatment Plan <p>Mill's SOPs are displayed at strategic locations (workshop, charge-man room) for its workers reference. Besides the above SOPs, the mill also applies generic Standard Operation Procedure that have a total of 20 specific procedures regarding the sustainability requirements.</p> <p>As for the management of estates, the company has established 'Sustainability Manual & SOPs' which last reviewed on 01/06/2016. The SOP list includes:</p> <ol style="list-style-type: none"> 1. Stakeholder Engagement 2. Legal Compliance 3. Responsible Development of New Planting 4. Soil Erosion & Fertility and Road Maintenance 5. Surface & Ground Water Management 6. Safe Use & Storage of Agrochemicals/Chemicals 7. Integrated Pest Management 8. Training 9. Control of Documents and Records 10. Environment Aspect & Impact Assessment 11. HCV area Management 12. Waste Management & Energy Use 13. In-House Social Impact Assessment (SIA) 14. Employment of Workers/Staffs 15. Amenities 16. Management Review 17. FFB Pricing Mechanism 18. Supply Chain Procedure

		<p>19. Internal Audit Procedure 20. Trade and Shipping</p> <p>Good agricultural practices are defined in Group Policy with a reference no, GP/AGRIC/OP dated 01/06/2016. The said policy documents specifies all activities within the estates covering:</p> <ol style="list-style-type: none"> i. GP/AGRIC/OP1 Harvesting ii. GP/AGRIC/OP2 Field Upkeep iii. GP/AGRIC/OP3 Nutrition iv. GP/AGRIC/OP4 Pest & Diseases v. GP/AGRIC/OP5 Conservation vi. GP/AGRIC/OP6 By Products vii. GP/AGRIC/OP7 Replanting viii. GP/AGRIC/OP8 Nursery ix. GP/AGRIC/OP9 Field Identification x. GP/AGRIC/OP10 Roads & Drains <p>Monitoring of implementation of the SOPs are done through inspection and annual internal audits as sighted in RSPO internal audit report for mill and estates by Sustainability department.</p> <p>Minor NC Stated in the safe uses and storage of agrochemical/chemical procedure dated 1st June 2015 that mill need to ensure that proper housekeeping is carried out to avoid cross contamination and accident. However, during the site visit at the chemical store, lubricant store and schedule waste store of Changkat Chermin Mill, noted housekeeping is not in good condition and unused metals are scattered everywhere that can lead of contaminations and accident.</p>
ASA4	4.2	<p>For the practices of maintaining soil fertility the company has established SOP 4.0: Soil Erosion & Fertility and Road Maintenance dated on 01/06/2015 to improve soil fertility to ensure optimal and sustained yield for the estates. The GAP starts from the survey by Agronomist followed by recommendation for fertilizer application and soil improvement plan. Soil and foliar sampling are done annually.</p> <p>The implementation of GAP is evident from company appointed agronomist, Applied Agricultural Resources Sdn. Bhd (AAR) visit report is sighted during the audit. Sighted agronomist visit report and Oil Palm Manuring Recommendations 2016/2017 for all the estates. Fertiliser program for year 2017, sighted in estates Annual Oil Palm Fertiliser Programme 2017/2018, which has stated details such as date need to apply, types of fertilisers, dosage per ha, total mt and total bags.</p> <p>Estates maintain proper record of fertilisers application based on evident sighted. For example, fertilisers application record sighted for Kuala Kangsar Estate shows on 14/03/2017, it has applied fertilisers type PM10A, for total 9Ha, labour cost: RM65.88, total cost per ha: RM148.82 and total of 82 bags. Total fertiliser applied compare to recommendation have been monitored through fertilizers monitoring system for Taiko Plantations.</p> <p>The periodic leaf and soil analysis has been carried out by the agronomist from AAR for all the estates. Sighted in document Oil Palm manuring recommendation 2017/2018 for Changkat Chermin Estate by Mr Cassandra Chong Y Web, AAR Agronomist visit on 7th April and 8th April 2017 as sighted</p>

		<p>in report dated 14/07/2016 reference no. CYW/Advisory/2016/Changkat Chermin Estate. As for Kuala Kangsar Estate by AAR Agronomist Mr Sim Choon Cheak visited on 15th and 16th March 2017 and foliar analysis results for Kuala Kangsar Estate sighted during the audit dated 17/02/2017 and have been sampled 22/11/2016. Also sighted AAR agronomist visit report for Allagar Estate prepared by Dr. Cheng Cong Rong, report reference no. Cheng/CR/Advisory/Allagar/2017. Field inspection has been carried out on 06/05/2016 with the estate manager, Encik Ahmad Rizwan. Leaf and soil sampling have been carried out on 16/02/2016 and 20/02/2016.</p> <p>The company has developed nutrient recycling strategies for the mill and its supply bases which are based on application of decanter Cake, EFB, POME, Boiler Ash, Belt Press Soil to estates. Mill's decanter cake and Belt press soil are sent to Raja Hitam Estate for land application. From January to May 2017 sighted record of total 459,600mt of Belt press soil and 649,310mt of decanter cake has been taken by Raja Hitam Estate. At the same period total of 223,840mt of boiler ashes have been taken by Changkat Cermin Estate for land application. Flowmeter reading for POME discharge also sighted during audit for May 2017. Total 9,896cubic meter have been discharge from 1st may until 31/05/2017.</p>
ASA4	4.3	<p>All the estates have established soil map identifying type soil. Sighted soil maps and there are no fragile soil and peat soil in all the estates. Changkat Chermin Estate soil consists of Bertam, Bakri, Tepus, Banar and Sepayang; Kuala Kangsar Estate consists of Clay, Sandy loam, Sandy clay loam, Sandy clay, Gravelly clay and Coarse Sandy clay while Allagar Estate consists of Baling, Collivium, Harimau, Holyrood, Lintang, Local Alluvium, Rengam, Tawar and Tebok.</p> <p>A management strategy for purpose of planting on slopes areas is evident in Soil Erosion & Fertility and Road Maintenance (SOP: 4.0; Date: 01/06/2015) Slightly slopes area which is exceed the 15 degrees slopes are done by terracing according to the company SOP.</p> <p>Based on SOP 4.0: Soil Erosion & Fertility and Road Maintenance, all the operating units have established road maintenance programme for year 2017. At mill sighted roads maintenance programme for year 2017 which includes roads maintenance from Ayer Tawar town to mill. The roads maintenance has been planned for March, June, September and December. Two rounds of roads maintenance have been carried out on 24th March and 25/05/2017. Estimate cost for roads maintenance sighted total RM 125,500 in the document estate financial system control list and total RM 67,962 have been spent as at to date June 2017.</p> <p>As for Changkat Chermin Estate, the management has planned for road maintenance in field 07, 05, 09, 06, 13, 10A and 11 for year 2017 with estimated roads maintenance cost of RM 385,112 RM 154/hectare and RM 94.11/mt. as specified in the summary estimated revenue expenditure. Kuala Kangsar Estate has programme for Roads Grading/Repair work which have been planned for field PM02A, PM03A, PM 05A and PM 06A from June until September 2017. Allagar Estate road maintenance 2016/2017 final estimate of RM 62,276 cost and per ha cost at RM 84.16.</p>
ASA4	4.4	<p>Water management plan for the mill and estates is described in Water Management Plan SOP: 5.0 dated 01/06/2015). The SOP covers areas such as gazetted river banks, water for consumptions, domestic wastewater and palm oil mill effluent. Water for the mill is extracted from two sources i.e. for</p>

		<p>operation from Tube Well and water for domestic use is from local government supply (Jabatan Bekalan Air Perak).</p> <p>Based on company procedure domestic waste water sampling need to be carried out once in 4 months while palm effluent analysis need to be carried out monthly. Sighted mill effluent sampling for June 2017 by TQCC Lab as per test certificate no EFF0455/2017 customer reference (16) PSB/KKSCC/TQCC/2016/17 which stated sampling date as 05/06/2017 and the test report signed by Mr Mohd Rizman Abdul Ghafa Chemist for TQCC L/2007/6768/14. The test result stated the chemical oxygen demand is at 558mg/L compare to DOE limit 5000mg/L and remarks as passed.</p> <p>Sighted water sampling procedure for the estates. The sampling flow started with Sampling and Labelling of Sample, Packaging and Delivery of samples. Sighted waste water sample analysis results for Kuala Kangsar Estate linesite for the April 2017, job reference no 054/04/17 which the result shows the BOD level is at 6ppm compare to DOE limit of maximum 50ppm and have been remarked as passed.</p> <p>River water sampling is done at incoming and outgoing point of from the estates to monitor any pollution from the estates activities. Sighted Kuala Kangsar Estate river water samples analysis result dated 03/05/2017 for 2 samples no E052.04.17 (inlet) and e053/04/17 (outlet). Both of the samples have been classified clean with BOD below than the parameter (3 mg/L and 4mg/L) with WQI 85 and 85. The analysis report have been signed by Mr Chong Lai Shien , Manager of KLK Technolgy and Q.C centre.</p> <p>Procedure for Riparian and Buffer zone protection sighted in document High Conversation value/conversation area management SOP 11.0 dated 01/01/2017. Monitoring records for the rivers sighted in document of riparian zone, high conservation value, conservation area checklist that have been carried out monthly and signed by the estate manager.</p> <p>Mill monitors water usage for its operation based on per ton/FFB. Sighted Water usage record for the mill from June 2016 until April 2017. Some of the sample sighted as follow:</p> <table border="1" data-bbox="576 1391 1417 1536"> <thead> <tr> <th>Month</th> <th>Water usage (m³)</th> <th>FFB process (MT)</th> <th>Water /MT FFB</th> </tr> </thead> <tbody> <tr> <td>Feb 2017</td> <td>27,242</td> <td>17,575</td> <td>1.55</td> </tr> <tr> <td>April 2017</td> <td>40,268</td> <td>25,485</td> <td>1.58</td> </tr> <tr> <td>March 2017</td> <td>39,931</td> <td>24,957</td> <td>1.60</td> </tr> </tbody> </table> <p>The document water usage is proportional to crop processed however the ratio is higher 1.61 ton/FFB compare to last year of 1.52 ton/FFB which was due to due to water usage for cleaning program and repairing.</p>	Month	Water usage (m ³)	FFB process (MT)	Water /MT FFB	Feb 2017	27,242	17,575	1.55	April 2017	40,268	25,485	1.58	March 2017	39,931	24,957	1.60
Month	Water usage (m ³)	FFB process (MT)	Water /MT FFB															
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ASA4	4.5	<p>Procedure of integrated pest management sighted in document titled 'Integrated Pest Management' dated 01/06/2015. The procedure requires estates to perform a pest and diseases census in the affected fields in stages, once a pest or diseases outbreak detected. The use cultural and biological control shall always be given consideration unless if the population of the outbreak is above the economic threshold level. For example, rat attack symptom has been monitored by bunch counter that sent the report and key in computer daily. If any attacked identified, the estate will start to carry out rat attack census. At Changkat Chermin Estate there are total 33 boxes of barn owl boxes sighted from the barn owl boxes map. Census of rats also</p>																

		<p>sighted during the audit in term for monitoring rats populations before reach the threshold level. Estate management provides adequate training for those involve in implementation of IPM as sighted from the individual workers training records. In Kuala Kangsar Estate there is no IPM have been carried out as based on the history and inspection carried out, no pest and disease attacked have been identified.</p>
<p>ASA4</p>	<p>4.6</p>	<p>Justification of agrochemicals used sighted in the document SOP 6.0 dated 01/06/2015. Estates also maintain records of chemical used as sighted in chemical costing book. The records shows number of man days, hectarage applied, total amount chemical applied types of material, and cost of applications. Example of justification sighted includes as follow:</p> <p>Name chemical: Amine Active ingredient: 2,4-D dimethylammonium 60% Justification: Spot spraying</p> <p>Name chemical: Ally Active ingredient: Metsulfuron-methyl 20% Justification: spot spraying</p> <p>Chemical register records available for all the estates. For example at Changkat Chermin Estate sighted Chemical register with DOSH registration No PK 05-04-1151 sector 004 having total of 27 chemical registered. The register was prepared by Assistant manager Mr Kuanruban Surwaji and review by Estate Manager Mr Roland Chong. During the document review and site visit to the chemical store, there is no evidence of usage of class 1 chemical.</p> <p>Pesticides and chemicals are only handled by trained personals. At mill sighted record of training provided for chemical handlers dated 24/09/2016 attended by 10 workers including workers from laboratory, process and store. The training has carried out by Mr Wan Chee Keong, Senior Engineer of Changkat Chermin POM. The main objective of the training is to ensure the workers understand the works safe procedure to handle the chemical and emergency action when anything happen.</p> <p>At estates, safe chemical handling trainings are provided for those handling chemicals. Sighted training record for 5 sprayers listed in the systems of e check roll that are Ms Kavitha, Ms Norhayati, Ms Latha, Ms Veeramah and Ms Pravathy from Kuala Kangar Estate which the training was conducted by field staff Mr Vadi Veloo on 07/04/2017. Similar training is also provided to Allager Estate 6 sprayers namely Ms Murugamah, Ms Jayanthi, Ms Krishnan, Mr Mohammad and Mr Moammad Motiur Rahaman.</p> <p>Storage pesticides and chemicals are stated in the safe uses and storage of agrochemical/chemical dated 01/06/2015. Internal inspection are carried out by mill and estates as checklist sighted during audit for chemical store, lubricant store, schedule waste store and all checklist have marked as comply. One minor NC has been issued under 4.1.2 poor implementation of the procedure.</p> <p>Application of pesticides, chemical issuance, chemical preparation, receiving chemical and spraying have been risk assessed and safe handling methods been implemented to minimize risk. PPE are provided with training and guideline for use during operations. Also sighted PPE issuance records during the audit for all the sprayers. Wastes generated from mill and estates</p>

		<p>activities are disposed in accordance with company procedures and in line with Malaysian regulation.</p> <p>Annual medical surveillance is carried for both mill and estates workers who are exposed chemical risk. At Changkat Chermin Estate sighted medical surveillance report for medical examination done on 22/12/2016 for sprayers and chemical handlers. The health assessment was conducted by Dr Subbiah A/L Nachiappan from Mediclinic Sinaran from Setiawan. All the workers are fit to work. Also sighted report of medical surveillance conducted for Kuala Kangsar Estate where workers are found to be fit work which the medical examination was done by Dr Manjeet Singh Occupational Health Physician with Dosh registration no HQ/14/DOC/00/371.</p> <p>The company prohibited pregnant or breast-feeding women from handling chemicals. Records clearly shows of no pregnant or breast-feeding women assigned for chemical handlings works. This was verified through Interviews held with sprayers and manures during site visits.</p>
ASA4	4.7	<p>The company has established Occupational Safety & Health Policy covers both mill and estates. The policy which is available in English & Bahasa Malaysia is signed by the Group Plantation Director on 07/11/2014 displayed on notice boards and in prominent places of the mill and estate offices. Training is conducted to communicate the OSH Policy to workers. Sighted record of latest OSH Policy conducted on 16/02/2016 for the mill workers. Both the mill and estates has established OSH Plan 2017. The plan titled “.Objetif Keselamatan Tahun 2017” includes SOP training, PPE Training, First Aid Training and Workplace inspection.</p> <p>Health and safety issues arise from mill and estate activities been identified and risk assessed by the management to mitigate safety risk to its workers. At mill sighted latest HIRARC register dated 04/04/2016 prepared by the Mill Assistant Mr. Muhammad Asyraf. At Changkat Chermin Estate, HIRARC register was last updated on 01/01/2017 by Safety and health Committee and OSH department and approved by the estate manager. Similarly, Kuala Kangsar and Allagar Estate risk register were reviewed and updated on 19/01/2017. Adequate safety training is provided by both mill and estate managements for those who are expose to safety risks.</p> <p>Mill and estates have established OSH Organization Charts hierarchy of the safety and health committee that exists in each of the operating units. Respective mill and estate managers are function as the OSH Committee chairman. Mill’s OSH Committee chaired mill manager Mr Mohd Hadzri Arsad, Changkat Cermin Estate chaired by Mr Roland Chong Kam sung, Kuala Kangsar Estate chaired by Mr Mohd Fikri Lomkan and Allagar Estate by Mr Ahmad Ridzwan.</p> <p>Periodical meetings are held by the OSH Committee to discuss on issues related to health safety including workplace inspection findings, any accidents, achievement of zero accident target and other safety related matters. Latest OSH meeting for the mill was held on 10/04/2017 as sighted from the meeting minutes which was attended by 16 workers. At Changkat Chermin Estate the last OSH meeting which was held on 26/05/2017 was attended by 18 estate workers. While Kuala Kangsar Estate had their last OSH meetings on 29/07/2017 attended by 10 committee members. Meeting minutes sighted indicated that OSH related matters brought up the committee members discussed and action plan are committed to resolve the</p>

		<p>issues.</p> <p>Both and mill workers are adequately covered by accident insurance policy and medical care. All local workers are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations while foreign workers are covered by AXA AFFIN GENERAL INSURANCE BHD. Sighted insurance policy No. Policy: LWX/93159921/13/12/IPO for 7 foreign mill workers which the insurance coverage is valid until 12/02/2018. Also sighted similar insurance policy for foreign workers in all the estates which are valid as of this audit period.</p> <p>The company monitors loss time accident based DOSH requirements and maintains proper record of accidents occurred within each operating units.</p>
ASA4	4.8	<p>Formal training program covers the aspect of RSPO principle and criteria sighted in training program document SPO 8.0 for mill and estates. The training which was conducted in March 2017 for all estate staff and workers includes KLK Sustainability Briefing, Policy, 3P's RTE awareness. At Kuala Kangsar Estate sighted record of RSPO and principles training conducted on 10/04/2017 which was attended by 96 workers. Both the mill and estate maintains training record for each of their workers.</p>
Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
Criterion by Audit	Summary	Environmental Impact Assessment has been carried out by the mill and estates. A comprehensive identification of all waste has been recorded and disposal of scheduled waste has been carried out by DOE registered waste collector. Monitoring and analysis of waste is carried out regularly.
ASA 4	5.1	<p>Mill and estates have conducted Environmental impact assessment (EIA) based on the internal procedure titled 'Environmental Aspect & Impact Assessment' dated 01/06/2015 SOP 10.0 Appendix 1, Issue 1/0. EIA for the mill was conducted internal team led by the mill Senior Manager Mohd Hadzri Arshad. The latest assessment and update was done on 13/02/2017 for the aspect impact register by Assistant Engineer Mr Too Chee Wei where 33 process/areas in the mill were identified and assessed for environmental impact.</p> <p>Based on the internal procedure, environmental impact value table have been established by the mill in the aspect – impact register. Environmental severity levels are classified in 5 categories: Insignificant, minor, moderate, major, Catastrophic. Finally, the environmental ratings are classified as low, medium and high. Among risk identified (with score calculated) by process/area are;</p> <ul style="list-style-type: none"> • FFB Reception>Smoke emission by FFB lorry/tractor >Score (12) • FFB Sterilization>Sterilizer waste> Score (6) • Separation>Mill waste water, discharge of skludge> Score (15) • Steam generation, generation of black smoke, air pollution (15) • Effluent>discharge of effluent (16) <p>All the estates have conducted their Environmental impact assessment (EIA) based SOP # 10.0. The EIA been reviewed on annual basis and latest review was done on 15/02/2017 by Estate Manager Mr. K.Subramaniam, for Kuala Kangsar Estate and by Estate.Manager Mr. Ahmad Ridzwan, for Allagar Estate. As of Changkat Chermin Estate was last reviewed on 13/02/17 by Assistant Estate Manager Mr. Mohd Anwar Ramzan. The findings are recorded in document titled "Environmental Aspect & Impact Assessment (EIA)". The EIA assessment for the estates have covered all its major activities such as Nursery, Immature Maintenance, Mature maintenance, Harvesting, FFB</p>

		<p>Collection, FFB Loading at platform, transportation of FFB to hopper, Scheduled waste store, Fertilizer Store, Tractor Washing Bay, etc.</p> <p>There is no changes identified in the mill and estates operation, therefore no timetable for any change is required. During mill visit, the EIA was used as guide and no discrepancy found. The latest Environmental Management Plan was reviewed by the Assistant Engineer, Mr. Too Chee Wei, dated 13/02/17 for mill.</p> <p>Environmental management plan for estates is in placed as sighted in document title “Environmental Management Plan”, SOP 10, Appendix 2 and person in charge and the progress are well indicated in the same documents. Sighted recent activities for upgrading workshop for Allagar Estate includes in the “Environmental Management Plan”. The contractor and workers have been briefed on the sustainability requirements and disposal of waste construction materials on March 2017.</p> <p>Activities that having Environment risk rating identified as high is accompanied with mitigation measures to reduce its impacts to environment. Monitoring plans are incorporated in the “Environmental Impact Assessment (EIA) & Pollution Prevention Plan. Mitigation measures are reviewed on annual basis and its effectiveness are monitored during internal audit for estates.</p>
ASA 4	5.2	<p>HCV assessment was conducted internally by the estate management based on SOP#11 document titled “HCV/Conservation Area Management” which was established by company’s Sustainability Department using guidance from HCV Forest Toolkit for Malaysia, 1st edition Oct 2009. The HCV assessments for estates were by respective estate manager with assistance from Mr. Tong Wing Chuen from KLK Sustainability department. The HCV assessment findings show there is no HCV or RTE species was found for Changkat Chermin Estate, Kuala Kangsar estate and Allagar. However, riparian zone along Sg. Kangsar and Sg. Tapah been identified and maintained as conservation area as per company procedure on conservation area management.</p>
ASA 4	5.3	<p>The mill has identified waste generated from its activities under the SOP 12, Issue/Rev 1/0 titled ‘Waste Management & Energy Use’ and as well as in SOP 10, Environmental Aspect and Impact. Assessment, Issue/Rev.1 dated 01/06/2015. The list of waste were identified by the mill includes Sterilizer condensate, EFB, Mill wastewater, Decanter, Fibre, Loose shell, Boiler ash, Used batteries, Used oil filter, Effluent discharge, Empty chemical containers, Used lubricant oil, Used tyres, Used rags, Scrap iron, Empty oil drums.</p> <p>Waste generated from estates are identified in SOP10 titled “Environmental Aspect & Impact Identification and Risk Assessment” dated 01/06/2015. Waste generated are identified in document “Environmental Aspect & Impact Assessment” include empty fertilizer bags, used polybags, fronds, bunch stalk, used hydraulic oil, used lubricant oil, used oil filter, scrap iron, waste water, empty chemical containers, non-biodegradable waste and organic waste.</p> <p>Waste generated from the mill and estates are disposed in accordance with schedule waste regulation in line with company procedure. Mill’s wastes are stored in the schedule waste store and chemical wastes and other schedule wastes are disposed through a DOE registered license schedule waste disposal contractor as per DOE requirements. Sighted mill’s consignment note dated 31/03/2017 and schedule waste collected by TEX CYCLE (P2) SDN BHD are SW 305 Spent lubricant oil: 755 kg, SW409 Contaminated Waste Empty</p>

	<p>Container: 23 pcs in 18 liter drum and SW410 Rags/plastics/paper/gloves /filters /sponge/paper bags: 75 pcs. The TEX CYCLE (P2) SDN.BHD is a license contractors; sighted waste disposal license no.001486 (Pemerolehan Kembali Luar Tapak Buangan Terjadual) and waste transporter license no.:001487 (menjadi pembawa yang ditetapkan,) for period of 01/05/ 2017 to 30/04/ 2018.</p> <p>In Kuala Kangsar Estate sighted consignment note for disposal of 0.1 m3, SW305 (spent lubricating oil) which was disposed by schedule waste contractor Aliran Segar Sdn.Bhd who has valid license No.: 004111 (Pemerolehan Kembali Luar Tapak) and license No.: 004112 (Pengangkutan). Estate's domestic wastes are disposed daily basis by Majlis Perbandaran Kuala Kangsar. Meanwhile in Allagar Estate schedule waste generated from estate sent to Raja Hltam estate and eventually disposed through DOE approved contractor, Aliran Segar Sdn Bhd. Where else domestic wastes disposed by land fill in Pit No.4 open on 26/06/2017. And medical wastes are collected by Dr.Lim Hock Chee from Klinik Tan Cheng Leng.</p> <p>As of Changkat Chermin Estate schedule waste generated from estate sent to DOE approved contractor for disposed. Sighted two approved contractors are SP Metro Sdn Bhd license No.: 001411 (Pemerolehan Kembali Luar Tapak) and license No.: 001412 (menjadi pembawa yang ditetapkan seperti di atas) and Ranama Resource Sdn. Bhd., license No.: 002176 (Pemerolehan Kembali Luar Tapak) and license No.: 002177 (kemudahan penstoran luar tapak:pengumpulan,pemindahan dan pengangkutan). Schedule waste disposed, consignment note no: 2017021616H103M dated 16/02/17; SW 410 = 200 kg and domestic wastes disposed through land fill in Pit 5 located at PM2007A. And also medical wastes are collected by Dr.N .Subbiah, Visiting Medical Officer from Mediclinic Sinaran,Sitiawan. Sighted contaminated dressing and 52 pcs syringe & needles throughout 3 months usage.</p> <p>In Estates empty chemicals containers were tripled rinse (not categorized as schedule waste) prior sent to contractors for disposal where collected by G-Planters Sdn Bhd. Sighted 405 pcs plastic pesticide containers on 20/04/2016 (Kuala Kangsar Estate), 414 pcs plastic on 08/01/2017 (Allagar Estate) and 1092 pcs of plastic and 61 pcs of metal used chemical containers collected on 23/05/2017 (Changkat Chermin Estate). All chemicals and containers usage were recorded, stored and disposed in accordance to the best practice.</p> <p>The mill has established waste management and disposal plan as per SOP 10. The plan describes measures to control and reduce pollution impacts which were further tabulated in the Appendix 1, Environmental Aspects and Impact Identification and Risks Assessment. Sighted sample analysis tested on 13/06/2017 by TQCC (accredited lab). Sample was collected at final discharge from mill treatment plant are pH = 7.2 (std n/a). COD = 3162 mg/l (std n/a), BOD = 558 mg/l (std 5000max), Total Nitrogen = 115 mg/l (std n/a). Ammoniacal Nitrogen = 88 mg/l (std= n/a). Total Solid = 7409 mg/l (std n/a), Suspended Solid = 1920 mg/l (std n/a). Oil & Grease = 25 mg/l (std= n/a), Total alkalinity= 3059 mg/l (std= n/a), Volatile Acids (acetic Acid)=617 (std=n/a) and VFA/TA = 0.202 (std=n/a). The treated waste water is used for land application and was sighted during on site verification. The Mill has installed belt press on September 2016 to improve the waste water quality.</p> <p>The estates mitigation measures to reduce pollution are described in document titled "Environmental Management Plan" in Appendix 1 under SOP</p>
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		<p>10. Among the mitigation measures identified include:</p> <ul style="list-style-type: none"> • Chemical residue washed into water source--> conduct training to sprayer and manure. • Emission of greenhouse gases from chemical usage--> to ensure correct dosage of chemicals use • Smoke emission from vehicle/heavy machineries--> to perform regular maintenance. • Global warming-->to follow AAR recommendation on fertilizer application • Schedule waste water contamination--> to ensure bund and sump in good condition. <p>Sighted river water quality result on 22/03/2017 for Allagar Estate and for Changkat Chermin Estate (Sungai Wangi) on 24/02/2017. The result shown, no significant impact to river water quality from estate activities as there is no different for both river water quality which enter and leaving the estates. Following are the river water quality analysis sighted:</p> <p><u>Allagar Estate</u></p> <table border="1" data-bbox="667 878 1142 1281"> <thead> <tr> <th>Parameter</th> <th>Point A (entering)</th> <th>Point C (leaving)</th> </tr> </thead> <tbody> <tr> <td>DO %</td> <td>46</td> <td>74</td> </tr> <tr> <td>BOD mg/l</td> <td>15</td> <td>16</td> </tr> <tr> <td>COD mg/l</td> <td>4</td> <td>5</td> </tr> <tr> <td>SS mg/l</td> <td>9</td> <td>7</td> </tr> <tr> <td>pH</td> <td>7.4</td> <td>6.8</td> </tr> <tr> <td>Nh3-N mg/l</td> <td>1</td> <td>1</td> </tr> <tr> <td>WQI</td> <td>72</td> <td>80</td> </tr> <tr> <td>Class</td> <td>III</td> <td>III</td> </tr> <tr> <td>Remarks</td> <td>Slightly Polluted</td> <td>Slightly Polluted</td> </tr> </tbody> </table> <p><u>Changkat Chermin Estate</u></p> <table border="1" data-bbox="663 1379 1217 1751"> <thead> <tr> <th>Parameter</th> <th>Point A (JPS entering)</th> <th>Point C (JPS leaving)</th> </tr> </thead> <tbody> <tr> <td>DO %</td> <td>29</td> <td>18</td> </tr> <tr> <td>BOD mg/l</td> <td>17</td> <td>11</td> </tr> <tr> <td>COD mg/l</td> <td>50</td> <td>28</td> </tr> <tr> <td>SS mg/l</td> <td>33</td> <td>2</td> </tr> <tr> <td>pH</td> <td>6.2</td> <td>6.9</td> </tr> <tr> <td>Nh3-N mg/l</td> <td>1</td> <td>1</td> </tr> <tr> <td>WQI</td> <td>41</td> <td>58</td> </tr> <tr> <td>Class</td> <td>IV</td> <td>IV</td> </tr> <tr> <td>Remarks</td> <td>Polluted</td> <td>Polluted</td> </tr> </tbody> </table> <p>The status of Sg.Wangi as gazetted river is now pending confirmation from Jabatan Pengaliran dan Saliran (JPS). However, the estate proactively had checked the quality of river water as above. Sighted training on sustainability, environmental and recycling, conducted on 03/01/17 conducted by Sr. Estate Manager Mr. Ooi Thiam Hoe.</p>	Parameter	Point A (entering)	Point C (leaving)	DO %	46	74	BOD mg/l	15	16	COD mg/l	4	5	SS mg/l	9	7	pH	7.4	6.8	Nh3-N mg/l	1	1	WQI	72	80	Class	III	III	Remarks	Slightly Polluted	Slightly Polluted	Parameter	Point A (JPS entering)	Point C (JPS leaving)	DO %	29	18	BOD mg/l	17	11	COD mg/l	50	28	SS mg/l	33	2	pH	6.2	6.9	Nh3-N mg/l	1	1	WQI	41	58	Class	IV	IV	Remarks	Polluted	Polluted
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ASA 4	5.4	The mill and estates monitor its fossil fuel usage for its operation as per SOP																																																												

12.0 "Waste Management & Energy Use" dated on 01/06/2015. Sighted mill's record for diesel usage for year 2016/2017 which prepared by Assistant Engineer Mr. Too Chee Wei and last updated on 06/06/2017. At mill diesel is primarily used for Gen-Set operation. Following record sighted for the mill.

Changkat Chermin Mill

Month	Diesel usage (litre)	FFB Processed (mt)	litre/mt
Oct'16	2861	14,932.14	0.192
Nov'16	4986	18,497.66	0.270
Dec'16	3609	18,793.41	0.192
Jan'17	2067	16,927.79	0.122
Feb'17	1912	17,575.76	0.109
Mac'17	4566	24,957.17	0.183
Apr'17	2756	25,485.92	0.108
May'17	2628	25,025.81	0.105

Baseline value for gen-set has been established as 0.15 ltr/mt. This baseline value is monitored and action plan drawn when there are exceeding the limit. Sighted action been taken when there were out off limit - On October, November and December 2016, high usage due to commissioning of belt press and March 2017 slightly high usage due to annual inspection.

At Kuala Kangsar Estate sighted record for year 2016/2017 which was prepared by Ms.A.Uma. Baseline value has been established as 0.8 litre/mt. This baseline value is monitored by the estate management and all noted usage is within the baseline. Record for sighted for Kuala Kangsar Estate below :

Kuala Kangsar Estate

Month	Diesel usage (litre)	FFB Transported (MT)	Litre/MT (Diesel)
Oct 16	255.59	415.46	0.62
Nov16	276.64	474.82	0.58
Dec 16	264.23	459.14	0.58
Jan 17	283.66	384.31	0.74
Feb 17	198.91	377.94	0.53
Mar17	286.63	593.34	0.48
Apr 17	190.28	663.82	0.29
May 17	185.15	658.34	0.28

Sighted for diesel usage record for Allagar Estate for year 2017 which prepared by Estate Manager Mr. Ahmad Ridzwan Hassan last updated on 20/05/2017. Baseline value has been established as 1.5 litre/mt and all reading are within the baseline.

Allagar Estate

Month	Diesel usage (litre)	FFB Transported (MT)	Litre/MT (Diesel)
Jan 17	1629	1093.89	1.49
Feb 17	1446	1012.69	1.43
Mar17	1421	1497.27	0.95
Apr 17	1515	1208.47	1.25

Meanwhile Changkat Chermin Estate has set baseline value as 0.614 litre/mt. However, on December 2016, diesel usage was off-limit due to heavy run of water pump for pumping out excessive rain water. Sighted below diesel record for year 2016/2017 for Changkat Chermin Estate which prepared by Sr.

		<p>Assistant Estate Manager Mr. Ooi Thiam Hue.</p> <p><u>Changkat Chermin Estate</u></p> <table border="1"> <thead> <tr> <th>Month</th> <th>Diesel usage (litre)</th> <th>FFB Transported (MT)</th> <th>Litre/MT (Diesel)</th> </tr> </thead> <tbody> <tr> <td>Oct'16</td> <td>2635</td> <td>4408.65</td> <td>0.6</td> </tr> <tr> <td>Nov'16</td> <td>2737</td> <td>5715.08</td> <td>0.48</td> </tr> <tr> <td>Dec'16</td> <td>4127</td> <td>5276.35</td> <td>0.78</td> </tr> <tr> <td>Jan'17</td> <td>2914</td> <td>4985.86</td> <td>0.58</td> </tr> <tr> <td>Feb'17</td> <td>3021</td> <td>5207.14</td> <td>0.58</td> </tr> <tr> <td>Mar'17</td> <td>2900</td> <td>6709.4</td> <td>0.43</td> </tr> <tr> <td>Apr'17</td> <td>2477</td> <td>7227.79</td> <td>0.34</td> </tr> </tbody> </table>	Month	Diesel usage (litre)	FFB Transported (MT)	Litre/MT (Diesel)	Oct'16	2635	4408.65	0.6	Nov'16	2737	5715.08	0.48	Dec'16	4127	5276.35	0.78	Jan'17	2914	4985.86	0.58	Feb'17	3021	5207.14	0.58	Mar'17	2900	6709.4	0.43	Apr'17	2477	7227.79	0.34
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ASA 4	5.5	The company has established “zero burning” policy dated 01/12/ 2014 by Mr. Tan Sri Dato’ Seri Lee Oi Han, company’s CEO. There is no open burning noticed during the site visit. Sighted record of sustainability policy (which consists of Zero Burning policy), 3P’s & RTE Awareness been brief to the estate’s Manager, Asst. Manager, Clerks and all staff/workers by Sustainability Department on 02/06/2017.																																
ASA 4	5.6	<p>The assessment of all polluting activities are identified and recorded in document titled “Environmental Aspect & Impact Assessment”, SOP 10.0 dated 01/06/2015. Mitigation measures are identified for in the aspect-impact register to prevent or minimize pollution. The plan to reduce pollutants and GHG emission for the mill and estates are available and implemented accordingly.</p> <p>GHG for the mill and estate is been calculated used latest modified version 3.0 PalmGHG by sustainability department and summary sighted. Raw data for GHG calculation recorded in the form SOP 10, Appendix 3A, titled “GHG Calculation Tool (for POM). The company, then use Palm GHG to calculate GHG - verified data was correctly entered. GHG value was calculated using latest modified version 3.0 PalmGHG: 17 kgCO₂e/ tFFB (Mill), 40 kgCO₂e/ tFFB (Kuala Kangsar Estate), 16 kgCO₂e/ tFFB (Allagar Estate) and 14 kgCO₂e/ tFFB (Changkat Chermin Estate).</p> <p>Refer Appendix 2 for Summary of GHG Emissions</p>																																
Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers																																		
Criterion by Audit	Summary	The mill and estates have conducted the social impact assessment. The relevant policies are in place and are fully implemented across the board. Communication and consultation as well complaints and grievances procedure are well communicated and adhered to. There are evidences of workers not been discriminated against in any way and all are being paid their fair wages.																																
ASA 4	6.1	The mill and estates have conducted Social Impact Assessment (SIA) for year 2017. Mill and Changkat Chermin Estate have conducted SIA on 05/04/2017 to assess both positive and negative social impacts of the passport keeping by the workers. The same SIA also conducted in Allagar Estate on 20/03/2017 with its workers. Finding of the assessments show that majority of workers from Changkat Chermin mill and Allagar Estate are in favor of passport to be kept by the company due safety reasons while majority of Changkat Chermin Estate workers preferred to be kept by them. As a mitigation measure on safety of passport, management has decided to provide safe box for safe keeping of their passports. The SIA being reviewed every year and for each																																

		<p>year the assessment shall focus on different aspect.</p> <p>As for Kuala Kangsar Estate, latest SIA was conducted on 23/03/2017 where attended by worker representatives (MAPA), contractors, suppliers and surrounding communities. Sighted minutes of meeting which shows there was no social issue raised during the session.</p>
ASA 4	6.2	<p>The company has established SOP 1.0 Stakeholders engagement / negotiation procedure dated 01/03/2013 Rev 2 for the purpose of stakeholder consultation and communication. Stakeholders meeting has been conducted annually with participation from surrounding stakeholders and records are maintained as minute of meeting. All the units maintain their own stakeholder list. For example latest stakeholder meeting for Alagar Estate was held on 13/06/2017 while previous meeting was held on 06/04/2016. Similarly, for Kuala Kangsar Estate last stakeholder meeting was held on 23/03/2017 and the previous meeting was conducted on 28/04/ 2016.</p>
ASA 4	6.3	<p>For handling request, complaints and grievance the company has established SOP 1.0 Complaints & Grievance procedure dated 01/03/2013 which identified process of complaints & grievance. The procedure has specified requirement to record down the complaints & grievance received and to ensure all C&G are verified and investigated and resolved in a fair manner through open and consensus agreement with effected parties. Any issue which that is not resolved by Assistant/Manager shall be brought to General Manager's attention and time frame must be set to resolve any issues and for protracted case, stakeholders must be kept informed on the status.</p> <p>Sighted the stakeholder Log book which has records of complaints and grievances as per the above said SOP for mill and estates. Most of the complaints recorded are in the form of request. At mill sighted complaint on malfunction of lights in the bathroom, bedroom and living room dated 09/06/2017, which the complaint was made by mill worker Mr.Jumaat. The mill management has responded by rectifying the issue on the same day. As for Changkat Chermin Estate, sighted record of request made by worker Mr.Muhammad Ishak bin Abdul Satar on 07/06/2017 for advance payment of RM500 to all Muslim workers for the upcoming Hari Raya Celebration which the estate management responded on the same day to fulfill the request. While at Allagar Estate sighted complaint made by estate worker Mr Vijayakumar on lamps are not functioning at his house on 01/06/2017 was responded by the management by rectifying the problem. Similarly sighted complaint made on 05/04/2017 by Ms Mageswari A/P Munusamy from Kuala Kangsar Estate on blockage of the drain to which estate management has responded on the same day upon verifying the complaint and problem was rectified on 07/04/2017.</p>
ASA 4	6.4	<p>The company has SOP titled "Acquisition of Land" procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation is available. The company has no negotiations concerning compensation for loss of legal or customary rights as of this audit period.</p>
ASA 4	6.5	<p>Mill and estate workers' salaries are paid in compliance with government's minimum wage requirements. The minimum wage for workers since 01/01/2013 is determined as RM 38.46/day based on circular memorandum dated 28/01/2013 and government's minimum wage requirement dated 06/09/ 2012.Sighted each employee has an employment contract indicating pay, overtime, annual leave, sick leave, etc. Following are some of the mill and estates workers' contract and salary slip sighted during the audit.</p>

		<p><u>Changkat Chermin Mill</u></p> <p>1. Venkatesan</p> <ul style="list-style-type: none"> - Origin : India - Employed as : General Worker - Date engaged : 2015 - Contract period : 5 years - Wage : RM 38.46/day - Working hours : 8 working hours - Sighted payment slip for October – November 2016, the payments were above minimum wage and the payment calculation were according to his check roll. <p>2. Marie A/P M.J Matthews</p> <ul style="list-style-type: none"> - Origin : Malaysia - Date engaged : 2012 - Minimum wage : RM 38.46/day - Employed as : Clerk - Working hours : 8am-5pm - Sighted Marie payment for January – May 2017, all payments are above minimum wage. <p><u>Changkat Chermin Estate</u></p> <p>3. Mr Md Sahazul Islam</p> <ul style="list-style-type: none"> - Origin : Bangladeshi - Employed as : General Worker - Contract period : 5 years - Wage : RM 38.46/day - Working hours : 5.30 am – 1.30 pm (8 working hours) - Sighted payment slip for January – March 2017, <p>4. Ms Kamala</p> <ul style="list-style-type: none"> - Origin : Malaysia - Date engaged : 2012 - Minimum wage : RM 38.46/day - Employed as : Manuring - Working hours : 05.30 am – 01. 30 pm - Based on CHRAR, the assessor doesn't recommend manuring to do surveillance medical check-up. - Sighted Kamala payment for January – May 2017 <p><u>Allagar Estate</u></p> <p>5. Mr Mohammad Amir Hossein</p> <ul style="list-style-type: none"> - Origin : Bangladesh - Passport No. AE9824932 - Employed as : Harvester - Contract period : 5 years - Wage : RM 38.46/day - Working hours : 5.30 am – 1.30 pm (8 working hours) - Sighted payment slip for January – May 2016, <p>6. Ms Maheran Bt Omar</p> <ul style="list-style-type: none"> - Origin : Malaysia - Employee No 0554H - Minimum wage : RM 38.46/day - Employed as : General worker - Working hours : 05.30 am – 01. 30 pm
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		<ul style="list-style-type: none"> - Sighted Maheran payment for January – March 2016, all payments are above minimum wage. <p><u>Kuala Kangsar Estate</u></p> <p>7. Mr Ramli</p> <ul style="list-style-type: none"> - Origin : Malaysia - Employee no: 2673B - Employed as : Driver - Wage : RM 38.46/day - Working hours : 5.30 am – 1.30 pm (8 working hours) - Sighted payment slip for May 2017 <p>8. Ms Norhayati</p> <ul style="list-style-type: none"> - Origin : Malaysia - Employee No : 2650E - Minimum wage : RM 38.46/day - Employed as : General Worker - Working hours : 05.30 am – 01. 30 pm - Sighted Norhayati payment for May 2017, all payments are above minimum wage. <p>Employment contracts are written in Malay and can be easily understood by workers. During the interview with harvesters, noted that they have understood the contract and also stated that the pay received is consistence with their contract. The contract also indicates working hours, minimum wage and calculation on overtime payment and working on holiday.</p> <p>The company has provided workers provided with sufficient basic facilities, appropriate accommodation and good welfare. This was verified through interview held with workers at housing complex during site visit. Interviewed Mr. Venkatesan from the Mill, Mr. Angur Mia from Changkat Chermin Estate and also during stakeholder consultations.</p>
ASA 4	6.6	<p>The company has established and publicly displayed “The Right of Freedom Association of Employees” policy. This policy has been incorporated this into KLK Sustainability policy in clause 3.2(v) Freedom of Association and Right to Collective Bargaining since 01/12/2014 which is also publicly available from the company website.</p> <p>Workers union is present in mill and estates and has regular meetings with the management. At mill sighted minutes meeting for National Union of Plantation Worker (NUPW) with Management of the mill. The meeting which was held on 02/06/2017 in KKSCC Meeting room was attended by Mill Manager Mr Mohd Hadzri Mill Manager with the Chairman of NUPW Mr Sugumaran.</p>
ASA 4	6.7	<p>The company has implemented minimum age requirement of 18 years, which stated in the policy of “Child Employees” as well as in the KLK Sustainability policy under paragraph “3.2 (ii) No Child Labour”. The implementation of the policy was verified through interview with workers and staff and document review which confirmed that no one below 18 years is employed. The youngest worker employed in Changkat Chermin Estate is Mr. Muhamad Haridin Jayadi aged 20, Mr. Kaviarasan A/L Subramaniam aged 18 worked as Bunch Counter at Allagar Estate and Mr Azwan bin Zamron aged 21 worked as Task Inspector at Kuala Kangsar Estate.</p>
ASA 4	6.8	<p>The company has policy on equal opportunities which is publicly displayed in office and as well as in outside notice boards. Since 01/12/2014, the policy incorporated in KLK Sustainable policy in clause 3(ix) as “Equal Employment</p>

		<p>Opportunities” which is available for publicly through company website.</p> <p>The company’s recruitment, selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness for the jobs available. There are no bias or discrimination practices sighted. Interview held with member mill’s women committee chairwomen Ms Zulina and as well as the committee meeting minutes dated 07/07/2017 also has stated there is no discrimination against women in the company. Women committee Chairman for Changkat Chermin Estate is Pn Faridah and Ms. Logeswari for Allagar Estate.</p>
ASA 4	6.9	<p>Policy on reproductive right is incorporated in company’s “Sexual harassment and Violence Policy” which has been communicated through gender committee meeting. There is no restriction on reproductive rights as sighted in KLK sexual harassment and violence policy. Gender committee has been established in the mill and estates and committee meeting conducted thrice a year. The last meeting for the mill female workers was held on 23/05/2017 which was attended by 4 members. The meeting minutes shows sexual harassment been discussed during in meeting. The company also has complaint and grievance procedure to address any issues pertaining to sexual harassment or violence.</p> <p>At Changkat Chermin Estate, sports activity was held to enhance a better relationship among women committee members as sighted in the gender committee meeting minutes. Meanwhile in Kuala Kangsar Estate 64 female employees had undergone pap smear check-up or other medical consultation during a program conducted by Women Committee in collaborated with nearby clinics.</p>
ASA 4	6.10	<p>There is no smallholder attached to the Changkat Chermin Mill or its supply bases. The mill does not receive FFB from outside plantation. There is no smallholder scheme. However the company has SOP on FFB pricing mechanism in SOP No 17 dated 01/06/ 2015.</p>
ASA 4	6.11	<p>Mill and estates develop CSR programs based on need identified during stakeholder meeting and request made by stakeholder on ad-hoc basis. CSR program sighted includes contributions made to women committee for Zumba competition by the mill, upgrading Muslim Prayer house (Surau) which was completed in July 2016 for Changkat Chermin Estate, a donation of RM500 provided to school (SJKT) for annual sports event by Allagar Estate as well as widening of tar road in front of the school to ease the movement of vehicles while parents fetching their children. At Kuala Kangsar Estate sighted record of donation RM500 to given for temple activities.</p>
ASA 4	6.12	<p>KLK Sustainability Policy strictly prohibits use of forced or trafficked labour under paragraph 3.2 “(i) No Forced or Bonded Labour”. During the audit observed that foreign workers has legal passport and legal work permit legal documents sighted for mill worker Mr Venkatesan from India, Mr. Md Sahazul Islam from Changkat Chermin Estate who is from Bangladesh and Mr. Mohammad Amir Hossein from Allagar Estate who is also from Bangladesh. There is no evidence contract substitution has occurred based on the interviews held with the foreign workers.</p>
ASA 4	6.13	<p>The company has incorporated its human rights policy into KLK Sustainability policy in clause 3 dated 01/12/2014 signed by the Chief Executive Officer, Tan Sri Dato’ Seri Lee Oi Hian. The policy document in Clause 3 state that “KLK respects, supports and upholds fundamental human rights, and does not engage in discrimination based on race, religion or gender.”</p>
Principle 7: Responsible Development of New Plantings		
Criterion by	Summary	There is no new planting carried out on the units sampled.

Audit		
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 4	8.1	<p>Continuous improvement plans are developed based on SOP 16 Continuous Improvement Plan dated 01 June 2015. Sighted Continuous improvement plan (CIP) mill and estates for year 2016/2017. Mill's CIP is focused on improvement on environmental and social. For example it has planned to embark on building biogas plant for which will minimize GHG emission. The mill has targeted to do start the project on December 2017 while waiting approval from HQ. On the other hand it also continuously maintaining the roads from mill to Ayer Tawar as one of its CSR project.</p> <p>Mill has waste reduction plan prepared by assistant mill manager Mr. Chia Boon Huat. The waste reduction plan stated types of waste, sources of waste and mitigation measures. For example, Plastic sources from Mill Quarters and store and their mitigation to reuse and dispose to DOE approved contractor for recycle. The waste reduction plan stated types of waste, sources of waste and mitigation measures. For example, Plastic sources from Mill Quarters and store and their mitigation to reuse and dispose to DOE approved contractor for recycle.</p> <p>Mill also has plan to increase the yield for supply base estate by using the nutrient recycling strategy. Application of POME, decanter cake, Boiler Ash, Soil Belt soil press and EFB.</p> <p>Continuous improvement plan estates reduction in use of pesticides, waste reduction, environmental and social improvements. Some of the improvement plans sighted at estates include plans to construct new concrete bridges, new multipurpose carts for buffalo harvesting, to repaint the office building, to construct new schedule waste store, to develop passport deposit box and to establish green box project. Following plans have been implemented as of this audit period.</p> <ul style="list-style-type: none"> • New multipurpose court has been constructed in May 2017 • New schedule waste store has been constructed in April 2017 • Passport deposit box have been established in March 2017. • Training for waste reduction has been carried out on 14th June 2017 <p>Yield improvement sighted for Changkat Cermin and EFB application is one of the plan for yield improvement as per recommended by the KLK agronomist. EFB application program sighted for year 2016/2017 for every block.</p> <p>The records of EFB application sighted during the audit. Total 5137mt of EFB have been applied for year 2016 and 11,715mt for year 2017. Included in yield improvement plan is by to improve the systems of mechanized harvesting CANTAS and assisted buffaloes harvesting by increase the productivity.</p> <p>Chemical reduction plan by estate is to do spraying calibration. Calibration has been carried out 23rd May 2016 by calculating the litres of chemical per ha. Results of the calibration also sighted during the audit.</p>

		Waste reduction program sighted during the audit title Identification of all waste products and operational plan to reduce pollution year 2017. Mitigation measure for each types of waste product has been identified in the plan. The source of pollution also has been identified and person responsible have been appointed. The waste reduction plan has been prepared by Mr Muhd Aznar Ramzan. Example empty fertilisers bags need to be kept in store and reuse in field and the person in charge is Mr Ruban and Iskandar and need to be carried daily.
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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

Following one minor NC was raised for this audit.

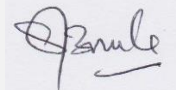
NC number:	01/2017		
Client name:	KLK Changkat Chermin POM		
Date raised:	07/07/2017		
Major or Minor:	Minor	Site :	Changkat Chermin POM
Raised by:	Baskaran Sankaran	Deadline :	Next audit
Aspect of standard:			
4.1.2 A mechanism to check consistent implementation of procedures shall be in place.			
Evidence of non-conformity:			
Stated in the safe uses and storage of agrochemical/chemical procedure dated 1st June 2015 that mill need to ensure that proper housekeeping is carried out to avoid cross contamination and accident. Sample of inspection checklist have been attached with the procedure for the mill references.			
However, during the site visit at the chemical store, lubricant store and schedule waste store of Changkat Chermin Mill, the actual conditions is vice versa with the checklist. The housekeeping is not in good condition and unused metals are scattered everywhere that can lead of contaminations and accident.			
			
Lead Assessor signature:			
Date: 07/07/2017			
Root Cause Analysis and extent: (To be filled by Auditee)			
Corrective/Preventive Actions: (To be filled by Auditee)			

Evidence of Conformity:	
Review of evidences submitted to CUC:	
Conclusion by CUC:	
NC Status: Yes <input type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input type="checkbox"/>	
Lead Assessor signature:	Date:

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

The following one minor NC was raised during the last audit and the status was reviewed as indicated below.

NC number:	01/2016
Client name:	KLK Changkat Chermin Complex – Palm Oil Mill
Date raised:	14/07/2016
Major or Minor:	Minor
Raised by:	Mahaswaran Maliyapan
Aspect of standard:	
4.1.2 A mechanism to check consistent implementation of procedures shall be in place.	
Evidence of non-conformity:	
During the audit process, the auditee was not able to demonstrate some of the HIRARC documents to the audit team as the pages were found missed placed. This has raised concern for the auditor on the mechanism to check the consistent implementation of OHS procedures. It was also known to the audit team, there was incomplete handover process of resigned staff to on-board staff.	
Root Cause Analysis and extent: (To be filled by Auditee)	
The person in charge, Mr Soo has resigned. New assistant who just transferred to the mill is not familiar with the filing system and so not able to find out the HIRARC documents during time of audit.	
Corrective/Preventive Actions: (To be filled by Auditee)	
<ul style="list-style-type: none"> • Immediately train up at least the executive and office staff on the documentation system. Training was conducted by Mill Manager and record was available. • HIRARC will be reviewed together with OSH Department yearly and document it properly. 	
Review of evidences submitted to CUC:	
1. Sighted records of OSH document training conducted on 22/07/2016 by Mill Manager for those	

<p>involved in Mill's OSH programme.</p> <ol style="list-style-type: none"> 2. Sighted latest review for the mill HIRARC done on 01/04/2017. Noted all the HIRARC assessment records are in place and in order. 3. Sighted Safety and Health Committee meeting minutes dated 01/04/2017. The HIRAC has been reviewed during the meeting as per the meeting minutes record. 4. Sighted training record for OSH training conducted for the Mill Assistant Mr Chia Boon Huat on 02/05/2017 by the Mill Manager Mr Hadri. 5. Interviewed Mr Chia Boon Huat during the audit on OSH & HIRARC, found the he is well aware HIRACR and OSH Requiremts. 	
<p>Conclusion by CUC: This NC is CLOSED as correction and corrective action taken found to be effective as no repetition of the same issue.</p>	
<p>Lead Assessor signature:</p> 	<p>Date: 07/07/2017</p>

4.3.3 Observations Raised During this Audit

None were raised

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

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

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

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

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

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

11. Do you have any comments about the assessment team and would you like to meet with them?
12. Do you have any comments for the client's management of any other plantations?

RSPO Principle	Stakeholder comment	CUC response
1 Commitment to transparency	<p>This stakeholder comments are including all 8 main principles complied with RSPO Principles & Criteria. Below are the cited responses gained during 3 separate consultations held:</p> <p>KUALA KANGSAR ESTATE Date: 3rd July 2017 Stakeholder comments:</p> <ul style="list-style-type: none"> The estate management is transparent and systematic in agreement and payment All the payment are done timely and no delays. Current management of KLK Kuala Kangsar is very cooperative with the local shopkeepers. All the worker purchase in the shop based on cash and some are on credit basis but so far shopkeeper has no issues. The company contributes donation to school conduct activities for pupils and the estate management have been very cooperative when help is sought The company pays workers salary on timely manner. Any complaint or difficulties voice out by employee receive fast response and action from the company. <p>Management response to specific comments: Estate Management response/feedback was obtained by the auditor for some of the stakeholders' requests. Following are the details.</p> <ul style="list-style-type: none"> There are cases of speeding motorbikes incident within estate roads which reported to Estate's auxiliary police and also have lodged report with police, but so far there is no significant effect, which may accidents within estate compound as outsiders using estate road as shoer cut to get into near buy PLUS Highway. The management will follow up with their Auxiliary Police and local police for feedback and action. The management will also follow up with PLUS Highway Personnel on locking the gate entrance. Tunnel tar road beneath the Plus highway need to be recoated to prevent accident when parents send and fetch their kids from school. According to the estate management recoating work is done and will follow up with MPKK/JKR for further action in future. The school's has made previously request for 3 acres of land to develop as school children 	Most of the comments are positive in nature and there is no comments that required follow up.
2 Compliance with applicable laws and regulations		
3 Commitment to long-term economic and financial viability		
4 Use of appropriate best practices by growers and millers		
5 Environmental responsibility and conservation of natural resources and biodiversity		
6 Responsible consideration of employees, and of individuals and communities affected by growers and mills		
7 Responsible development of new plantngs		
8 Commitment to continuous improvement in key areas of activities		

	<p>playground and school field for sports activities. Requested estate management to speed up their application. The management replied that the request has been approved. Pending on leasing agreement from HO level. Clearing and land preparation is under school custody.</p> <p>ALLAGAR ESTATE Date: 4th July 2017 Stakeholder comments:</p> <ul style="list-style-type: none"> • The company has been really helpful and cooperative on any issue brought to the attention of the estate management. • The school has been receiving annual donation consistently from the estate to conduct school activities. • The zinc and glass of the coffee shop had been replaced by the company and make the coffee shop more presentable. • There is action taken based on last year stakeholder meeting regards request to drop gate closing time at 6pm. There are no difficulties to bypass the estate road to access to their own farm during the working period. • Nearby smallholders really satisfied and happy with the cooperation given by the estate management. • The company settles all payment on time. • All the complaint or difficulties voice out by supplier handled with understanding manner and fast response action <p>Management response to specific comments: Estate Management response/feedback was obtained by the auditor for some of the stakeholders' requests. Following are the details.</p> <ul style="list-style-type: none"> • To the complaint on incidents of intrusion of wild boars from nearby jungle into school compound has caused damages to pupil's playground field by the school Estate management has agreed to replace the damaged school fence with new fence as estates's CSR programme, which will solve the wild boar issue. <p>CHANGKAT CHERMIN ESTATE & POM Date: 5th July 2017 Stakeholder comments:</p> <ul style="list-style-type: none"> • The company are giving opportunity to the locals from Kg Changkat Chermin to work and been given the adequate welfare • There is no estate operation or activities which trigger social issues to the villagers. 	
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	<ul style="list-style-type: none"> • Current management of KLK Changkat Chermin Estate is very cooperative with the supplier and contractor • The payment of goods supplied or work done is paid on time • All the complaint or difficulties voiced out by nearby smallholder handled with proper manner and fast response action <p>Management response to specific comments: Estate Management response/feedback was obtained by the auditor for some of the stakeholders' requests. Following are the details.</p> <ul style="list-style-type: none"> • On the request to clear EFB drop on the road, the management replied that EFB contractors are responsible to clear any EFB fell off on the roads daily and the management is monitoring the situation regularly. • On the request to eradicate stray dogs number around estate housing area, the management replied stray dogs have decreased in the housing complex by after catching and placed them far away from the housing complex and will regularly monitor the stray dog's problem. • On the request on to have better control of Buffalo that used of FFB evacuation by estate as wondering buffaloes on the road may cause accidents. The management have taken action by placing these buffaloes after working hours far away from the main roads. 	
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PART 5: RSPO SUPPLY CHAIN CERTIFICATION

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

5.1 POM Included In The Scope Of The Audit

Name Palm Oil Mill	Mill Capacity	Location	Supply Chain Model
(POM)	MT/Hour	Address	(IP or MB)
KLK Changkat Chermin POM	60	Batu 13 ½, 32400 Ayer Tawar, Perak, Malaysia.	IP

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

Product CU Code	CPO (MT)	PK (MT)	Specified 12 month period
POM 1	47,672.43	10,521.88	Actual volumes between May 2016 to April 2017. See also 1.6 above.

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

Mill only receives FFB from its own estates and the actual quantities of 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. 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	May 2016	13,612.46	-	13,612.46
2	June 2016	19,637.14	-	19,637.14
3	July 2016	19,492.88	-	19,492.88
4	Aug 2016	18,099.45	-	18,099.45
5	Sept 2016	19,461.69	-	19,461.69
6	Oct 2016	14,932.14	-	14,932.14
7	Nov 2016	18,497.66	-	18,497.66
8	Dec 2016	18,793.41	-	18,793.41
9	Jan 2017	16,927.79	-	16,927.79
10	Feb 2017	17,575.76	-	17,575.76
11	Mar 2017	24,957.17	-	24,957.17
12	April 2017	25,485.92	-	25,485.92
TOTAL		227,473.47	-	227,473.47

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	May 2016	2,775.94	650.59
2	June 2016	4,182.92	867.73
3	July 2016	4,143.85	868.88
4	Aug 2016	3,903.29	814.77
5	Sept 2016	4,235.47	974.14
6	Oct 2016	3,312.87	744.32
7	Nov 2016	3,816.30	781.74
8	Dec 2016	3,890.15	765.11
9	Jan 2017	3,514.65	768.57
10	Feb 2017	3,577.65	826.84
11	Mar 2017	5,111.39	1,183.81
12	April 2017	5,207.95	1,275.38
TOTAL		47,672.43	10,521.88

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

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

No	Buyers Name	GreenPalm Trading No	Certified CPO (MT) Sold	Certified PK (MT) Sold
1	-	-	-	-

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

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

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

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

No	Buyers Name	UTZ eTrace Trading No	Certified CPO (MT) Sold	Certified PK (MT) Sold
1	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-5e488b6a-e2e1	600	-
2	Intercontinental Specialty Fats Sdn Bhd	TR-1ac311f1-178a	500	-
3	Intercontinental Specialty Fats Sdn Bhd	TR-6240c268-00d8	300	-
4	Intercontinental Specialty Fats Sdn Bhd	TR-1cdcaf59-cb42	400	-
5	Intercontinental Specialty Fats Sdn Bhd	TR-9305ea84-9e96	1,000	-
6	Intercontinental Specialty Fats Sdn Bhd	TR-0d492bed-5338	2,000	-
7	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-b4df516d-22cc	300	-
8	Cargill Palm Products Sdn Bhd	TR-4af5b81e-0918	98.57	-
9	Intercontinental Specialty Fats Sdn Bhd	TR-716d1d48-3c7a	500	-
10	Cargill Palm Products Sdn Bhd	TR-8d14ebab-e997	250	-
11	Unitata Berhad	TR-ea4d9b78-a86d	500	-
12	Cargill Palm Products Sdn Bhd	TR-d465923b-5772	250	-
13	Unitata Berhad	TR-316c03d8-79d7	500	-
14	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-f3daa011-f44a	200	-
15	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-66f0dc51-465f	200	-
16	Cargill Palm Products Sdn Bhd	TR-1785b23d-69bc	501.71	-
17	FELDA IFFCO SENDIRIAN BERHAD	TR-a845d00e-fa62	500.73	-
18	Intercontinental Specialty Fats Sdn Bhd	TR-9dd3ee17-0807	1,000	-
19	Intercontinental Specialty Fats Sdn Bhd	TR-8647af82-7254	500	-
20	Unitata Berhad	TR-a32e0c7c-e444	500	-
21	Unitata Berhad	TR-0cc54bb3-8c7f	500	-
22	Intercontinental Specialty Fats Sdn Bhd	TR-ac5625b4-3c6f	500	-
23	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-6640be13-509a	150	-
24	Intercontinental Specialty Fats Sdn Bhd	TR-0777e4c4-48c1	500	-
25	Unitata Berhad	TR-f62c4cc4-48ae	500	-
26	Cargill Palm Products Sdn Bhd	TR-19cabb08-887a	503.2	-
27	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-62bb4942-4ba3	500	-
28	Unitata Berhad	TR-d91918bd-7093	500	-
29	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-4df58067-10bc	200	-
30	Unitata Berhad	TR-280884f8-3c9f	200	-
31	Intercontinental Specialty Fats Sdn Bhd	TR-7f3aabce-d82f	200	-
32	Intercontinental Specialty Fats Sdn Bhd	TR-9989e709-b937	500	-
33	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-8b925386-aedc	300	-
34	Intercontinental Specialty Fats Sdn Bhd	TR-23fdd173-0d30	500	-
35	Unitata Berhad	TR-11419b83-cfda	503.34	-
36	Intercontinental Specialty Fats Sdn Bhd	TR-1f81f017-05c5	500	-
37	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-8d6067a4-d436	300	-
38	Unitata Berhad	TR-d757af9e-3270	500	-
39	Intercontinental Specialty Fats Sdn Bhd	TR-7319f681-c7e4	500	-
40	Unitata Berhad	TR-9c770ff2-a3b5	700	-
41	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-c4557bc3-83dd	500	-
42	Intercontinental Specialty Fats Sdn Bhd	TR-cf1b2088-73cd	200	-
43	Intercontinental Specialty Fats Sdn Bhd	TR-199517dc-65a9	800	-
44	FELDA IFFCO SENDIRIAN BERHAD	TR-7647842f-bb56	500	-
45	FELDA IFFCO SENDIRIAN BERHAD	TR-f924301b-ae8f	500	-
46	Intercontinental Specialty Fats Sdn Bhd	TR-5d465234-2309	1,000	-
47	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-5e0fca8a-cf70	100	-

48	Intercontinental Specialty Fats Sdn Bhd	TR-ee1e6c86-be71	200	-
49	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-12e6dfe8-e9eb	400	-
50	Cargill Palm Products Sdn Bhd	TR-19f62993-556d	499.51	-
51	Intercontinental Specialty Fats Sdn Bhd	TR-4d24cb2b-22d6	2,000	-
52	Kuala Lumpur Kepong Berhad / KLK Oleo	TR-a401290e-37a8	500	-
53	Intercontinental Specialty Fats Sdn Bhd	TR-3276f845-e305	2,000	-
54	Intercontinental Specialty Fats Sdn Bhd	TR-4f8c2e3b-9609	200	-
55	Intercontinental Specialty Fats Sdn Bhd	TR-a432443f-d386	500	-
56	Intercontinental Specialty Fats Sdn Bhd	TR-484634e1-56ac	500	-
57	Intercontinental Specialty Fats Sdn Bhd	TR-03d95e2e-9a62	1,000	-
58	Intercontinental Specialty Fats Sdn Bhd	TR-7041f4fa-c2de	2,000	-
59	Intercontinental Specialty Fats Sdn Bhd	TR-a550629a-2d2b	2,000	-
60	Intercontinental Specialty Fats Sdn Bhd	TR-eb78b9af-957b	1,000	-
61	Intercontinental Specialty Fats Sdn Bhd	TR-7876cec4-5179	500	-
62	Unitata Berhad	TR-b5b20226-b686	200.51	-
63	Intercontinental Specialty Fats Sdn Bhd	TR-e5c3aa7e-6de7	2,000	-
64	Intercontinental Specialty Fats Sdn Bhd	TR-33d4ac65-2627	200	-
65	Intercontinental Specialty Fats Sdn Bhd	TR-aa9f40a8-b097	250	-
66	Intercontinental Specialty Fats Sdn Bhd	TR-2a594fc7-1041	500	-
67	Intercontinental Specialty Fats Sdn Bhd	TR-c782998f-c8c2	1,000	-
68	FELDA IFFCO SENDIRIAN BERHAD	TR-4f2842fc-7a96	100	-
69	FELDA IFFCO SENDIRIAN BERHAD	TR-26eddde3-b60b	180	-
70	Intercontinental Specialty Fats Sdn Bhd	TR-81fe52ce-23b7	1,000	-
71	FELDA IFFCO SENDIRIAN BERHAD	TR-10721c82-8c0d	250	-
72	Intercontinental Specialty Fats Sdn Bhd	TR-26c565e5-6cc2	1,000	-
73	Unitata Berhad	TR-6cb45ed4-5fb5	100	-
74	Unitata Berhad	TR-43bcab21-8de3	400.96	-
75	Intercontinental Specialty Fats Sdn Bhd	TR-b18fd692-a482	500	-
76	Intercontinental Specialty Fats Sdn Bhd	TR-3fb1be08-a264	100	-
77	Intercontinental Specialty Fats Sdn Bhd	TR-f459342b-cd05	150	-
78	Intercontinental Specialty Fats Sdn Bhd	TR-a93062eb-538e	500	-
79	Intercontinental Specialty Fats Sdn Bhd	TR-ac562a7b-56ed	1,000	-
80	Intercontinental Specialty Fats Sdn Bhd	TR-de3307ae-0944	1,000	-
81	Intercontinental Specialty Fats Sdn Bhd	TR-bdbc27a8-5399	1,000	-
82	Intercontinental Specialty Fats Sdn Bhd	TR-34239a51-3da9	500	-
83	Intercontinental Specialty Fats Sdn Bhd	TR-99a60f66-1172	100	-
84	Intercontinental Specialty Fats Sdn Bhd	TR-19a2da13-1a7a	500	-
85	Intercontinental Specialty Fats Sdn Bhd	TR-6f289a69-c156	100	-
86	Intercontinental Specialty Fats Sdn Bhd	TR-0c4256cb-b91b	100	-
87	Intercontinental Specialty Fats Sdn Bhd	TR-2ab0f3bd-1dfa	200	-
88	Intercontinental Specialty Fats Sdn Bhd	TR-5dd5771a-471d	500	-
89	Sang Kee Edible Oils Sdn Bhd	TR-88fa4229-0688	200	-
90	Sang Kee Edible Oils Sdn Bhd	TR-e54db587-8e01	200	-
91	Intercontinental Specialty Fats Sdn Bhd	TR-75957da3-3dde	500	-
92	Mewah Oils Sdn Bhd	TR-95cd094a-0588	210.46	-

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

<p>of the corrective and/or preventive actions taken before closing out the non-conformances.</p> <p>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 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.</p> <p>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.</p>
<p>Non-were raised during this audit.</p>

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

The mill has good system for tracking the movement of RSPO SCC products. Since there is no outside crops receive by this mill, therefore segregation of certified and non-certified products not applicable. There is no mill activity outsourced. The existing documents for mill processing [receiving, dispatch, quality and inventory control] are sufficient to demonstrate the compliance level. Mill Assistant Manager Mr. Chia Boon Huat is the person having overall responsibility for and authority of the implementation RSPO SCC requirements as evident in from official appointment letter dated 02/05/2017 issued by Mill Senior Manager Mr. Mohd. Hadzri Bin Arsad. Interview with Mr. Chia Boon Huat indicates that he is well aware of SCCS requirements.

No external supply base applicable as the mill only receives FFB from its own certified supply bases. Summary of weighbridge is available on monthly basis. SOP-18 dated on 01/06/2015 mentioned of the processes of receiving, processing storing and despatching. Sighted SOP-18 also outlined the traceability on non-conformity handling. Verified delivery order, receiving and dispatch slips, notice paper and weighbridge tickets that effectively carries the information of applicable RSPO SCC model. The annual training program seen covers the RSPO SCC awareness program for middle management staff but for entire mill processes.

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

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

PART 6: CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

6.1 Date of next ASA

The provisional date for the next ASA is:	June 2018
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6.2 Date for Closure of Non-Conformities


See sections above for details of NC's, if any	
• All major NCs to be closed by:	N/A as there is no major NC
• 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:	20/8/2017	

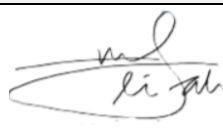
6.4 Signing by the Lead Auditor

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:	Baskaran Sankaran	
Position:	Lead Auditor	
Date:	07/07/2017	

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:	05/09/2017	

PART 7: APPENDICIES

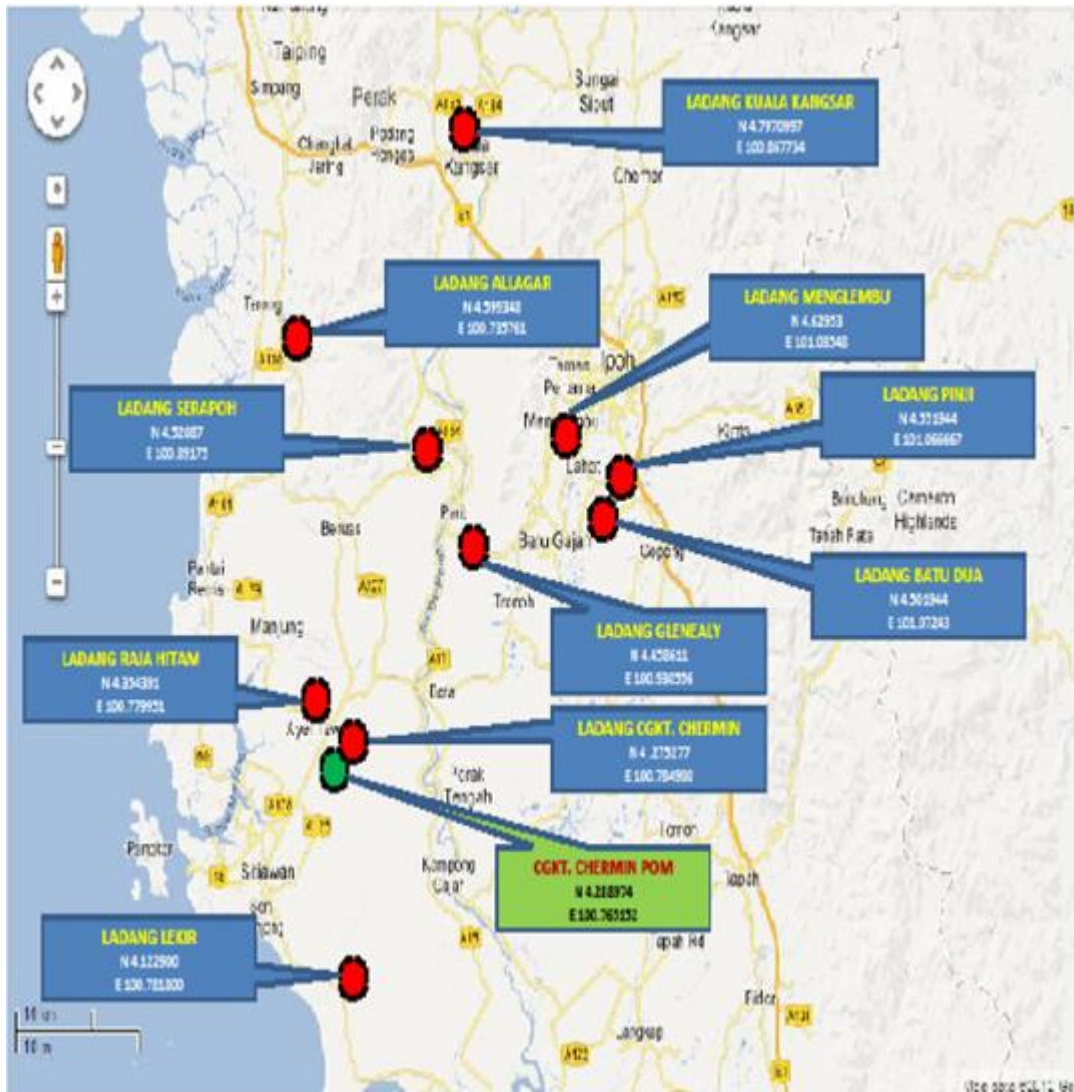
Appendix 1: Location Map for this Certification Unit

From 1.9, the location map(s)

CHANGKAT CHERMIN PALM OIL MILL LOCATION



LOCATION FFB CONTRIBUTING ESTATES TO CHANGKAT CHERMIN MILL



Appendix 2: Summary of GHG Emissions

All data inputs and the use of RSPO PalmGHG Calculator (3.0) have been verified with the final summary of the net GHG emissions (tCO₂e/tCPO) figure in relation to C5.6

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

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

Summary of Net GHG Emissions

Emissions per Product	tCO ₂ e/tProduct
CPO	0.97
PK	0.97

Extraction	%
OER	21.46
KER	4.56

Production	t/yr
FFB processed	203550.66
CPO Produced	43674.37

Land use	ha
OP planted area	12978.00
OP planted on peat	0.00
Conservation (forested)	0.00
Conservation (non-forested)	12.00
Total	12990.00

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	0.48	98708.89					0.48	98708.89
*CO ₂ Emissions from Fertiliser	0.09	18031.31					0.09	18031.31
**N ₂ O Emissions	0.06	12013.98					0.06	12013.98
Fuel Consumption	0.01	1073.37					0.01	1073.37
Peat Oxidation	0	0.00					0	0.00
Sinks								
Crop Sequestration	-0.56	-113080.36					-0.56	-113080.36
Conservation Sequestration	0.00	0					0.00	0
Total	0.08	16747.19					0.08	16747.19

Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB
Emissions	-	
POME	34394.2	0.17
Fuel Consumption	98.94	0.00
Grid Electricity Utilisation	0.67	0.00
Credits	-	
Export of Grid Electricity	0.00	0.00
Sales of PKS	0.00	0.00
Sales of EFB	0.00	0.00
Total	34493.81	0.17

Palm Oil Mill Effluent (POME) Treatment

Divert to compost	0.00%
Divert to anaerobic digestion	100.00%

POME Diverted to Anaerobic Digestion:

Divert to anaerobic pond	100.00%
Divert to methane capture (flaring)	0.00%
Divert to methane capture (electricity generation)	0.00%

Appendix 3: GHG assessment for new plantings

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

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

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