

RSPO PRINCIPLES & CRITERIA

PUBLIC SUMMARY REPORT

ANNUAL SURVEILLANCE ASSESSMENT 3

Malaysia
KLK Kuala Pertang POM
KLK Berhad
2017

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

Control Union Certifications	
<p>Control Union Certifications is a member of the Control Union World Group - an international inspection and certification body. CUC performs assessments and certification in many agricultural based fields such as FSC, RSPO, and Organic production, Sustainable Textile Production, Organic Exchange, GLOBALGAP, HACCP, BRC, GMP and GTP.</p> <p>Control Union Malaysia Sdn Bhd is accredited for RSPO (ASI-ACC-069) for the scope of P&C (Single Site & Group) and SCCS worldwide. When requested, a copy of the accreditation certificate can be obtained from CUC.</p> <p>Control Union (Malaysia) Sdn Bhd is a registered affiliate member of RSPO and is a private limited company owned by the Control Union World Group based in Malaysia. Control Union (Malaysia) Sdn Bhd is authorized to conduct and issue certification on behalf of RSPO and Control Union Certifications.</p>	
RSPO Membership Number	8-0025-06-000-00
RSPO Approval Date	12/01/2006
Affiliate Membership	http://www.rspo.org/en/member/339

Table of Contents

PART 1: SCOPE OF THE CERTIFICATION ASSESSMENT AUDIT	4
1.1 COMPANY AND CONTACT DETAILS	4
1.2 RSPO MEMBERSHIP & CERTIFICATION DETAILS	4
1.3 ANNUAL SURVEILLANCE ASSESSMENT DETAILS	ERROR! BOOKMARK NOT DEFINED.
1.4 ASSESSMENT TYPE	4
1.5 LOCATION OF THE PALM OIL MILL	4
1.6 PALM OIL MILL OUTPUT AND APPROXIMATE TONNAGES CERTIFIED	4
1.7 GENERAL DESCRIPTION OF SUPPLY BASE	5
1.7.1 Location of the Supply Base	5
1.7.2 Statistics of the Supply Base and Estimated Tonnes of FFB produced per year	5
1.7.3 Conservation and HCV Area (Ha)	6
1.7.4 Percentage of Planted Oil Palm by different Age Ranges	6
1.7.5 Calculation of the Number of Production Units (N) to Sample for the Mill	6
1.8 PROGRESS OF ASSOCIATED SMALLHOLDERS OR OUT-GROWERS, IF APPLICABLE TO THIS ASSESSMENT	6
1.9 LOCATION MAP FOR THIS CERTIFICATION UNIT (SEE APPENDIX 1)	6
PART 2: PARTIAL CERTIFICATION	7
2.1 MANAGEMENT STRUCTURE	7
2.2 NON-COMPLIANCE IDENTIFIED WITH 2.1 ABOVE	7
2.3 SUMMARY OF THE TIME BOUND PLAN	7
2.4 UN-CERTIFIED UNITS OR HOLDINGS	9
2.5 SUMMARY OF THE FINDINGS FOR PARTIAL CERTIFICATION	14
2.6 PARTIAL CERTIFICATION AUDIT AGENDA	15
PART 3: AUDIT PROCESS	16
3.1 ABOUT THE CERTIFICATION BODY	16
3.2 AUDIT TEAM	16
3.2.1 Qualifications of the Lead Auditor	16
3.2.2 Qualifications of the Assessment Team	17
3.3 AUDIT METHODOLOGY	20
3.3.1 General Overview	20
3.3.2 Assessment agenda for this Audit	20
PART 4 ASSESSMENT FINDINGS	22
4.1 LEAD ASSESSOR'S SUMMARY AND RECOMMENDATION FOR CERTIFICATION	22
4.2 SUMMARY OF THE FINDINGS BY PRINCIPLES AND CRITERIA	23
Principle 1: Commitment to Transparency	23
Principle 2: Compliance with Applicable Laws and Regulations	24
Principle 3: Commitment to Long-Term Economic and Financial Viability	25
Principle 4: Use of Appropriate Best Practices by Growers and Millers	27
Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity	38
Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers	43
Principle 7: Responsible Development of New Plantings	47
Principle 8: Commitment to Continuous Improvement in Key Areas of Activity	48
4.3 NON-CONFORMITY RAISED DURING THIS AUDIT AND ANY FROM THE PREVIOUS YEAR, IF APPLICABLE	49
4.3.1 Non-Conformities Identified during this Audit	50
4.3.2 Non-Conformity Identified during the last ASA, not applicable for MA	53
4.3.3 Observations Raised During this Audit	60
4.4 ISSUES THAT WERE RAISED DURING THE STAKEHOLDER CONSULTATION, IF ANY	61
PART 5: RSPO SUPPLY CHAIN CERTIFICATION	64

5.1	POM INCLUDED IN THE SCOPE OF THE AUDIT	65
5.2	CONFIRMATION OF THE COMPANY'S SUMMARY OF ANNUAL CERTIFIED VOLUME OF RSPO CERTIFIED PALM OIL AND PALM KERNEL OVER A SPECIFIED PERIOD	65
5.3	SUMMARY REPORT INCLUDING A BRIEF DESCRIPTION OF THE SCOPE OF CERTIFICATION	65
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.	65
5.5	MONTHLY RECORDS OF CERTIFIED CPO AND PK SINCE THE LAST AUDIT.....	65
5.6	RECORDS OF CERTIFIED CPO & PK SOLD UNDER GREENPLAM TO BUYERS SINCE THE LAST AUDIT, IF ANY ...	66
5.7	RECORDS OF CERTIFIED CPO & PK SOLD UNDER UTZ eTRACE TO BUYERS SINCE THE LAST AUDIT, IF ANY ...	66
5.8	NON-CONFORMITIES IDENTIFIED DURING THIS AUDIT	69
5.9	DESCRIPTION OF THE ORGANIZATIONAL MANAGEMENT SYSTEMS	71
5.10	FINAL CERTIFICATION DECISION BY CONTROL UNION FOR THE RSPO SCCS AUDIT OF THE POM	71
PART 6: CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY		72
6.1	DATE OF NEXT ASA	72
6.2	DATE FOR CLOSURE OF NON-CONFORMITIES	72
6.3	SIGNING BY THE CLIENT	72
6.4	SIGNING BY THE LEAD AUDITOR	72
6.5	SIGNING BY THE CERTIFIER	72
PART 7: APPENDICIES		73
APPENDIX 1: LOCATION MAP FOR THIS CERTIFICATION UNIT		73
APPENDIX 2: SUMMARY OF GHG EMISSIONS.....		76
APPENDIX 3: GHG ASSESSMENT FOR NEW PLANTINGS		77
APPENDIX 4: LIST OF ABBREVIATIONS		78
APPENDIX 5: LIST OF STAKEHOLDERS.....		ERROR! BOOKMARK NOT DEFINED.

PART 1: SCOPE OF THE CERTIFICATION ASSESSMENT AUDIT

1.1 Company and Contact Details

Company Name:	Kuala Lumpur Kepong Berhad
Business Address:	1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak.
Contact Person:	Mr. Sin Chuan Eng
Office Telephone:	+605 2417844
E-Mail:	ce.sin@klk.com.my
Web Site:	www.klk.com.my
Other Certifications Held:	RSPO SCCS, ISCC

1.2 RSPO Membership & Certification Details

RSPO Membership Number:	1-0014-04-000-00
Registered Client Name:	Kuala Lumpur Kepong Berhad
Certificate Number:	CU-RSPO-848531
Start Date Of Certificate:	11-11-2016
End Date Of Certificate:	10-11-2019
Date Of Original Certification:	11-11-2014
Scope:	Certification of the Palm Oil Mill and Supply Bases
Type Of Certification:	Single site <input checked="" type="checkbox"/>
Duration Of Certificate:	5 Years from date of certification

1.3 Annual Surveillance Assessment Details

Dates Of This Audit:	24-28 Sep 2017
Audit Number:	ASA 3

1.4 Assessment Type

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

1.5 Location of the Palm Oil Mill

Name Palm Oil Mill (POM)	Mill Capacity MT/Hour	Location Address	GPS Reference	
			Longitude	Latitude
KLK Kuala Pertang POM	20	Kilang Kelapa Sawit Kuala Pertang, 18000 Kuala Krai, Kelantan.	102°14'17"E	5°37'23"N

1.6 Palm Oil Mill Output and Approximate Tonnages Certified

Figures below are from:

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

Projected Production from the last 12 Months (MT)			Actual Production for this Audit Year Sept 2016 – August 2017 (MT)			Projected 12 Months (MT) Forecast Volume in this Report Sept 2017 – August 2018		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
46,566	10,151	2,515	43505.66	9154.477	2171.184	43374	8851.24	2111.30

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

1.7 General Description of Supply Base

The mill receives approximately 76% of FFB from its own estates all certified for RSPO and 24% is from uncertified supply bases. This audit was carried out to ensure full compliance with RSPO requirement. The incoming and outgoing material [FFB, CPO & PK] are controlled by inventory computerised system.

1.7.1 Location of the Supply Base

OPP	Oil Palm Plantation	Location	GPS reference		Area Summary (Ha)	
	Name	Address	Longitude	Latitude	Total (Land Title)	Mature
OPP 1	Pasir Gajah Estate	Ladang Pasir Gajah, 18000, Kuala Krai, Kelantan	102°14'17"E	5°37'23"N	2107	1852
OPP 2	Kerilla Estate	Karung Berkunci 44, 17509 Tanah Merah, Kelantan	102°6'16.498 8" E	5°39'19.864 8" N	2176	651
OPP 3	Sungai Sokor Estate	17500 Tanah Merah, Kelantan.	102°6'18.01" E	5°41'3.83" N	1603	300
TOTAL					5886	2803

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

OPP	Oil Palm Plantation	Estimated FFB/Year (MT) Sept 2017 – Aug 2018	Planting Years	Cycle (Years)
OPP 1	Pasir Gajah Estate	27213	1994, 1997, 1998, 2000, 2001, 2003, 2004, 2005, 2006, 2008, 2009, 2010, 2011, 2012, 2014, 2015, 2016, 2017	25
OPP 2	Kerilla Estate	11061	2011, 2013, 2014, 2015, 2016	25
OPP 3	Sungai Sokor Estate	5100	1996, 2001, 2002, 2011, 2012, 2013, 2016	25
TOTAL		43374		

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

Independent FFB Supplier	Tonnage / Year		
	Estimated (Sep '16 to Aug '17)	Actual (Sep '16 to Aug '17)	Forecast (Sep '17 to Aug '18)
Bukit Belah Estate	1006	436.680	955
Everise Frontier (Smallholder)	120	188.400	112
Mengkebang Estate	8150	6208.420	7375
Sungei Tasan	4729	3637.870	3848
Yayasan Estate	379	162.110	305
Total		10633.48	12595

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	Pasir Gajah Estate	30	-	No
OPP 2	Kerilla Estate	2.2	19.8	No
OPP 3	Sungai Sokor Estate	0.2	40	No
TOTAL		32.4	59.8	

* 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					
	1996-2000	2001 -2005	2006 – 2010	2011 – 2015	2016-2020	Total
OPP 1	590 (32%)	307 (17%)	334 (18%)	228 (12%)	393 (21%)	1852 (100%)
OPP 2	74 (11%)	200 (31%)		257 (40%)	120 (18%)	651 (100%)
OPP 3				222 (74%)	78 (26%)	300 (100%)
Total	664	507	334	707	591	2803

1.7.5 Calculation of the Number of Production Units (N) to Sample for the Mill			
<p>$N = 0.8\sqrt{Y}$, where "Y" is the number of units, with the result always to be rounded "up" to the next whole integer. Where only a sample of the supply base is assessed, units not previously assessed, or assessed earlier in the certification program, are to be preferred over those more recently assessed</p>			
For the Mill, how many units make up the production base?			
Owned estates (Y)	$N = 0.8\sqrt{Y}$	Smallholders (Z)	$N = 0.8\sqrt{Z}$
3	2	-	-
Explanation as to the selection of estates sampled			
<p>No Additions to the sample is required as 2 estates are to be visited already with low risk sampling. Selected supply bases for this ASA3 is Sungei Sokor and Pasir Gajah. Sungei Sokor Estate is being selected to the sample as a result of NCs raised during the previous evaluation. Pasir Gajah as it was not in the sample last year.</p>			

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

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

PART 2: PARTIAL CERTIFICATION

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

2.1 Management Structure

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

2.2 Non-compliance Identified with 2.1 Above

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

2.3 Summary of the Time Bound Plan

Section	Requirement	Findings and any action required	Compliance
2.3.1	Does the plan include all subsidiaries, estates and mills?	The time bound plan does include of the subsidiaries, mills and estates owns by KLK. The Paloh Palm Oil Mill in Johor (currently running alternatively and under consideration on top management to shutdown) and Mill 1 in Sabah are not part of the time bound plan as it meant for out growers and smallholder group. The status is independent mill which is received 100% FFB from independent smallholders. This has been communicated with RSPO in 2015.	Yes
2.3.2	Is the time bound plan challenging?	The plan is achievable unless otherwise with unforeseen circumstances. The risk involves varies from:	Yes

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

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

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

TIME BOUND PLAN FORECAST FOR RSPO CERTIFICATION OF ALL PALM OIL MILLS & SUPPLY BASES						
s/n	Palm Oil Mill	Country	Supply Bases (estates, plantations, associations)	Area [Ha]	Targeted RSPO Certification Year	Current Certification Status as per this Audit
1	Batu Lintang	Kulim, Kedah, Malaysia	Pelam Estate*	2,960	2013	Certified
		Serdang, Kedah, Malaysia	Batu Lintang Estate* Buntar Estate	1,808 899		
		Batu Kurau, Perak Malaysia	Subur Estate	1,290		
2	Kekayaan	Paloh, Johor, Malaysia	Landak Estate Kekayaan Estate Paloh Estate	4,451 4,436 2,029	Oct 2011	Certified
		Tenang, Johor, Malaysia	Voules Estate* New Pogoh Estate*	2,969 1,545		
		Kulai, Johor, Malaysia	Fraser Estate	2,928		
		Bekok, Johor, Malaysia	Sg Bekok Estate	625		
		Pagoh, Johor, Malaysia	Ban Heng Estate	631		

		Renggam, Johor, Malaysia	See Sun Estate	589		
		Bandar Tenggara, Johor, Malaysia	Sg Penggeli Estate	942		
3	Jeram Padang	Bahau, Negeri Sembilan, Malaysia	Ayer Hitam Estate Jeram Padang Estate*	2,640 2,114	Sept 2012	Certified
		Telemong, Pahang, Malaysia	Renjok Estate* Tuan Estate*	1,578 1,353		
		Lanchang, Pahang, Malaysia	Sg Kawang Estate*	1,889		
		Rompin, Negeri Sembilan, Malaysia	Batang Jelai Estate*	2,148		
		Simpang Durian, Negeri Sembilan, Malaysia	Gunung Pertanian Estate*	686		
		Pedas, Negeri Sembilan, Malaysia	Ulu Pedas Estate*	922		
		Rantau, Negeri Sembilan, Malaysia	Kombok Estate*	1,915		
4	Tanjong Malim	Tanjung Malim, Perak, Malaysia	Changkat Asa Estate*	1,716	2013	Certified
		Kerling, Selangor, Malaysia	Kerling Estate*	619		
		Serendah, Selangor, Malaysia	Sg Gapi Estate	603		
5	Tuan Mee	Sungai Buloh, Selangor, Malaysia	Tuan Mee Estate	1,556	2013	Certified
6	Kuala Pertang	Kuala Krai, Kelantan, Malaysia	Pasir Gajah Estate	2,107	By 2014	Certified
		Tanah Merah, Kelantan, Malaysia	Kerilla Estate* Sg Sokor Estate*	2,176 1,603		
7	Mill 2	Tawau, Sabah, Malaysia	Pang Burong Estate Sri Kunak Estate Tundong Estate Ringlet Estate	2,548 2,770 2,155 1,834	March 2009	Certified
8	Pinang	Tawau, Sabah, Malaysia	Jatika Estate Sigalong Estate	3,508 2,864	March 2009	Certified

			Pangeran Estate	2,855		
			Pinang Estate	2,420		
9	Lungmanis	Lahad Datu, Sabah, Malaysia	Tungku Estate	3,418	July 2010	Certified
			Bukit Tabin Estate	2,916		
			Lungmanis Estate	1,656		
10	Rimmer	Lahad Datu, Sabah, Malaysia	Rimmer Estate	2,730	July 2010	Certified
			Sg. Sibalukan	2,654		
11	Bornion	Kinabatangan, Sabah, Malaysia	Bornion Estate	3,233	July 2010	Certified
			Segar Usaha Estate	2,792		
12	Changkat Chermin	Manjung, Perak, Malaysia	Lekir Estate	3,313	2013	Certified
			Changkat Chermin Estate	2,530		
		Parit, Perak, Malaysia	Glenealy Estate*	1,059		
		Padang Rengas, Perak, Malaysia	Serapoh Estate*	936		
		Trong, Perak, Malaysia	Kuala Kangsar Estate*	843		
			Allagar Estate	805		
13	Berau	Berau, Kaltim, Indonesia	Kebun Malindomas Perkebunan,	7,971	By 2017 2018 (Pending compensation process from RSPO)	Pending
			Kebun Hutan Hijau Mas,	[2006]		
			Kebun Anugrah Surya Mandiri	7,317		
				[2006]		
				2,682		
14	Jabontara	Berau, Kaltim, Indonesia	Kebun Jabontara Eka Karsa	14,086	By 2017	Audited in March
				[2007]		
15	Steelindo Wahana Perkasa	Belitung, Indonesia	Kebun Steelindo Wahana Perkasa	14,065	By 2013	Certified (2015)
16	Parit Sembada	Belitung, Indonesia	Kebun Parit Sembada	3,990	By 2015	Certified
			Kebun Alam Karya Sejahtera	2,336	By 2018 (Under review)	consignment note for
				[2009]		

					compensation)	
17	Mandau	Riau, Sumatera, Indonesia	Kebun Mandau*	14,799	Oct 2012	Certified
18	Nilo 1	Riau, Sumatera, Indonesia	Kebun Nilo Timur	12,860	By 2013	Certified (2014)
			Kebun Nilo Barat		By 2013	Certified (2014)
19	Nilo 2	Riau, Sumatera, Indonesia	Kebun Mutiara	1,400 [2005]	By 2018 (Stage 1 – pre-assessment done Feb 2017)	Pending
20	Tapung Kanan	Riau, Sumatera, Indonesia	Kebun Sekarbumi Alamlestari	6,200	By 2013	Certified
21	Stabat Mill (PT. Langkat Nusantara Kepong)	Langkat, Sumatera Utara, Indonesia	Kebun Basilam*	2,697 [2001]	By 2017	Certified on August
			Kebun Gohor Lama*	3,323 [1992]		
			Kebun Tanjung Beringin	3,936 [2000]		
		Langkat, Sumatera Utara, Indonesia	Kebun Padang Brahrang	1,949 [1979]	By 2017	Certified on August
			Kebun Bukit Lawang	1,377 [1995]		
			Kebun Tanjung Keliling	2,407 [2407]		
			Kebun Bekiun	2,979 [1984]		
			Kebun Maryke	2,704 [2007]		
22	MAP	Mentaya Hulu, Kalteng Indonesia	Kebun Karya Makmur Abadi	13,148 9397 Ha (HGU 73/HGU/KE M-ATR/BPN/2016 dated 28	By 2017	Pending

				Oct 2016) 3406 Ha (in progress of HGU) [2008]		
		Kebun Mulia Agro Permai, Baamang, Kalteng Indonesia	Kebun MAP	9,056 [2006]		
		Kebun Menteng Jaya Sawit Perdana, Mentaya Hilir, Kalteng Indonesia	Kebun Menteng Jaya Sawit Perdana	5,893 [2009]		
23	Equatorial Palm Oil	Palm Bay Estate	County Bassa	13,007 [2013]	2022	Pending
		Butaw Estate	Sinoe County	8,011 [2013]		

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

PT. Langkat Nusantara Kepong operates on the property owned by the joint venture partner, PT. Perkebunan Nusantara II.

With reference to time bound plan, the following issues were reviewed openly with the Control Union audit team during the assessment and which may be in conflict with the rules for partial certification, if applicable	
Name of Mill or Plantation	*Area of concern (See examples below)
N/A	N/A
Include any known concerns, media reports and major issues both present and from the past covering, for example: <ul style="list-style-type: none"> • Replacement of primary forest or any area containing HCV's since November 2005. • Evidence of non-compliance with the law • Legal issues • Compensation payments • Social relations • Burning • Labor disputes 	

2.5 Summary of the findings for Partial Certification

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

This 2017 verification was attended by Mr. Sin Chuan Eng and Ms. Lee Kuan Yee from the Sustainability Department. On behalf of CUC, Supun Sachithra Nigamuni [General Manager] Muhd Jamalul Arif [Scheme Coordinator], Nur Atiqah [Certifier], Mr. Izzat [Planner] were involved. The verification was found satisfactory with documented evidences of latest time bound plan, detail discussions on NPP and the challenges in meeting

the time bound plan. There were no non-conformities found, below is the status of land bank owned by KLK [certified and none].

Country	Region	Name of POM	Area [Ha]
Malaysia	Peninsular Malaysia	Batu Lintang	61,508
		Tanjung Malim	
		Kekayaan	
		Tuan Mee	
		Paloh	
		Changkat Chermin	
		Jeram Padang	
		Kuala Pertang	
	Sabah	Mill 1	40,353
		Mill 2	
		Rimmer	
		Bornion	
		Lungmanis	
	Indonesia	Kaltim	Berau
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
			27,751 (KMA)
Total			239,036

2.6 Partial Certification Audit Agenda

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

PART 3: AUDIT PROCESS

3.1 About the Certification Body

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

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

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

3.2 Audit Team

Lead auditor:	Supun Sachithra Nigamuni (Lead, P3, P7, SCC)
Team member 1:	Nor Ashikin Whayab (P4, 1)
Team member 2:	Fadly Ahmad (P5, 2)
Team member 3:	Nor Atiqah (P6, 8)
Team member 4:	Muhd Jamalul Arif (Senior Auditor/Observer)

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;	B.Sc. Special Degree in Forestry and Environmental Science with First Class Honours
At least 5 years professional experience in area of work relevant to the assessment (e.g., palm oil management; agriculture/forestry; ecology; social science);	A forestry and environmental specialist with 10 years' experience in compliance auditing, training, certification, program management, consultancy and environmental assessments.
Training in the practical application of the RSPO criteria, and RSPO certification systems;	Internal as well as external training. Former Scheme Coordinator for Roundtable on Sustainable Palm Oil (RSPO) certification activities for Control Union Certifications
Successfully completion of an ISO 9000:19011 lead auditors course;	ISO 14001:2004 Lead Auditor Training Course, Nov 2011 – TUVSA/LAEMS/2011/006/001 ISO 14001:2015 Auditor Transition Training Course, May 2016 – 3518 2091 03
Training in the practical application of RSPO certification systems.	Internal as well as external training. RSPO-endorsed RSPO Supply Chain Certification Lead Auditor Training Course, Oct 2016
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.	A senior auditor having International Auditing experience in 13 countries for Forest Management, Chain of Custody, RSPO P&C and SCC, ISO 14001, ISO 50001, GHG assessments and other environmental and social programs across many sectors.
RSPO endorsed P&C lead auditors course.	RSPO-endorsed RSPO P&C Lead Auditor Training Course, Aug 2017
Signed code of conduct.	Yes. Employee of Control Union since 2011
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.	Nor Ashikin Whayab	Involved in RSPO auditing since 2016. Graduated in Biochemical Engineering from Universiti Putra Malaysia. Successfully completed ISO 9001:2015 Lead auditor training, RSPO SCC and P&C Lead Auditor courses.
	Fadly Ahmad	Graduated in plantation and agriculture background. 5 years working experience in plantation. Successfully completed ISO 14001:2015 Lead auditor training. Qualified auditor for RSPO P&C for environmental and best practices criteria, Biomass verification and Organic certification.
	Nor Atiqah	Holds a Bachelor of Surveying Science and Geomatics (Honour). Involved in RSPO auditing since 2014. Successfully completed ISO 9001:2008 Lead auditor training, RSPO SCC and P&C Lead Auditor courses. Internally trained for social auditor skills.
Field working experience in the palm oil sector, or a demonstrable equivalent.	Nor Ashikin Whayab	Involved in RSPO auditing since 2016. Graduated in Biochemical Engineering from Universiti Putra Malaysia. Successfully completed ISO 9001:2015 Lead auditor training, RSPO SCC and P&C Lead Auditor courses.
	Fadly Ahmad	Graduate in plantation and agriculture background. 5 years working experience in plantation. Successfully completed ISO 14001:2015 Lead auditor training. Qualified auditor for RSPO P&C for environmental and best practices criteria, Biomass verification and Organic certification.
	Nor Atiqah	Holds a Bachelor of Surveying Science and Geomatics (Honour). Involved in RSPO auditing since 2014. Successfully completed ISO 9001:2008 Lead auditor training, RSPO SCC and P&C Lead Auditor courses. Internally trained for social auditor skills.

Good agricultural practices (GAP), integrated pest management (IPM), pesticide and fertilizer use.	Nor Ashikin Whayab	Involved in RSPO auditing since 2016. Graduated in Biochemical Engineering from Universiti Putra Malaysia. Successfully completed ISO 9001:2015 Lead auditor training, RSPO SCC and P&C Lead Auditor courses.
	Fadly Ahmad	Graduate in plantation and agriculture background. 5 years working experience in plantation. Successfully completed ISO 14001:2015 Lead auditor training. Qualified auditor for RSPO P&C for environmental and best practices criteria, Biomass verification and Organic certification.
	Nor Atiqah	Holds a Bachelor of Surveying Science and Geomatics (Honour). Involved in RSPO auditing since 2014. Successfully completed ISO 9001:2008 Lead auditor training, RSPO SCC and P&C Lead Auditor courses. Internally trained for social auditor skills.
Health and Safety auditing on the farm and in processing facilities. (For example OHSAS 18001 or occupational. Health and safety assurance system).	Nor Ashikin Whayab	Involved in RSPO auditing since 2016. Graduated in Biochemical Engineering from Universiti Putra Malaysia. Successfully completed ISO 9001:2015 Lead auditor training, RSPO SCC and P&C Lead Auditor courses.
	Fadly Ahmad	Graduate in plantation and agriculture background. 5 years working experience in plantation. Successfully completed ISO 14001:2015 Lead auditor training. Qualified auditor for RSPO P&C for environmental and best practices criteria, Biomass verification and Organic certification.
	Nor Atiqah	Holds a Bachelor of Surveying Science and Geomatics (Honour). Involved in RSPO auditing since 2014. Successfully completed ISO 9001:2008 Lead auditor training, RSPO SCC and P&C Lead Auditor courses. Internally trained for social auditor skills.
Workers welfare issues and social auditing experience. (For example with SA8000 or related social or ethical accountability codes).	Nor Ashikin Whayab	Involved in RSPO auditing since 2016. Graduated in Biochemical Engineering from Universiti Putra Malaysia. Successfully completed ISO 9001:2015 Lead auditor training, RSPO SCC and P&C Lead Auditor courses.
	Fadly Ahmad	Graduate in plantation and agriculture background. 5 years working experience in plantation. Successfully completed ISO 14001:2015 Lead auditor training. Qualified auditor for RSPO P&C for environmental and best practices criteria, Biomass verification and Organic certification.
	Nor Atiqah	Holds a Bachelor of Surveying Science and Geomatics (Honour). Involved in RSPO auditing since 2014. Successfully completed ISO

		9001:2008 Lead auditor training, RSPO SCC and P&C Lead Auditor courses. Internally trained for social auditor skills.
Environmental and ecological auditing. (For example experience with organic agriculture, ISO 14001 or environmental management systems).	Nor Ashikin Whayab	Involved in RSPO auditing since 2016. Graduated in Biochemical Engineering from Universiti Putra Malaysia. Successfully completed ISO 9001:2015 Lead auditor training, RSPO SCC and P&C Lead Auditor courses.
	Fadly Ahmad	Graduate in plantation and agriculture background. 5 years working experience in plantation. Successfully completed ISO 14001:2015 Lead auditor training. Qualified auditor for RSPO P&C for environmental and best practices criteria, Biomass verification and Organic certification.
	Nor Atiqah	Holds a Bachelor of Surveying Science and Geomatics (Honour). Involved in RSPO auditing since 2014. Successfully completed ISO 9001:2008 Lead auditor training, RSPO SCC and P&C Lead Auditor courses. Internally trained for social auditor skills.
Economic issues.	Nor Ashikin Whayab	Involved in RSPO auditing since 2016. Graduated in Biochemical Engineering from Universiti Putra Malaysia. Successfully completed ISO 9001:2015 Lead auditor training, RSPO SCC and P&C Lead Auditor courses.
	Fadly Ahmad	Graduate in plantation and agriculture background. 5 years working experience in plantation. Successfully completed ISO 14001:2015 Lead auditor training. Qualified auditor for RSPO P&C for environmental and best practices criteria, Biomass verification and Organic certification.
	Nor Atiqah	Holds a Bachelor of Surveying Science and Geomatics (Honour). Involved in RSPO auditing since 2014. Successfully completed ISO 9001:2008 Lead auditor training, RSPO SCC and P&C Lead Auditor courses. Internally trained for social auditor skills.

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
24-09-17 (Sunday)		Travelling from KL
25-09-17 (Monday)	Meeting Room Kuala Pertang POM	0900 – 1000: Opening meeting <ul style="list-style-type: none"> • Introduction by team leader • Presentation by respective managers • Presentation of Palm Oil Mill source of FFB by respective managers
	Kuala Pertang POM	1000 – 1200: Document review <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best practices • Safety and Health

		<p>1000 – 1200: Document review 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>1300 – 1800: Site verification</p> <ul style="list-style-type: none"> • Mill inspection • Workshops • Stores • POM application • Safety and Health / PPE / Signage • Waste Management / Environment • Workers interview • Stakeholder consultation if required.
26-09-17 (Tuesday)	Pasir Gajah Estate	<p>0900 – 1800: Document review</p> <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best agricultural practices • Safety and Health <p>Site verification</p> <ul style="list-style-type: none"> • Best agricultural practices • Manuring, Spraying, Harvesting, • HCV / Conservation Area • Legal compliance / boundary • Chemical / Pesticide / Fertilizer Stores • Workers interview • Worker’s facilities (housing, pay, etc) <p>1500 – 1600 Stakeholder consultation</p>
27-09-17 (Wednesday)	Sungei Sokor Estate	<p>0900 – 1800: Document review</p> <ul style="list-style-type: none"> • Document review [EIA, SIA, CIP, Business Plan] • Complaint mechanism / Request & respond • Best agricultural practices • Safety and Health <p>Site verification</p> <ul style="list-style-type: none"> • Best agricultural practices • Manuring, Spraying, Harvesting, • HCV / Conservation Area • Legal compliance / boundary • Chemical / Pesticide / Fertilizer Stores • Workers interview • Worker’s facilities (housing, pay, etc)

		<ul style="list-style-type: none"> Stakeholder consultation if required.
28-09-17 (Thursday)	Meeting Room Kerilla Estate	<p>0900 – 1000: Preparation for closing meeting Additional field visits and meetings with managers as necessary</p> <p>1000 - 1130: 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 All auditors travelling back to KL</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 were carried out in accordance to the RSPO principles and criteria (using RSPO approved P&C National Interpretations for Malaysia; Endorsed by RSPO Board of Governors on 6 March 2015). The RSPO management system's documentations seen with minor changes in relation to scope of certification. Specific evidences were recorded for estates and mill. Interviews with Estate Managers, Mill Manager, members of workers union and committee took place in both formal and informal environments and worker interviews were conducted at the supply base and the mill. The management is highly committed in maintaining the RSPO system by adopting to continuous improvement programs. The company has established continuous improvement and effectively documented. There was no complaint or negative feedback received during the audit or during the field assessment when interviewing with the external stakeholders. The management continuously monitor the established KPI / objectives that significantly rule the achievement of company's corporate policy on RSPO.

The audit resulted in 2 Major and 2 Minor non-compliance. Major NCs has been CLOSED less than 60 days which completed evidence submitted on 22nd September 2017. Minor NCs will be verify during next surveillance audit. The mill is fully verified for RSPO SCCS system verification (using RSPO SCC Standard and RSPO SCC Systems Documents 2014) and resulted in one Major NC which was immediately settled by the client by the closing meeting with adequate corrective/preventive action. See PART 5 below.

It is therefore the recommendation of the lead assessor that:

- A certificate of compliance is maintained.

Signed:



Name: Supun Sachithra Nigamuni

Date: 23 September 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	
ASA3	1.1	<p>Stakeholders Engagement/Negotiation SOP 1.0 Issue/Rev 1/0 dated 01/06/2015 has been developed as a consultation and communication mechanism used by affected stakeholders. SOP has outlined the request & response, consultation & communication and complaint & grievance in order to liaise with stakeholders.</p> <p>EIA, SIA and management plan done have been discussed during stakeholders consultation. Stakeholders are made aware of the highlighted issue regarding mill operation to the affected stakeholders.</p> <p>Stakeholder logbook is a mechanism used by estate in order to compile any request from affected stakeholders. Stakeholders form can be filled to address request & response, consultation & communication and complaint & grievance.</p>
ASA3	1.2	<p>The company has developed SOP 9: Control of documents & records issue/rev 1/0 date 01/06/2015 stated management must provide adequate information to other stakeholders on environmental, social and legal issue. The publicly available document are as per below:</p> <ol style="list-style-type: none"> i. Land titles in place. ii. There are OSH plan available in place iii. External SIA iv. Environmental Aspect and Impact Identification and Risk Assessment SOP 10.0 Appendix 1.0 Issue/Rev 1/0 dated 01/06/2015 v. Environmental Management Plan vi. In house HCV/ Conservation Area Assessment SOP 11.0 Appendix 1.0 Issue/Rev 1/0 dated 01/06/2015 vii. SOP No. 13 In-House Social Impact Assessment (SIA) dated 01/06/2015 approved by Head of Sustainability. viii. KLK Sustainability Policy dated 01/06/2015 approved by Tan Sri Dato' Sri Lee Oi Hian outlined the human right policy
ASA3	1.3	<p>The commitment of the ethical conduct in business is outlined in the KLK Sustainability Policy, signed by Tan Sri Dato' Seri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 which covers all requirements mentioned in this criterion.</p> <p>The company also has code of conduct for employees dated 1st October 2014 that covers against bribery, corruption and personal gifting. Code of conduct is displaced at office notice board. The policy has been socialized to the workers and external stakeholders.</p>

Principle 2: Compliance with Applicable Laws and Regulations		
Criterion by Audit	Summary	
ASA3	2.1	<p>The company has established and updated list of applicable laws and regulations that are applicable for the estate. The legal register has column for identifying legal document title, regulatory / authority, requirements, current status and remarks.</p> <p>Legal Register has been updated by the KLK Sustainability Manager by a monthly review through the following sources,</p> <ul style="list-style-type: none"> • website www.federalgazette.agc.gov.my • The Government website such as DOSH and NODOPOD • Enquiring the laws books publisher • Communication with law/enforcement officers <p>There is legal compliance checklist where list of permits is stated along with person in charge, expiry date and remarks. Legal Compliance Checklist SOP 2, Appendix 2.0, Issue 1 Dated 01/06/2015 was updated on 19/08/2017. All the permit and license renewed for both the mill and the estates. Details of legal correspondences is available and maintained.</p> <p>Documented legal was update by En Ahmad, Assistant Manager, and review monthly at the Kuala Pertang POM and at the estate level the responsibility lies with the Manager, Assistant Manager, Chief Clerk and Second Clerk</p> <p>List legal correspondences permit (34 permit and licence) will be updated every year. There are 80 applicable laws and regulations identified at the mill level and 82 at the estate level along with guideline which updated the requirements of each act and guideline.</p> <p>However, during site visit following irregularities were sighted which violates the regulations related to waste management:</p> <ol style="list-style-type: none"> 1. Kuala Pertang POM – Cotton rags which contaminated with spent oil (SW409) was spotted inside a normal waste bin which shall be delivered to Kuala Pertang division landfill for disposal. Also sighted keeping of spent oil in a container (SW305) at the empty chemical container store. 2. Pasir Gajah Estate – Used Nitrile gloves (SW409) and used spillage kit were found inside town council waste bin while used rubber boots (SW409) were spotted at the landfill area. There are scheduled waste such as empty paint container, used PPE, lubricant container and inflorescent bulb stored in Empty Container Store without proper storage condition and labelling. 3. Sungai Sokor Estate – Cotton gloves which contaminated with spent oil (SW409) was spotted inside a normal waste bin which shall be delivered to Sungai Sokor estate landfill for disposal. <p>Minor non conformity was raised as a result.</p>
ASA3	2.2	<p>Pasir Gajah Estate consisted of 3 freehold Land titles which is</p> <ul style="list-style-type: none"> • 39733, Lot No 546, planted crop - oil palm • 1605, lot no 1605, occupied land for road • 1571, Lot no 566, planted crop - oil palm

		<p>The Kuala Pertang Mill land is in Pasir Gajah Estate land title. No: 1571 Lot no 566 - freehold land. There is license for the mill to carrying out their mill operation, transfer of FFB and keep and sell of CPO, SPO, Palm Kernel (License number is 540852004000 signed by Dr Ahmad Kushairi Din – Chief Director of MPOB dated 15/05/2017)</p> <p>Sungai Sokor Estate’s agricultural land status is under land title, title no: 22688 Lot Number 942 – freehold land 509.8Ha.</p> <p>Boundary marking with stone is ongoing and plan is to complete demarcating on boundary which are expected to completed by 2023</p> <p>There is no evidence of conflict present in the estates. Also there is no evidence of instigated violence in maintaining peace as the company has a clear procedure for dealing with land conflict.</p> <p>There is no land conflict or dispute reported or as per stakeholder consultation and from stakeholder logbook.</p>
ASA3	2.3	<p>Maps of the estate compound with appropriate scale sighted. SOP 3A issue 1/0 dated 01/01/2017 Page 1 of 1 showing the SOP on FPIC whereby – shall there be consensus reached between both parties, there shall be not be any form of forceful agreement. Such situation shall be settled in amicable manner (FPIC Process)</p> <p>Stakeholder consultation is done annually - last done 31 July 2016 for Pasir Gudang estate and 11th June 2017 for Sg. Sokor.</p> <p>Land compensation SOP and Land conflict or land disputes SOP are available. Also have external complaints and grievances SOP and records are kept in log books.</p> <p>All SOP, EIA, SIA, HCV Report and Stakeholder Consultation reports are available in both language which are easy to be understood. In most SOP, there are flowcharts to explain the SOP mechanism which is very helpful for reader to understand the report.</p>
Principle 3: Commitment to Long-Term Economic and Financial Viability		
Criterion by Audit	Summary	
ASA3	3.1	<p>Business Management Plan is available from FY 16/17 to FY 19/20 indicating all applicable information.</p> <p>Doc: Kuala Pertang POM – Projected Business Plan Financial year from 01Oct to 31 Sep</p> <p>Increase of FFB is projected as a result of increased crop due to estates replantation programs which has projected driving down of cost of production.</p> <p>The mill receives non-certified FFB (no major changes overtime) and processes as per MB for RSPO.</p>

Supply Base	FY 16/17	FY17/18	FY18/19	FY19/20																								
Pasir Gajah	29347	33576	32406	32093																								
Kirella	11416	12225	12000	12000																								
Sg. Sokor	1452	2328	2709	3970																								
Certified FFB Received	42215	48129	47115	48063																								
Non certified FFB Received	13521	12795	13000	13000																								
Total FFB Received	55736	60924	60115	61063																								
Projected OER (%)	21.8	21.8	21.8	21.8																								
Projected PK (%)	5.2	5.2	5.2	5.2																								
Projected CPO Production (MT)	9202.87	10492.12 2	10271.07	10477.73 4																								
Projected PK Production (MT)	2195.18	2502.708	2449.98	2499.276																								
Production Cost (RM/mt CPO)	414	390	390	390																								
Forecast Price (RM/mt CPO)	2500	2550	2600	2650																								
<p>Pasir Gajah Estate Doc: 5 year Replanting Programme, Ladang Pasir Gajah is available from 2017/2018 financial year to 2021/2022. Replanting is initially scheduled for 2017/18 to 2019/2020. However the replanting is postponed due to decision of CEO due to financial concerns.</p>																												
<table border="1"> <thead> <tr> <th rowspan="2">Financial Year</th> <th rowspan="2">Field</th> <th colspan="2">Total Ha</th> <th rowspan="2">Progeny/Cl one OP</th> <th rowspan="2">Remark</th> </tr> <tr> <th>Rubber</th> <th>OP</th> </tr> </thead> <tbody> <tr> <td rowspan="2">17/18</td> <td>KP 1998B</td> <td></td> <td>90</td> <td>AA</td> <td rowspan="2">Postponed Until Further Notice</td> </tr> <tr> <td>KP 2001B</td> <td></td> <td>48</td> <td>AA</td> </tr> <tr> <td>18/19</td> <td>KP 1998B</td> <td></td> <td>100</td> <td>AA</td> <td></td> </tr> </tbody> </table>					Financial Year	Field	Total Ha		Progeny/Cl one OP	Remark	Rubber	OP	17/18	KP 1998B		90	AA	Postponed Until Further Notice	KP 2001B		48	AA	18/19	KP 1998B		100	AA	
Financial Year	Field	Total Ha		Progeny/Cl one OP			Remark																					
		Rubber	OP																									
17/18	KP 1998B		90	AA	Postponed Until Further Notice																							
	KP 2001B		48	AA																								
18/19	KP 1998B		100	AA																								

		19/20	HM199 4A HM199 7A		24 80	AA AA																																							
		20/21	No replanting schedule																																										
		21/22	No replanting schedule																																										
		<p>Since last evaluation company has undertaken replanting at Pasir Gajah estate in both divisions. Kuala Petang division Block number 16 A – 66 ha, 16 B – 153 ha, Home Division 17A – 29 ha, 17B – 71ha , 17C - 74 ha.</p> <p>Sungai Sokor Estate Doc: Future Replanting Program from 2017/2018 financial year to 2021/2022. Replanting from Rubber to Palm is scheduled for 2020/21. 2 blocks</p> <p>Year/Ha/Clone – RM99A/74/R2008/16 – 74 Ha; RM00A/79/R2001/15/20 – 79 Ha.</p> <p>HCV Assessments have just been completed and the management prescriptions are in process.</p>																																											
		<table border="1"> <thead> <tr> <th rowspan="2">Financial Year</th> <th rowspan="2">Field</th> <th colspan="2">Total Ha</th> <th rowspan="2">Progeny/Clone OP</th> <th rowspan="2">Remark</th> </tr> <tr> <th>Rubber</th> <th>OP</th> </tr> </thead> <tbody> <tr> <td>17/18</td> <td>RM91 A</td> <td>64</td> <td></td> <td></td> <td>Rubber to Rubber</td> </tr> <tr> <td>18/19</td> <td colspan="5">No replanting schedule</td> </tr> <tr> <td>19/20</td> <td colspan="5">No replanting schedule</td> </tr> <tr> <td>20/21</td> <td>RM99 A RM00 A</td> <td></td> <td>7 4 7 9</td> <td>AA AA</td> <td>Rubber to OP</td> </tr> <tr> <td>21/22</td> <td>RM99 B</td> <td>70</td> <td></td> <td></td> <td>Rubber to Rubber</td> </tr> </tbody> </table> <p>Since last evaluation estate has not undertaken any replanting or new planting.</p>						Financial Year	Field	Total Ha		Progeny/Clone OP	Remark	Rubber	OP	17/18	RM91 A	64			Rubber to Rubber	18/19	No replanting schedule					19/20	No replanting schedule					20/21	RM99 A RM00 A		7 4 7 9	AA AA	Rubber to OP	21/22	RM99 B	70			Rubber to Rubber
Financial Year	Field	Total Ha		Progeny/Clone OP	Remark																																								
		Rubber	OP																																										
17/18	RM91 A	64			Rubber to Rubber																																								
18/19	No replanting schedule																																												
19/20	No replanting schedule																																												
20/21	RM99 A RM00 A		7 4 7 9	AA AA	Rubber to OP																																								
21/22	RM99 B	70			Rubber to Rubber																																								
Principle 4: Use of Appropriate Best Practices by Growers and Millers																																													
Criterion by Audit	Summary																																												
ASA3	4.1	<p>KUALA PERTANG POM 43 new revised safety operating procedure dated 01/2017 has been established and documented as follow:</p> <ul style="list-style-type: none"> Kuala Lumpur Kepong Berhad Prosedur Kerja Selamat Aktiviti Kerja: Bekerja Di Ruang Terkurung Rev 01/2017 																																											

		<ul style="list-style-type: none"> • Kuala Lumpur Kepong Berhad Prosedur Kerja Selamat Aktiviti Kerja: Penimbangan Lori/Traktor Rev 01/2017 • Kuala Lumpur Kepong Berhad Prosedur Kerja Selamat Aktiviti Kerja: Penghantaran Buah Sawit Ke Kilang Rev 01/2017 • Kuala Lumpur Kepong Berhad Prosedur Kerja Selamat Aktiviti Kerja: Bekerja Di Crude Oil Tank Rev 01/2017 • Kuala Lumpur Kepong Berhad Prosedur Kerja Selamat Aktiviti Kerja: Stesen Penerimaan FFB (Reception station) rev 01/2017 • Kuala Lumpur Kepong Berhad Prosedur Kerja Selamat Aktiviti Kerja: Pengendali Stor Bahan Kimia Rev 01/2017 • Kuala Lumpur Kepong Berhad Prosedur Kerja Selamat Aktiviti Kerja: Loji Rawatan Air Rev 01/2017 <p>KLK has established 20 Sustainability SOPs which has been cross referenced in the Sustainability Manual for the effective operation of the mill and estates including the following:</p> <ul style="list-style-type: none"> • SOP No 3: Responsible Development of new plantings • SOP No: 4: Soil Erosion and Fertility and Road Maintenance • SOP No: 5: surface & Ground Water Management • SOP No: 6: Safe Use and Storage of Agrochemicals • SOP No: 7: IPM • SOP No: 8: Training <p>In addition, the company has also established Group Policy Manual dated 01/07/2010 for Occupational Safety & Health which consists of 13 Policy Documents.</p> <p>For the estate operation, besides Sustainability Manual and Group Safety Policy Manual, the company has also established Group Agriculture Policy for Oil palm plantation dated July 2014. Estate’s good agriculture practices are outlined in Group Agriculture Policy Manual which consists of 10 SOP. Some of the GAP documents sighted as follow:</p> <ul style="list-style-type: none"> • GAP/AGRIC/OP 1 – Harvesting • GAP/AGRIC/OP 2 – Field Upkeep • GAP/AGRIC/OP 3 - Nutrition • GAP/AGRIC/OP 4 – Pest & Disease • GAP/AGRIC/OP 5 - Conservation • GAP/AGRIC/OP 7 - Replanting • GAP/AGRIC/OP 8 - Nursery • GAP/AGRIC/OP 10 – Roads & Drains <p>SOP applicable in estates are sighted in Sustainability Manual & SOPs dated 01/06/2015 and this is the controlled copy issued to estate. Estate has pertained SOP for all stages of operations and in accordance with RSPO requirements.</p>
--	--	---

		<p>As mechanism to check the implementation of SOP at mill operation, monitoring checklist for each SOP is developed and will be conducted once every two year. Since SaOP is newly revised this year, monitoring will be done in 2018. Sighted sample of monitoring checklist for chargemen, chemical handling, water treatment etc.</p> <p>Internal audit is also done as a method to conduct monitoring for SOP implementation. Verified internal audit summaries for the mill as both the estates. Scope of Audit: RSPO, RSPO SCC, MSPO, ISCC & KLK Sustainability Management System and the audits has been conducted 07/08/2017 for Kuala Pertang POM, 08/08/17 for the Pasir Gajah estate and 09/08/2017 for Sg. Sokor estate. Finding of the non-conformance are accompanied with corrective action respectively taken from management at each unit.</p> <p>The list of 3rd party FFB sources is available as verified documentation of FFB Source: Direct From Outside Estate 2017 from:</p> <ul style="list-style-type: none"> • Ladang Mengkebang: 14.2 % FFB send to mill MPOB License: 501471-102000 • Ladang Sungai Tasan: 7.2% MPOB License: 501543-202000 • Ladang Yayasan: 0.7% MPOB License: 240026-901000 • Ladang Bukit Belah: 1.0% MPOB License: 501833-402000 				
ASA3	4.2	<p>AAR Resources Oil Palm Manuring recommendations 2016/2017 for both estates to manage soil fertility to a level that ensures optimal and sustained yield. The report is outlining:</p> <ul style="list-style-type: none"> • Details of oil pam manuring block • Annual oil palm fertilizer program • Monthly oil palm fertilizer application • Monthly requirement of fertilizer • Details of fertilizer recommendation • Total of nutrient input <p>Ladang Pasir Gajah Fertilizer Programme 2016/2017 are done for both Home and Kuala Pertang Division. Types of fertilizer inputs well recorded for application from January until to date for:</p> <ul style="list-style-type: none"> • DAP • AC • MOP • KS • OP COM 65B/32 B • Fertibor <p>The application of fertilizer at Sg. Sokor from October 2016 until June 2017 tabulated as below:</p> <table border="1" data-bbox="574 1960 1337 1998"> <thead> <tr> <th data-bbox="574 1960 874 1998">Fertilizer</th> <th data-bbox="874 1960 1337 1998">Usage (Bags)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Fertilizer	Usage (Bags)		
Fertilizer	Usage (Bags)					

		<table border="1"> <tr><td>Calcium carbonate</td><td>2050</td></tr> <tr><td>Kieserite</td><td>329</td></tr> <tr><td>GML</td><td>476</td></tr> <tr><td>MOP</td><td>363</td></tr> <tr><td>BRP</td><td>1206</td></tr> <tr><td>GRP</td><td>6</td></tr> <tr><td>OPCOM65</td><td>3161</td></tr> <tr><td>AABROWN</td><td>580</td></tr> <tr><td>Floranid permanent</td><td>16</td></tr> <tr><td>fertibor</td><td>34</td></tr> </table> <p>Pesticide usage is as per bellows,</p> <table border="1"> <thead> <tr> <th>Pesticide</th> <th>Usage</th> </tr> </thead> <tbody> <tr><td>2,4-D Dimethylamine (Amine) L</td><td>1</td></tr> <tr><td>Glyphosate (Akira)-L</td><td>630</td></tr> <tr><td>Triclopyr Butoxy-L</td><td>32</td></tr> <tr><td>Glufosinate Ammonium - L</td><td>1198</td></tr> <tr><td>Cypermethrin – L</td><td>158</td></tr> <tr><td>MSM Diuron- L</td><td>345</td></tr> <tr><td>Metsuforon methyl – KG</td><td>4.93</td></tr> <tr><td>Furadan Kg</td><td>79</td></tr> <tr><td>Thiram – Kg</td><td>17</td></tr> <tr><td>Sodium chlorate- KG</td><td>32</td></tr> <tr><td>Grofas- KG</td><td>39</td></tr> <tr><td>Bayfolan- KG</td><td>94</td></tr> </tbody> </table> <p>Foliar Analysis as well as the soil analysis has been conducted by Applied Agricultural Resources Sdn. Bhd for both estates. Foliar Analysis Results shows a summary of leaf nutrient levels shown results for Ash, N, P, K, Ca, Mg, Cl, S, B, Mn, Cu, Zn and Fe. And the Soil Analysis Results shows analysis result for pH in water, Organic C, N, C/N, P, exchangeable cation, moisture and mechanical analysis</p> <p>EFP application is carried out at Pasir Gajah estate. In Sg. Sokor Estate, mill's by products is not been used in this estate as it is located for from the estate.</p>	Calcium carbonate	2050	Kieserite	329	GML	476	MOP	363	BRP	1206	GRP	6	OPCOM65	3161	AABROWN	580	Floranid permanent	16	fertibor	34	Pesticide	Usage	2,4-D Dimethylamine (Amine) L	1	Glyphosate (Akira)-L	630	Triclopyr Butoxy-L	32	Glufosinate Ammonium - L	1198	Cypermethrin – L	158	MSM Diuron- L	345	Metsuforon methyl – KG	4.93	Furadan Kg	79	Thiram – Kg	17	Sodium chlorate- KG	32	Grofas- KG	39	Bayfolan- KG	94
Calcium carbonate	2050																																															
Kieserite	329																																															
GML	476																																															
MOP	363																																															
BRP	1206																																															
GRP	6																																															
OPCOM65	3161																																															
AABROWN	580																																															
Floranid permanent	16																																															
fertibor	34																																															
Pesticide	Usage																																															
2,4-D Dimethylamine (Amine) L	1																																															
Glyphosate (Akira)-L	630																																															
Triclopyr Butoxy-L	32																																															
Glufosinate Ammonium - L	1198																																															
Cypermethrin – L	158																																															
MSM Diuron- L	345																																															
Metsuforon methyl – KG	4.93																																															
Furadan Kg	79																																															
Thiram – Kg	17																																															
Sodium chlorate- KG	32																																															
Grofas- KG	39																																															
Bayfolan- KG	94																																															
ASA3	4.3	<p>Pasir Gajah Estate Soil Map shown soil types such as Tawar, Chempaka/tok yong assoc, Durian, Gajah mati, Manik, Pohoi.</p> <p>Sg. Sokor Estate has established soil map AAR/17/09/2015 for scale 1:25,000. The soil map was last updated July 2013 by AAR. The estate consists of 4 types of different soil namely Batang Merbau, Local Alluvium, Pohoi and Tok Yong.</p> <p>Both estates has no peat soil and fragile soil within the estate land</p> <p>In Pasir Gajah estate documentation of 2017A roadwork, terrace, drains, fence etc. shows management strategy for planting of slopes. Slope planting</p>																																														

		<p>is done in area more than 12° less than 16°. It is not allowable to plant on slopes higher than 25°. Sg. Sokor Estate area are consist of immature palm plant of 300 Ha. There is no planting on slopes done.</p> <p>Ladang Pasir Gajah Road Grading Program 2016/17 and Ladang Sungai Sokor Road Grading Program 2016/17 shown road program and upkeep at respective divisions to be carried out in 2017. Road maintenance program monitoring is updated shown agriculture road at 5 divisions are being upkeep, laterite and maintained with progress until June 2017</p>
ASA3	4.4	<p>Surface Water & Ground Water Management Water Sampling Programme 2016/2017 for Kuala Pertang POM shown water sampling that will be done for the whole 2017 at:</p> <ul style="list-style-type: none"> • Treated water • Domestic wastewater • palm oil mill effluent-final discharge • palm oil mill effluent-raw effluent <p>Mill Management conduct training for staff and operator in charge on water treatment. Lab personnel also have been given training to conduct jar test whenever necessary to determine chemical dosing. Verified:</p> <ul style="list-style-type: none"> • SOP training dated 20/06/2016 to 1 staff • Chemical handling training dated 07/09/2016 by Mr. Wan Chee Keong (Chemindus) to 10 workers on jar test procedure, chemical dosing pumps and system of water quality monitoring • Water treatment training is conducted by Mr. Wan Chee Keong (Chemindus) dated 27/05/2017. The training was attended by 10 staffs and workers such as manager, asst. manager, raw water, lab and store. <p>This training will be conducted on annual basis.</p> <p>On February 2017, mill management installed online water treatment system which regulate the chemical dosage according to incoming raw water quality. When the chemical doing pump breakdown or under maintenance, staff in charge will do the dosing manually. Verified during site visit</p> <p>Pasir Gajah estate Water management plan consist of conducting water analysis and maintaining riparian zone. Verified Water Management Action Plan 2016/2017 Pasir Gajah Estate dated 21/09/2017. Riparian buffer zone is maintained and monitored regularly as verified checklist done for riparian zone, high conservation value, conservation area latest done on 14/09/2017</p> <p>Sg. Sokor estate water management plan outlined water sampling program for 2017 dated 23/08/2017. The water sampling will be carried out at inlet and outlet of Sungai Kelantan, Sokor and Kenneth, domestic waste water, raw water and treated water.</p>

		<p>Water management is not been implemented effectively as result of water analysis shown several off spec parameters reading.</p> <p>KLK Kuala Pertang POM: Treated water analysis is done 4 times a year by Organo (Asia) Sdn. Bhd. Verified the latest 3 analysis done:</p> <ul style="list-style-type: none"> • Test certificate, result of analysis date report issued: 15/03/2017 shown off spec parameter for Fluoride is 0.06 mg/L which does not meeting Ministry of Health Standard, 0.5-0.7 mg/L • Test certificate, result of analysis date report issued: 21/04/2017 shown off spec parameter for Fluoride is 0.17 mg/L • Test certificate, result of analysis date report issued: 06/07/2017 shown off spec parameter for Fluoride is 0.04 mg/L <p>Based on consultation with Utility Department, mill has acquired quotation for Sodium Fluoride as this is to be add in WTP.</p> <p>Pasir Gajah Estate: Verified test certificate result of analysis date received 03/02/2017, date report issued 15/03/2017 shown:</p> <ul style="list-style-type: none"> • Aluminium: 1.71 mg/L, MOH: less than 0.2 • Iron: 0.37 mg/L, MOH: less than 0.3 <p>result of analysis date received 03/02/2017, date report issued 15/03/2017 shown:</p> <ul style="list-style-type: none"> • Aluminium: 0.29 mg/L, MOH: less than 0.2 • Iron: 0.37 mg/L, MOH: less than 0.3 <p>Estate has budgeted to install tube well to resolve this issue and the construction is still ongoing</p> <p>Sungai Sokor Estate Verified test certificate result of analysis date received 14/10/2016, date report issued 31/10/2016 shown:</p> <ul style="list-style-type: none"> • Iron: 1.95 mg/L, MOH: less than 0.3 • Fluoride: 0.04 mg/L, MOH: 0.5-0.7 • Turbidity: 47.4 NTU, MOH: less than 5 • Aluminium: 3.18 <p>result of analysis date received 09/08/2017, date report issued 23/08/2017 shown:</p> <ul style="list-style-type: none"> • Aluminium: 1.98 mg/L, MOH: less than 0.2 • Iron: 0.79 mg/L, MOH: less than 0.3 • Fluoride: 0.05 mg/L, MOH: 0.5-0.7 <p>Estate has budgeted to install tube well to resolve this issue and the construction is still ongoing</p> <p>This treated water is continuously supplied to workers quarters for</p>
--	--	---

		<p>domestic used.</p> <p>Based on LAWS OF MALAYSIA Act 446 WORKERS' MINIMUM STANDARDS OF HOUSING AND AMENITIES ACT 1990:</p> <p>Supply of water and electricity and maintenance of houses</p> <p>6. (1) Where workers and their dependants are provided with housing at their place of employment it shall be the duty of the employer of such place of employment:</p> <p>(a) to provide free and adequate piped water drawn from a public main, or where the Director General so permits in writing, to provide free and adequate supply of potable piped water drawn from any other source which shall be filtered and treated in a manner approved by the Director General</p> <p>Minor NC from 2016 is upgrade to Major 2017 as a result</p> <p>Company's riparian/buffer zone establishment is limited to legally gazetted river banks, catchment ponds and wetlands as well as if the water course if having significant importance (i:e, used to pump in drinking water) . As a result all large rivers has been identified and buffer zones has been established, clearly marked in maps, conserved. Visit at riparian zone of Sungai Geh. The area is prohibited from any kind of physical activities (fishing) and chemical activities (spraying). Sighted signage is erected at riparian zone and monitoring is done as verified checklist done for riparian zone, high conservation value, conservation area latest done on 14/09/2017. Riparian zones of Sungai Kelantan were also visited. Monitoring is done as verified checklist done for riparian zone, high conservation value, conservation area.</p> <p>Mill effluent is treated before being discharged to stream. The final discharge (outlet) is tested by Kuala Lumpur Kepong Berhad Technology & Quality Control Centre monthly. Test results demonstrates that the effluent is within limits. Eg certificate issue: EFF0688/2017 issued dated 11/09/2017 and EFF0673/2017 issued dated 11/08/2017.</p> <p>Mill water use per tonne FFB is documented as below:</p> <table border="1" data-bbox="574 1489 1348 1836"> <thead> <tr> <th>Month</th> <th>Mill water usage per tonne FFB</th> </tr> </thead> <tbody> <tr> <td>Jan 2017</td> <td>1.379</td> </tr> <tr> <td>Feb 2017</td> <td>1.650</td> </tr> <tr> <td>March 2017</td> <td>1.343</td> </tr> <tr> <td>April 2017</td> <td>1.329</td> </tr> <tr> <td>May 2017</td> <td>1.533</td> </tr> <tr> <td>June 2017</td> <td>1.466</td> </tr> <tr> <td>July 2017</td> <td>1.205</td> </tr> <tr> <td>Aug 2017</td> <td>1.448</td> </tr> </tbody> </table> <p>During the field observations at Sungai Sokor Estate (2015 A Plot No 9) it was observed that no buffer zone is demarcated and spot weeding by weedicide application has been carried out. When investigated it was observed that the buffer zone was not identified during the initial</p>	Month	Mill water usage per tonne FFB	Jan 2017	1.379	Feb 2017	1.650	March 2017	1.343	April 2017	1.329	May 2017	1.533	June 2017	1.466	July 2017	1.205	Aug 2017	1.448
Month	Mill water usage per tonne FFB																			
Jan 2017	1.379																			
Feb 2017	1.650																			
March 2017	1.343																			
April 2017	1.329																			
May 2017	1.533																			
June 2017	1.466																			
July 2017	1.205																			
Aug 2017	1.448																			

		<p>replanting process in 2015 as the river was not gazetted.</p> <p>Sungai Sokor is also flowing through the area identified for Rubber to Palm replanting planned for 2020/21. As per the companies preparations an HCV assessment is conducted (report dated 16-06-2017) which has prescribed a bufferzone to be established. As a result, the estate management are in the process of buffer zone establishment and as observed in the minutes of the General Manager visits the immature plants which are within the buffer zone (under establishment) to be uprooted and used for vacancy filling in other immature areas. The company also have plans to regenerate the buffer zone area with enrichment planting.</p> <p>Graded as an observation under 4.4.2 as the buffer zone establishment in progress and to be further verified during the coming surveillance. Company should ensure that the buffer zone establishment is conducted as planned.</p>
ASA3	4.5	<p>In both Estates, implementation of IPM is based on the SOP No 7.0 Integrated Pest Management dated 01/06/2016. The SOP contain information regarding the implementation of IPM which focus more on biological control. Beneficial Plant Program 2016/17 shown ongoing for planting of Tunera, Antigonon.</p> <p>Barn owl census & upkeep records are maintained at both estates.</p> <p>Rat Damage Census Record Sungai Sokor Estate- Home Division done latest on June 2017 show 0% attack occur at planted area. The highest census shown the highest rat attack occur at only 3.44%.</p> <p>Pasir Gajah IPM training conducted on 04/07/2017 to 3 general workers. Training briefed on Beneficial plant, IPM and Biological control</p> <p>Multiple training on IPM at Sg. Sokor including Chemical handler SOP dated 14/06/2016 to 14 workers, Chemical handler training dated 15/06/2017 to 10 workers dated 14/09/2017</p>
ASA3	4.6	<p>Chemical Hazard Risk Assessment (CHRA) Kilang Kelapa Sawit Kuala Pertang established in 2013 prepared by Procoma Environmental (M) Sdn. Bhd. for chemical to be used at boiler, chemical lab and water treatment plant.</p> <p>Kuala Pertang POM Record of chemical used verified: Water treatment plant</p> <ul style="list-style-type: none"> • HK6101: 120 bags of chemical is used as recorded until 30/08/2017 <p>At estate level Chemical Health Risk Assessment (CHRA), Report Ref: KLKLPG 201605027 Assessment date 17/05/2016 reporting date 17/06/2017 shown listed chemical used in estate operation:</p> <ul style="list-style-type: none"> • 2,4-D Dimethylamine • Glyphosate • Triclopyr Butoxy • Glufosinate Ammonium • Cypermethrin • Monocrothopos

		<ul style="list-style-type: none"> • Metsulfuron • Brodifacoum • Flocoumafen • Carbofuron • Polyther Modified Insiloxine • Monex • Alion • Furadan <p>The CHRA will be in used for 5 years.</p> <p>Verified the records of pesticide used is tabulated in Agrochemical Application Record last updated September 2017 shown a.i, amount used, hectareage applied etc.</p> <p>Pesticide application is based on SOP No 7.0 Integrated Pest Management dated 01/06/2016 with the initiative to minimize the use of pesticides. There is no evidence of prophylactic use of pesticide in the estate. No class 1A and 1B pesticide are used in estate operation.</p> <p>Various training activities undertaken at both estates including PPE training, Chemical handling training , First aid training, Spraying training</p> <p>Site inspection to the chemical storage facilities evidenced that all pesticides are stored in appropriate manners.</p> <p>During field visit noted that chemical sprayers are using of knapsack sprayer which are periodically serviced to ensure effective function of the equipment. All sprayers are provided with proper PPE such as mask, apron, gloves and rubber boot.</p> <p>There is no aerial application of pesticide in the estate.</p> <p>Records of scheduled waste generated is recorded in online platform, eSWIS Jabatan Alam Sekitar (Department of Environment). The data recorded consist of:</p> <ul style="list-style-type: none"> • SW305: 0.057 MT used lubricant oil • SW306: 0.2 MT used hydraulic oil • SW 410: 0.0001 MT • used rags <p>SW management briefing at the POM conducted on 15/08/2017 to store keeper. Approved collector, Pentas Flora Sdn. Bhd. is appointed to dispose scheduled waste. verified consignment note for scheduled wastes collection No. 0213 dated 09/07/2017</p> <p>At Pasir Gajah estate approved collector, Kualiti Alam Sdn. Bhd. is appointed to dispose scheduled waste. verified consignment note for scheduled wastes</p>
--	--	--

		<p>No. 0112974 dated 21/08/2017</p> <p>At Sg. Sokor estate Approved collector, Pentas Flora Sdn. Bhd. is appointed to dispose scheduled waste. verified consignment note for scheduled wastes No. 0179 dated 29/05/2017</p> <p>Kuala Pertang POM 4 workers already gone through medical surveillance as verified Employee Medical Surveillance Summary Report dated 23/08/2016. Check-up done for physical examination, urine, blood and heart condition. All checked workers are confirmed to be in fit condition to carry out their current work.</p> <p>22 workers had gone through audiometric test as verified Annual & Baseline Audiometric Testing Report Kuala Lumpur Kepong Berhad Kilang Kelapa Sawit Kuala Pertang date of testing on 01/06/2017 conducted by Procoma Environmental (M) Sdn. Bhd. There are 2 employees listed with hearing impairment. Mill had done enforcement on ear plugs/muff usage for employee with hearing impairment. Company had already given the ear plug dated 20/09/2017 as verified individual PPE record issuance. The PPE will be distributed once a year.</p> <p>The estate conducts annual medical surveillance for those who handles chemicals hazard to health. Last medical surveillance was conducted on 08/08/2017 for Pasir Gajah and 03/09/2017 for Sg. Sokor which was attended by estate workers handling chemicals. Sighted the medical report and all workers are been concluded fit to work.</p> <p>No work of spraying or chemical handling is done by pregnant women.</p>
ASA3	4.7	<p>Occupational Safety & Health Policy signed by Group Plantations Director dated 07/11/2014 is circulated and maintained in place. OSH plan 2017 last updated 31/01/2017 is with the objective to achieve zero serious accident and with a target to reduce serious accident by 15%</p> <p>Annual OSH Training Program is well tabulated with health and safety topic, target group, trainer in charge, assessment and status of the program.</p> <p>HIRARC at the POM is consist of hazard identification (type of work activity, hazard & effect) Risk analysis (Existing risk control, likelihood, severity & risk) & Risk Control (Recommended control measures & PIC appointed are Staff or Executive). Conducted by Asst. Mill Manager 23/07/2017 approved by Mill Manager for operations of General works, Boiler, Kernel plant, Depericarper, Digester, Thresher, Capstan, Sterilizer, Reception station, Weighing consignment.</p> <p>Risk analysis done for respective areas based on hazard identification had already came out with risk control measures. Mill provide appropriate and regular training and issued PPE to be used in accordance.</p>

		<p>Estate level HIRARC covers spraying, rat baiting, workers' transportation, drainage, fertilizing, EFB mulching etc.</p> <p>Implementation of risk mitigation measures are evident during the field visit to the estate as workers seen to be wearing proper PPE during execution of tasks such as chemical spraying, manuring, etc. and record of safety training provided to workers are maintained by the estate.</p> <p>Mill compile PPE inventory individually. Sighted the PPE issuing records for every work station and supervisor. Latest issuing is done on April 2017.</p> <p>PPE training carried out at Pasir Gajah estate on 17/07/2017, Chemical handling training done dated 14/05/2017, First aid training dated 07/02/2017 and Spraying training dated 21/01/2017</p> <p>At Sg. Sokor Chemical handler training conducted on 15/06/2017 and Sprayer training on 14/09/2017. The PPE issuance is recorded individually as verified personal protective equipment (PPE) issue form for sprayer, fertilizer application, weeder etc.</p> <p>OSH committee organization chart is available at mill and estates. Managers and Senior Manager are responsible to handle and manage OSH program and aspect.</p> <p>The last OSH meeting is conducted on 23/08/2017 which attended by 19 participants consist of chairman, secretary, employer representatives and employee representatives. Meeting agenda briefed:</p> <ul style="list-style-type: none"> • Accident and near miss accident • Training conducted • OSH objective/program • Review form KLK OSH • Pending issues <p>All issues highlighted during meeting is already being taken prompt action by mill and estate management.</p> <p>Group Policy on OSH: Investigation of Work Related injuries, Disabilities, Ill Health, Disease & Near Misses & Their Impact on Safety & Health Performance (GP/OSH7 – Investigation & Notification 1)</p> <p>Sighted the emergency procedure for the mill and estate. Emergency response plan include the emergency contact number and also have Guidelines on Accident and Emergency Procedures. 1st aid is available at work station as verified during site visit at chemical store and workshop.</p> <p>At the mill local workers are employed where their medical care and accident insurance covered by Employee Providence Fund (EPF) and SOCSO.</p>
--	--	---

		<p>Foreign workers at the estates are covered with insurance, AXA Affin General Insurance Bhd. reference number: JTK1992144, insurance policy number: LWX/93160285/13/12/IPO dated 08/01/2016 listed all foreign workers covered with insurance</p> <p>In the mill and estate, accident is handled according to the national OSH department (JKKP) including of reporting any accident case, investigation and calculation of LTA. Mill has sent JKKP 8 (I & II)/(IV) on annually basis to the DOSH dated 10/01/2017 and the estates on annual basis. LTA calculation based on local interpretation from DOSH. No accident related fatalities recorded.</p>
ASA3	4.8	<p>Training program is done covering all related RSPO Principle as sighted Annual OSH Training Programme for 2017 covering for Triple Rinse and management of empty container, waste generated, fire drill/open burning/rubbish disposal/recycling, RSPO awareness/Sustainability policy briefing etc. Training need analysis is done for workers for operation of driver, spraying, manuring and harvesting etc. Training need analysis is developed by OSH department.</p> <p>At the POM briefing on PPE conducted to foreman and loading ramp worker dated 20/09/2017, for chemical storage on 27/05/2017 and chemical handling training on 27/05/2017. Training for water treatment done to 10 workers on 27/05/2017</p> <p>Pasir Gajah estate PPE training done on 17/07/2017, Chemical handling training on 14/05/2017 to workshop worker, First aid training on 07/02/2017 and spraying training on 21/01/2017.</p> <p>Sg. Sokor estate Chemical handler training carried out on 14/06/2016 and 15/06/2017 and Sprayer training on 14/09/2017</p>
Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity		
Criterion by Audit	Summary	
ASA3	5.1	<p>EIA at POM was conducted based on the internal procedure title Environmental Aspect & Impact Assessment dated 01/06/2015 SOP 10.0 Appendix 1, Issue 1/0. Latest EIA was carried out on 20/06/2017 internally by the mill, led by Mill Manager, Mill Assistance Manager.</p> <p>Among risk identified as high is:</p> <p>1) Steam Generation Waste generated at Boiler Ash Major activity is generating steam using water tube boiler LC score (10) Aspect: Generation of black smoke. Impact: Air pollution Mitigation:</p> <ul style="list-style-type: none"> • To monitor emission using CEMS; • To conduct regular stack monitoring; • To ensure maintenance of dust collector cyclone;

		<ul style="list-style-type: none"> • automated fuel feeding; • to ensure complete combustion in furnace <p>2) Generation of electricity using steam turbine. LC (15) Aspect: Noise Generation Impact: Noise pollution</p> <p>EIA for Pasir Gajah was last update on 20th June 2017 and 20 areas in the estate were identified.</p> <p>Among risk identified as high are in the area,</p> <ol style="list-style-type: none"> 1. Replanting LC (10) Aspect: Noise generated by heavy machineries (bulldozer, excavator) Impact – Noise pollution Mitigation: <ul style="list-style-type: none"> • To advise and train the contractor to switch off the engines when not in use 2. Line site LC (10) Aspect: Emission of greenhouse gases due to usage of electricity (National Grid) Impact: Global Warming Mitigation: <ul style="list-style-type: none"> • To brief workers on the importance of saving energy • Monitoring of electricity usage <p>EIA for Sg. Sokor was last update on 20th June 2017 and 22 areas in the estate were identified.</p> <p>In all 3 sites audited, there are no significant changes were made to EIA comparison to previous versions. Also no operational changes were identified however the monitoring was continuously carried out.</p>
ASA3	5.2	<p>HCV assessment is carried out (inhouse) for all estates based on SOP 11.0 – High Conservation Value (HCV) & Conservation Area Management using HCV Tool Kit by WWF Malaysia version October 2009. No RTE species has been identified as a result no conservation efforts or area identified under HCV types 1 and 3. Also according to the procedure the company is also conducting annual surveys in the HCV areas identified (riparian zones with respect to biodiversity).</p> <p>However, no information available on the presence of biodiversity from the HCV assessments as the HCV assessment is a presentation of summary which can then be related to the IUCN Red list or protected species under WCA 2010 or other related sources. Annual monitoring is conducted (in-house by sustainability department and estate staff) which always has marked no RTE species. Also when requested from the staff involved in HCV monitoring could not present the reference lists which was used to identify the RTE species or any field guides to detect specific flora and fauna as well as other ecosystems.</p>

		<p>Block number PR2016B replanted in 2016 as per the stakeholder consultations has had sightings of multiple key species as the concerned block as it is adjacent to an abandoned block due to high terrain (Kuala Petang 34.877 ha, 17.155 ha). Prior to the replanting process the company has conducted an EIA and SIA which doesn't give any insights to assessment of biodiversity [see also observation under 5.2.3 – 02/2017].</p> <p>The above demonstrates inadequacies in the company's current procedure in conducting biodiversity identification and monitoring in identifying the presence of RTE species.</p> <p>Major Non-conformity was raised as a result under 5.2.1.</p> <p>The company has clear procedure SOP #11 on HCV/Conservation area management dated 01-01-17 that if any RTE species exist the management shall immediately consult the relevant parties including eg: Wild Life Department for further action. Interviewed management is well aware of the procedural provisions. Also the SOP has been briefed in the KLK Sustainability Briefing (policy, 3P) training last held 17-02-2016 as Pasir Gajang Estate and no demonstrated training in Sg. Sokor Estate this year as there were no RTE identified during the HCV assessment.</p> <p>During the field visits and interviewing the sprayers at replanting block PR2016B (Kuala Petang division) it was stated by the sprayers that there were sighting of multiple species including large mammals in the concerned block as it is adjacent to an abandoned block due to high terrain (Kuala Petang division 34.877 ha, 17.155 ha). Stakeholder consultation Kampung Mia also indicates sighting of these animals near the estate boarder at Kuala Petang division. Similar observations noted during the stakeholder consultations in the Sg. Sokor estate where the stakeholders reported sightings of large mammals in Kerilla Estate.</p> <p>So it is evident that there is biodiversity in the estates in the scope however management has not been able to take appropriate decisions as they have not been notified and species not being identified during HCV assessment. As a result this is given as an observation.</p> <p>The estates should investigate in to the presence of key species and take actions as prescribed by procedures. Graded as an observation and to be further verified during the coming surveillance on the result of the investigation.</p> <p>Observation was raised as a result under 5.2.3.</p> <p>For the conservation area that have been identified by the estate, the company management has established management plan titled "HCV/Conservation Area Management Plan" under the company's sustainability department's SOP #11.0 dated 01/06/2015 as well as checklists to be used for monitoring purpose. There is no rare, RTE species or HCVs been identified for the estate. The management plan includes of erect warning signage such as "No Hunting", "No tress passing", "no Poaching", electrical fencing, report of legal activities and patrolling by estate management. The management has annual training plan to educate the estate workforce on about the status RTE species. It has been scheduled in the estate's training plan.</p>
--	--	---

ASA3	5.3	<p>Kuala Pertang POM has established SOP 12 title Waste Management & Energy Use. Issue 1/0 dated 01/06/2015. List of wastes identifies Spent lubricating oil, Mill effluent, Methane gas, Used IPA and Hexane, Empty chemical container, Domestic waste, Linesite wastewater, EFB, Scrap iron, Black smoke, Dust, Fibre and shell, Boiler ash, Spent batteries & filter, Decanter cake, Belt press cake, Greenhouse gas.</p> <p>Scheduled waste was disposed following the EIA requirements. The disposal contractor is Pentas Flora Sdn Bhd, license no 004873, expiry date 30/04/17 to 30/04/18 issued by JAS covering 16 codes of waste types. Sighted records of identified schedule wastes sent to Pentas Flora Sdn Bhd dated 08/03/17; Current balance in scheduled waste store dated 20/08/17 SW 305 Used Oil = 0.00mt, SW 410 Oil Filter = 0.0024 Mt</p> <p>Pasir Gajah estate and Sg. Sokor has identified 24 waste types that generated from its plantation activities in waste management plan for year 2015 titled "Identification of all waste products and operational plan to reduce pollution for 2015. The waste management plan has identified Waste product, sources waste, and sources of pollution, mitigation measures, target, and person responsible. Scheduled waste generated from estate send/transit to Estate Scheduled waste store for storage disposal to the registered contractor. Scheduled waste was disposed following the EIA requirements. The disposal contractor is Pentas Flora Sdn Bhd.</p> <p>The wastes are placed in the schedule waste store. The disposal done following the OSH/GP/OSH6 – Guideline of Scheduled Wastes Management. Site inspection shown compliance to requirements.</p> <p>SOP 10 EIA; The mill as well as the estates has list out and documented 24 types of waste that generated from its plantation activities in waste management plan for year 2017 titled "Kuala Pertang POM Environmental Management Plan" Programme for 2017. Last updated on 20/06/17. The waste management plan has identified Waste products, sources of pollution, mitigation measures to reduce pollution, person(s) responsible and status of progression.</p> <p>There are empty container chemical which has not been triple rinse and pierced sighted inside the Empty Container Store. There are no separation between triple rinsed and pierced container with the one that have not been done. As per interviewed with the Storekeeper, the container were newly received and will be processed later. Minor NC draded as a result under 5.3.3</p>																														
ASA3	5.4	<p>The mill monitors renewable energy usage for turbine in terms of kWhr/mt FFB processed. Sampling of records updated on 30th Aug 17 as follow,</p> <table border="1" data-bbox="603 1715 1161 1980"> <thead> <tr> <th>Month</th> <th>MwH TNB</th> <th>kWhr Biomas</th> <th>FFB Processe</th> <th>kWhr /mt</th> </tr> </thead> <tbody> <tr> <td>Oct16</td> <td>59.68</td> <td>52000</td> <td>5525.69</td> <td>11.66</td> </tr> <tr> <td>Nov16</td> <td>50.47</td> <td>44500</td> <td>5667.63</td> <td>9.73</td> </tr> <tr> <td>Dec 16</td> <td>58.19</td> <td>48000</td> <td>4209.4</td> <td>12.57</td> </tr> <tr> <td>Jan 17</td> <td>47.15</td> <td>26218</td> <td>1909.2</td> <td>10.58</td> </tr> <tr> <td>Feb 17</td> <td>40.52</td> <td>20568</td> <td>2592.49</td> <td>15.31</td> </tr> </tbody> </table>	Month	MwH TNB	kWhr Biomas	FFB Processe	kWhr /mt	Oct16	59.68	52000	5525.69	11.66	Nov16	50.47	44500	5667.63	9.73	Dec 16	58.19	48000	4209.4	12.57	Jan 17	47.15	26218	1909.2	10.58	Feb 17	40.52	20568	2592.49	15.31
Month	MwH TNB	kWhr Biomas	FFB Processe	kWhr /mt																												
Oct16	59.68	52000	5525.69	11.66																												
Nov16	50.47	44500	5667.63	9.73																												
Dec 16	58.19	48000	4209.4	12.57																												
Jan 17	47.15	26218	1909.2	10.58																												
Feb 17	40.52	20568	2592.49	15.31																												

		<table border="1"> <tr><td>Mac17</td><td>58.99</td><td>36450</td><td>3242.22</td><td>12.03</td></tr> <tr><td>Apr 17</td><td>55.02</td><td>43228</td><td>3807.16</td><td>11.56</td></tr> <tr><td>May17</td><td>57.77</td><td>47520</td><td>4224.96</td><td>11.81</td></tr> <tr><td>Jun17</td><td>65.32</td><td>30618</td><td>4149.85</td><td>11.26</td></tr> <tr><td>Jul17</td><td>51.77</td><td>51023</td><td>4179.26</td><td>11.83</td></tr> <tr><td>Aug17</td><td>16.37</td><td>58693</td><td>4223.55</td><td>12.20</td></tr> </table> <p>The Pasir Gajah estate monitors fossil fuel usage for transportation in terms of liter/FFB produced. Sampling of records updated as follow,</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Diesel (liter)</th> <th>FFB Transport (mt)</th> <th>Liter / mt</th> </tr> </thead> <tbody> <tr><td>Oct 16</td><td>2621</td><td>2458.69</td><td>1.06</td></tr> <tr><td>Nov 16</td><td>2597</td><td>2620.79</td><td>0.99</td></tr> <tr><td>Dec 16</td><td>2405</td><td>2196.66</td><td>1.09</td></tr> <tr><td>Jan 17</td><td>2256.21</td><td>1383.71</td><td>1.63</td></tr> <tr><td>Feb 17</td><td>1851.18</td><td>1386.69</td><td>1.33</td></tr> <tr><td>Mac 17</td><td>1797.46</td><td>1579.27</td><td>1.13</td></tr> <tr><td>Apr 17</td><td>2363.39</td><td>2103.38</td><td>1.12</td></tr> <tr><td>May17</td><td>2599.42</td><td>2370.84</td><td>1.09</td></tr> <tr><td>Jun17</td><td>1632.00</td><td>1448.41</td><td>1.12</td></tr> <tr><td>Jul17</td><td>2523.21</td><td>2251.71</td><td>1.12</td></tr> <tr><td>Aug17</td><td>2635.54</td><td>2510.44</td><td>1.04</td></tr> </tbody> </table> <p>The Sg. Sokor estate monitors fossil fuel usage for transportation in terms of liter/FFB produced. Sampling of records updated as follow,</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Diesel (liter)</th> <th>FFB Transport (mt)</th> <th>Liter / mt</th> </tr> </thead> <tbody> <tr><td>Oct 16</td><td>-</td><td>118.35</td><td>-</td></tr> <tr><td>Nov 16</td><td>-</td><td>90.85</td><td>-</td></tr> <tr><td>Dec 16</td><td>-</td><td>68.58</td><td>-</td></tr> <tr><td>Jan 17</td><td>-</td><td>34.07</td><td>-</td></tr> <tr><td>Feb 17</td><td>-</td><td>43.37</td><td>-</td></tr> <tr><td>Mac 17</td><td>291</td><td>60.46</td><td>4.81</td></tr> <tr><td>Apr 17</td><td>375</td><td>79.80</td><td>4.7</td></tr> <tr><td>May17</td><td>172</td><td>65.19</td><td>2.64</td></tr> <tr><td>Jun17</td><td>208</td><td>76.82</td><td>2.71</td></tr> <tr><td>Jul17</td><td>218</td><td>117.80</td><td>1.85</td></tr> </tbody> </table> <p>The October 2016 – February 2017 the transportation was done by external contractor</p>	Mac17	58.99	36450	3242.22	12.03	Apr 17	55.02	43228	3807.16	11.56	May17	57.77	47520	4224.96	11.81	Jun17	65.32	30618	4149.85	11.26	Jul17	51.77	51023	4179.26	11.83	Aug17	16.37	58693	4223.55	12.20	Month	Diesel (liter)	FFB Transport (mt)	Liter / mt	Oct 16	2621	2458.69	1.06	Nov 16	2597	2620.79	0.99	Dec 16	2405	2196.66	1.09	Jan 17	2256.21	1383.71	1.63	Feb 17	1851.18	1386.69	1.33	Mac 17	1797.46	1579.27	1.13	Apr 17	2363.39	2103.38	1.12	May17	2599.42	2370.84	1.09	Jun17	1632.00	1448.41	1.12	Jul17	2523.21	2251.71	1.12	Aug17	2635.54	2510.44	1.04	Month	Diesel (liter)	FFB Transport (mt)	Liter / mt	Oct 16	-	118.35	-	Nov 16	-	90.85	-	Dec 16	-	68.58	-	Jan 17	-	34.07	-	Feb 17	-	43.37	-	Mac 17	291	60.46	4.81	Apr 17	375	79.80	4.7	May17	172	65.19	2.64	Jun17	208	76.82	2.71	Jul17	218	117.80	1.85
Mac17	58.99	36450	3242.22	12.03																																																																																																																								
Apr 17	55.02	43228	3807.16	11.56																																																																																																																								
May17	57.77	47520	4224.96	11.81																																																																																																																								
Jun17	65.32	30618	4149.85	11.26																																																																																																																								
Jul17	51.77	51023	4179.26	11.83																																																																																																																								
Aug17	16.37	58693	4223.55	12.20																																																																																																																								
Month	Diesel (liter)	FFB Transport (mt)	Liter / mt																																																																																																																									
Oct 16	2621	2458.69	1.06																																																																																																																									
Nov 16	2597	2620.79	0.99																																																																																																																									
Dec 16	2405	2196.66	1.09																																																																																																																									
Jan 17	2256.21	1383.71	1.63																																																																																																																									
Feb 17	1851.18	1386.69	1.33																																																																																																																									
Mac 17	1797.46	1579.27	1.13																																																																																																																									
Apr 17	2363.39	2103.38	1.12																																																																																																																									
May17	2599.42	2370.84	1.09																																																																																																																									
Jun17	1632.00	1448.41	1.12																																																																																																																									
Jul17	2523.21	2251.71	1.12																																																																																																																									
Aug17	2635.54	2510.44	1.04																																																																																																																									
Month	Diesel (liter)	FFB Transport (mt)	Liter / mt																																																																																																																									
Oct 16	-	118.35	-																																																																																																																									
Nov 16	-	90.85	-																																																																																																																									
Dec 16	-	68.58	-																																																																																																																									
Jan 17	-	34.07	-																																																																																																																									
Feb 17	-	43.37	-																																																																																																																									
Mac 17	291	60.46	4.81																																																																																																																									
Apr 17	375	79.80	4.7																																																																																																																									
May17	172	65.19	2.64																																																																																																																									
Jun17	208	76.82	2.71																																																																																																																									
Jul17	218	117.80	1.85																																																																																																																									
ASA3	5.5	Zero burning policy was established and included in KLK Sustainability Policy date 01/06/2015. During site visit, sighted no burning in replanting area. Estate did the felling and chipping.																																																																																																																										
ASA3	5.6	Stack emission for boiler is monitored once every 6 months. Sighted test report by the monitoring body 'Envision Service Sdn Bhd' for Stake No.1 indicated that dust load for stack no.1 is below the permissible limit of 0.400gm/Nm ³ (actual test 1 : 0.2503gm/Nm ³) stated in Stack Emission																																																																																																																										

		<p>Monitoring Report reference No. K.PRTG/17-2-1 dated 27/07/17</p> <p>GHG for the plantation is been calculated by sustainability department, latest value 60 kg CO2e/FFB was sighted for Financial Year (Oct 2015 to Sep 2016)</p> <p>GHG policy was established include in KLK Sustainability Policy date 1/06/2015. In order to reduce GHG, the mill has implemented “Belt Press” for inlet and out let to reduce BOD/COD. The monitoring result in TQCC Laboratory Effluent Test Report</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	
ASA3	6.1	<p>At the POM SIA conducted for external holder were carried on 10/9/2015 but will be reviewed annually during the management review. Sighted management review record held on 30/9/2016. External stakeholder meeting were conducted on 25/7/2017 for both POM and Pasir Gajah estate. The agenda includes briefing on KLK sustainability policy, communication of EIA, SIA and HCV as well as request and response. For SIA – make safety signage available, medical surveillance to workers that exposed to chemical, first aid training, informing the external stakeholders that sundry shop is available in estate line site, oral & eye screening conducted by local clinic, and estate management engaged with Fire Department to conduct fire drill, increase facility in school, repair damage road after flood, and also brief on new projects. There is SIA conducted recently for upgrading of weighbridge on 4/7/2017. 20 respondents were picked to answer the questionnaire from workers who are socially affected.</p> <p>At Pasir Gajah latest SIA were done on 12/9/2017 among internal stakeholders regarding payment of wages using e-banking system. This carried on 150 respondents, chosen randomly, covering male and female, occupation, an age profile. SIA for external stakeholders conducted:</p> <ul style="list-style-type: none"> ○ For renovation of crèche ayah, on 27/8/2017. ○ Changing of water source from river to tubewell, on 27/8/2017 with 70 respondents. ○ Replanting of oil palm, carried on 16/1/2017 on 20 respondents. <p>At Sg. Sokor SIA were conducted for each new activities in the estate. Sighted the last SIA recorded on 25/08/2017 among internal stakeholder for passport. Positive and negative impact were recorded along with the action plan. In 2017, the other SIA conducted are:</p> <ul style="list-style-type: none"> ○ Workers quarters rewiring work – 15/06/2017 ○ Repainting fertilizer store – 12/05/2017 ○ Crèche upgrading – 21/03/2017 ○ Construction of tube well – 21/03/2017 <p>External stakeholder meeting conducted on 11/06/2017, explaining to the stakeholders on the KLK sustainability policy, EIA, SIA and CV area. Request</p>

		<p>and response, communication and consultation also sighted recorded in the external stakeholder meeting.</p> <p>Meeting minutes available for all meetings and sighted the attendances lists that include government agencies, union representative, village representatives, worker, etc.</p> <p>A management plans were prepared based on the SIA to mitigate negative impacts and promote positive ones. Area assessed are analysed and a detail numeric description is provided along with tangible action plan provided with issue arise, action plan, impact, target dates, PIC and current status.</p> <p>No smallholders included in the scope</p>
ASA3	6.2	<p>Consultation and communication procedures available in “Stakeholders Engagement / Negotiation SOP, SOP: 1.0, issue/rev: 1/0, date 1/6/2015”. SOP, identifies who in charge on what. For the identification, engagement and review flow, the PIC is the manager. Workers are aware that if they want to request something, they can communicate it to management through stakeholder logbook.</p> <p>Stakeholder consultation were done once a year at estates, latest on 25/7/2017 for Pasir Gajah and 21/3/2017 for Sg. Sokor.</p> <p>Stakeholder list is available in the mill office. Last update in 2015. The lists consisted of government bodies, NGOs, services provider, neighbouring community/plantation/smallholders, and estate community/estate representatives. Stakeholder meeting also conducted on 25/7/2017 for both internal and external stakeholders. Meeting minutes are available.</p> <p>External stakeholder list is available at the estates last update on 2/5/2017 for Pasir Gajah and 20/7/2017 for Sg. Sokor. The list includes government bodies, NGOs, service provider, estate community, women committee, temple committee chairman, workers representatives, surau representatives, and neighbouring committees.</p>
ASA3	6.3	<p>Complaints and grievances procedures available in “Stakeholders Engagement / Negotiation SOP, SOP: 1.0, issue/rev: 1/0, date 1/6/2015”. SOPs and policies were communicated through morning musters, union meetings, as well as during external stakeholder meetings. Request were attended promptly and fairly and all the actions recorded in the logbook.</p> <p>For private and confidentiality, protection of whistle blower is stated in KLK Sustainability Policy Issue/Rev. 1/0 approved by Tan Sri Dato’ Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 Clause 3.2 (xii) where the group shall provide a confidential means for all personnel to report illicit (unethical or illegal) activities.</p>
ASA3	6.4	<p>KLK has established SOP 3 entitled Land Acquisition (For OP Planting) Att. 2.0 Issue/Rev 1/0 dated 01/05/2016 outlined the procedure for identifying legal, customary or user rights. Thus is endorsed for claiming on land ownership</p>

		and consideration of compensation. Compensation procedure is available in Land Acquisition SOP 3A, issue/rev: 1/0, date 1/1/2017. No customary rights and no compensation recorded as there is no new land acquire.
ASA3	6.5	<p>For workers employed in mill operations, employment term and condition are stated in contract of employment adhered to all mill workers and same goes with estates which are in line with MAPA/NUPW agreement. Contract of employment clearly stated the duration, wages, working hours, OT, insurance etc. Cross check was carried out with the payslips and no irregularities found. For foreign, the agreement includes contract validity, work location, salary, leave, other benefits, notice, etc.</p> <p>Workers were provided with adequate housing, water supplies, medical, educational and welfare amenities. If there is problem with the house, they will fill up form and the management will attend to it promptly. Clinic were available in estate compound for free and open to everyone. There is schools in estate compound and estate provide free transportation for workers child to school.</p> <p>There is an estate sundry shop available within both estates for worker's convenience with daily supply of essential items.</p>
ASA3	6.6	<p>Freedom of association and right to collective bargaining is described in the company's policy "Sustainability Manual, Policy, issue/rev: 1/0, date: 1/6/2015 where it is stated that "the group and its supplier/contractors shall recognise and respect the right of employees to form and join trade unions of their choice subject to the provision of relevant national legislation". Policy is available in notice board around mill as well as at the estates.</p> <p>Interviews were carried out with worker union representatives and demonstrated that the management is having regular meetings with the union and has assured the union's right to collectively bargain.</p> <p>Also verified through the minutes of the recent meetings with worker unions. Latest minutes meeting conducted on 25/7/2017, 3.30pm for the POM. Meeting with NUPW were last held on 6/6/2017 for Pasir Gajah where it can be sighted that NUPW were bargaining he management to release early advance for the eid celebration. At Sg. Sorkor Trade union meeting were conducted once a year. Latest meeting is on 21/3/2017. During this meeting, KLK sustainability policy and procedures for consultation, requests or complaints were briefed.</p>
ASA3	6.7	There is "No Child Labour" policy in "Sustainability Manual, Policy, Issue / Rev: 1/0, date: 1/6/2015" where it describes "The group and its suppliers/contractors shall not knowingly employ or support the use of child labour. Remedial actions with appropriate follow up actions shall be employed if any child labour case is uncovered to protect the welfare of the child". Verifications confirmed that there are no underage worker employed in the mill as well as the estates.
ASA3	6.8	Policy on Equal Employment Opportunities is available in "Sustainability

		<p>Manual, Policy, Issue / Rev: 1/0, date: 1/6/2015” where it describes “The group and its suppliers/contractors shall ensure equal opportunities in the work place. All decisions relating to hiring, remuneration, access to training, promotion, termination or retirement will be made based on business needs, job requirements, and individual qualifications and without regard to race, religion or gender”. The company policy is being discussed during the stakeholder consultations.</p> <p>Interviews with all levels of workers including the foreign workers at the estates as well as women performing various tasks and getting paid on various ways confirms that everyone are treated fairly and equally and is not subjected to any form of discrimination.</p>
ASA3	6.9	<p>In KLK Sustainability Policy issue/rev 1/0 dated 01/06/2015 approved by KLK CEO Tan Sri Dato’ Seri Lee Oi Hian dated 01/12/2014 clause 3.2 (xi) Harassment and violence stated the group and its supplier/contractor shall not tolerate any type of harassment or violence. Policy were placed in notice board and communicated to all workers during KLK Sustainability Training conducted on 31/7/16 for the POM 21/2/17 at Pasir Gajah. Gender committee is available with 5 members. Issues such as Sexual harassment, Pregnant workers Violence, Breastfeeding, Maternity leave were discussed during the meeting. Sighted minutes meeting conducted on 13/9/17, and 3/6/17 for the POM</p> <p>Gender committee meetings were held once every 3 months at the estates. Latest 2 meetings at Pasir Gajah were conducted on 18/9/2017 – discussing on violence against women, sexual harassment, others. No case recorded, 21/6/2017 – discussing on issues rise during work, breastfeeding, violence against women, sexual harassment, others.</p> <p>Last Women committee meeting at Sg. Sokor were conducted on 8/8/2017. Sighted the discussions on reproductive rights, sexual harassments, others.</p> <p>Policy No: GP/OSH12 OSH Mgt. System – 4 source: Plantations – Operations Div. issued dated 01/07/2010 attachment 5 shown flow chart on handling sexual harassment complaints is verified. No report on harassment or any discrimination is recorded todate.</p>
ASA3	6.10	<p>Price of FFB were stated in weighbridge notice board. Price were obtained from HQ. Pricing mechanism dealing will done between HQ and external suppliers and pricing mechanism will be done based on MPOB circulation. No complaints recorded for the FFB pricing.</p> <p>Contract between third party FFB were available. This contract mentioned duration of agreement, delivery of FFB, quantity of FFB, quality of FFB, transportation cost, processing of the FFB, pricing of FFB, payment, etc. Sighted revision of FFB rates for non-KLK estates. System is different for estates, smallholder and smallholder walk in.</p> <p>Sighted payment done to:</p>

		<ul style="list-style-type: none"> ○ Everise Frontier (July: PO - RM467.01/mtFFB, PK - RM96.24/mtFFB)– FFB intake 21.25mt, payment 18% palm oil: RM 9,923.96, 4.75% PK: RM 2,045.10, processing charge, total: RM 11,119.06 ○ Everise Frontier (July) – FFB intake 21.25mt, payment 18% palm oil: RM 9,923.96, 4.75% PK: RM 2,045.10, processing charge, total: RM 11,119.06 ○ Yayasan Kelantan DarulNaim (July: PO - RM486.47/mtFFB, PK - RM91.17/mtFFB) – FFB intake 10.86mt, payment 18.75% palm oil: RM 5283.06, 4.50% PK: RM 990.11, processing charge, total: RM 4,103.32
ASA3	6.11	<p>Mil and estates had made contribution to the local community as one of their corporate social responsibility. Sighted the CSR done as below:</p> <ul style="list-style-type: none"> ○ To Kelab Sukan for fire drill training – RM200, 11/9/2017 ○ Mill workers family day – RM1000, 9/9/2017 ○ To PT3 student – Rm600 ○ SKT Pasir Gajah – school bus porch, RM 1471.28
ASA3	6.12	<p>Policy of No Forced or Bonded Labour available in “Sustainability Manual, Policy, Issue / Rev: 1/0, date: 1/6/2015” which describes “The group and its suppliers/contractors shall not knowingly employ or support the use of forced or bonded labour or human trafficking and shall take appropriate measures to prevent the use of such labour in connection with the Groups operations. There will also not be any restrictions on the workers freedom of movement during their free time. The Group shall not deduct any part of an employee’s wages unless provided for by law, nor withhold any property, ID cars, passports or other travel documents without their prior consent.” No foreign workers available in the mill. Locals are employed.</p> <p>The foreign employed in estate operational activity is supplied by licensed agent. Employee is ensuring to have legal and valid document prior working in estate.</p> <p>Confirmed with stakeholders that there is no form of forced or trafficked labour used. Also verified that there is no contract substitution.</p>
ASA3	6.13	<p>Importance of safeguarding human rights is discussed in KLK Sustainability Policy Issue/Rev 1/0 dated 01/06/2015, Drive Positive Socio-Economic Impact for People and Communities, stated KLK respect, support and uphold fundamental human rights.</p> <p>SOPs and policies were communicated through morning musters as well as women’s committee meetings, which mentioned the policies, and complaint procedures.</p> <p>No children of foreign workers. All foreign workers are on their own without their families.</p>
Principle 7: Responsible Development of New Plantings		
Criterion by	Summary	

Audit		
ASA3	7.1	N/A. No new planting.
ASA3	7.2	
ASA3	7.3	
ASA3	7.4	
ASA3	7.5	
ASA3	7.6	
ASA3	7.7	
ASA3	7.8	
Principle 8: Commitment to Continuous Improvement in Key Areas of Activity		
Criterion by Audit	Summary	
ASA3	8.1	<p>Continuous improvement plan is available for the year 2017 at the POM as well as the estates.</p> <p>Kuala Pertang POM CIP has been updated on 18/01/2017 includes</p> <ul style="list-style-type: none"> ○ To have good relationship with workers – to attend their housing problems as quickly as possible ○ To improve cleanliness of labour and staff quarters – to provide dustbin and ensure regular rubbish collection from the quarters ○ To improve treated water quality – installing new water treatment system which regulates chemical dosage as per demand ○ To reduce GHG emission – to service mill vehicles regularly and ensure smooth running of the boiler. <p>Pasir Gajah estate CIP last updated on 20/6/2017. The plan included:</p> <ul style="list-style-type: none"> ○ Pesticide reduction: <ul style="list-style-type: none"> - Beneficial plant upkeep - Barn owl maintenance - Spraying pump maintenance ○ GHG reduction: <ul style="list-style-type: none"> - Tractor service ○ FFB yield optimization: <ul style="list-style-type: none"> - Manuring according to AAR program - EFB mulching for nutrient recycling - Front stacking for moisture and nutrient content - Desilting drain - P&D programme ○ Building: <ul style="list-style-type: none"> - To renovate crèche ayah - Upgrading drain culvert ○ Plant and machinery: <ul style="list-style-type: none"> - Installation of tube well and storage tank ○ Estate boundary: <ul style="list-style-type: none"> - Survey work for boundary (Yearly programme – 2017, 40 boundary stone which 22 already done by Hasimi Ukur) <p>Sungei Sokor estate CIP last updated on 10/1/2017. The plan included:</p> <ul style="list-style-type: none"> ○ Vibrator drum compactor

		<ul style="list-style-type: none"> - compacting new resurfaced road ○ improving safety, security and sanitary of the crèche ○ waste generation <ul style="list-style-type: none"> - build up new empty fertilizer bag store - spraying pump calibration ○ optimizing yield <ul style="list-style-type: none"> - timely fertilizer application, desilting & pruning ○ estate boundary <ul style="list-style-type: none"> - Appoint licensed surveyor to identify boundary stones. Done identifying 49 bs, another 50 bs in next year ○ plant & machinery <ul style="list-style-type: none"> - to install tube well for workers quarters water supply ○ GHG reduction <ul style="list-style-type: none"> - Regular tractor services - Manuring according to AAR recommendation - Reduced water wastage through proper processing and pipeline repairs.
--	--	--

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

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

Non-conformity number: 02/2016	
Project No: 848531	
Site: KLK Berhad – Kuala Pertang Complex (Sg. Sokor Estate & Kerilla Estate)	
Date: 23 rd September 2016	
Part of scope: Principle 2	
Requirement reference: 2.2.2 (Minor)	
There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves.	
Type of Non-conformity:	Verification by Lead Auditor:
Major <input type="checkbox"/>	
Minor <input checked="" type="checkbox"/>	
Time Line to Close the Non-conformity	Pre-Conditioned: Main/Re-Assessment:
364 days / Next Surveillance Audit	Yes <input type="checkbox"/> No <input type="checkbox"/>
	Annual Surveillance:
	Major (60 days): <input type="checkbox"/>
	Minor (364 Days/Next ASA): <input checked="" type="checkbox"/>
Non-conformance (objective observation and statement of non-conformance):	
<p>During audit time to both operating units, it was observed that the estates have boundary map titled “Sg. Sokor Estate and Kerilla Estate” signed by the Pengarah Ukur Kelantan. For Sg. Sokor Estate, there are 201 markers identified in the estate boundary map, however only 7 is available during period of audit.</p> <p>For Kerilla Estate, the estate management had identified 204 legal boundary markers in JUPEM map. As per interviewed with Estate Assisstant Manager only 34 unit is available in field where the others legal boundaries markers are still missing.</p>	
Root Cause Analysis and extent: (To be filled by Auditee)	
Majority of legal boundary markers went missing during the inspection carried out by Management. The identification of all legal boundary markers at one time is a time-consuming and costly.	
Corrections: Kindly provide the extent (To be filled by Auditee)	
<ul style="list-style-type: none"> - Management has already engaged with licensed land surveyor to carry the legal boundary markers identification periodically. - Management has assigned and trained person in-charge to carry out the maintenance and inspection on boundary stone markers annually using boundary stone checklist. 	

Corrective/Preventive Actions: (To be filled by Auditee)	
- Management has included legal boundary markers identification in Continuous Improvement Plan.	
Review of evidences submitted to CUC:	
The Kerilla Estate and Sugai Sokor Estate already come up with a plan to fix new boundary stone at a staggered manner due to surveyor availability. For the year 2017 in Kerilla Estate, there are 5.5km lost boundary marker already demarcated for 50 points while 49 points for Sungai Sokor Estate. For the completion of whole estate perimeter, the project is expected to be completed by 2023 for Kerilla Estate and Sungai Sokor Estate. Aside from that, there is training record for both estates sighted on boundary surveying given to responsible assistant manager to upkeep existing boundary stone. Furthermore, there are boundary marker monitoring checklist created to monitor boundary stone once every month for both estates.	
Conclusion by CUC:	
The estate have taken appropriate action to recover the lost boundary markers therefore NC is recommended to be closed.	
NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Lead Auditors' Name: Supun Sachithra Nigamuni	Date: 28-11-2017
Signature: 	

Non-conformity number: 03/2016	
Project No: 848531	
Site: KLK Berhad – Kuala Pertang Complex (Kuala Pertang POM & Sg. Sokor Estate)	
Date: 23 rd September 2016	
Part of scope: Principle 4	
Requirement reference: 4.4.1 (Minor)	
An implemented water management plan shall be in place.	
Type of Non-conformity:	Verification by Lead Auditor:
Major <input type="checkbox"/>	
Minor <input checked="" type="checkbox"/>	
Time Line to Close the Non-conformity	Pre-Conditioned: Main/Re-Assessment:
	Yes <input type="checkbox"/> No <input type="checkbox"/>

364 days / Next Surveillance Audit	Annual Surveillance: Major (60 days): Minor (364 Days/Next ASA):	<input type="checkbox"/> <input checked="" type="checkbox"/>																		
Non-conformance (objective observation and statement of non-conformance):																				
<p>Water management is not been implemented effectively as described in company's SOP No: 5: Surface & Ground Water Management.</p> <p>a. There is no evidence of raw river water of Kelantan River which runs along Sg. Sokor Estate boarder been sampled from January 2016 to August 2016 as the estate's water sampling programme required to perform raw water sampling once every 4 months. (Sg. Sokor Estate)</p> <p>b. There is no evidence of corrective action taken on detection of water quality parameters that have exceeded allowable limits by Ministry of Health as the treated water are supplied to mill and estate workers housing. Following is the summary water analysis results reported for Kuala Pertang POM and Sg. Sokor Estate which has exceeded the limits.</p>																				
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Operating Unit</th> <th style="width: 25%;">Date Sampled</th> <th style="width: 40%;">Parameter (limits).</th> <th style="width: 10%;">Test Result</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center;">Kuala Pertang POM</td> <td rowspan="2" style="text-align: center;">15/01/2016</td> <td>- Turbidity (<5.0)</td> <td style="text-align: center;">5.1</td> </tr> <tr> <td>- Aluminium (<0.2)</td> <td style="text-align: center;">0.96</td> </tr> <tr> <td rowspan="3" style="text-align: center;">Sg. Sokor Estate</td> <td rowspan="3" style="text-align: center;">28/08/2016</td> <td>- Aluminium (<0.2)</td> <td style="text-align: center;">0.37</td> </tr> <tr> <td>- Total Coliform (ND/100ml)</td> <td style="text-align: center;">4.5</td> </tr> <tr> <td>- E-Coli (ND/100ml)</td> <td style="text-align: center;">4.5</td> </tr> </tbody> </table>			Operating Unit	Date Sampled	Parameter (limits).	Test Result	Kuala Pertang POM	15/01/2016	- Turbidity (<5.0)	5.1	- Aluminium (<0.2)	0.96	Sg. Sokor Estate	28/08/2016	- Aluminium (<0.2)	0.37	- Total Coliform (ND/100ml)	4.5	- E-Coli (ND/100ml)	4.5
Operating Unit	Date Sampled	Parameter (limits).	Test Result																	
Kuala Pertang POM	15/01/2016	- Turbidity (<5.0)	5.1																	
		- Aluminium (<0.2)	0.96																	
Sg. Sokor Estate	28/08/2016	- Aluminium (<0.2)	0.37																	
		- Total Coliform (ND/100ml)	4.5																	
		- E-Coli (ND/100ml)	4.5																	
Root Cause Analysis and extent: (To be filled by Auditee)																				
<ul style="list-style-type: none"> - Inadequate chemical dosage for turbidity during raining season (water turbidity increased during raining season). - Staff-in-charge has relatively low awareness on chemical dosing. 																				
Corrections: Kindly provide the extent (To be filled by Auditee)																				
<p>1. Kuala Pertang Mill</p> <ul style="list-style-type: none"> - Management has conducted training for staff and operator in charge on water treatment procedures. - The lab personnel has been trained to conduct jar test whenever necessary to determine the chemical dosage. - Mill management has put in a capital budget to install a new type of on-line water treatment system which regulates the chemical dosage according to the incoming raw water quality. Currently still pending approval from the Head Office. <p>2. Sg Sokor Estate</p> <ul style="list-style-type: none"> - Estate management has put in a capital budget to install tubewell. 																				
Corrective/Preventive Actions: (To be filled by Auditee)																				
<p>1. Kuala Pertang Palm Oil Mill</p> <ul style="list-style-type: none"> - Mill management will conduct annual trainings for both water treatment operator and lab personnel on chemical handling and dosage. - Mill management had installed a new type of on-line water treatment system which regulates the chemical dosage according to the incoming raw water quality. - Estate management obtained the approval from Head Office to install tubewell and the 																				

installation is in progress.

2. Sg Sokor Estate
- The installation of tube well is in the progress and target to be completed in December 2017.

Review of evidences submitted to CUC:


Based on the field observations NC could not be closed. As a result NC upgraded. See new NC 02/2017 with detailed description.

Conclusion by CUC:

Based on the field observations NC could not be closed. As a result NC upgraded. See new NC 02/2017 with detailed description. NC 03/2016 administratively settled due to documentation purposes.

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

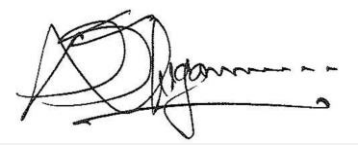
Lead Auditors' Name: Supun Sachithra Nigamuni **Date:** 28-11-2017

Signature: 

4.3.2 Non-Conformities Identified during this Audit

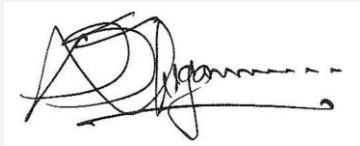
The following NC's were raised for this audit

NC number:	01/2017		
Client name:	Kuala Lumpur Kepong Berhad – Kuala Pertang POM		
Date raised:	28 th September 2017		
Major or Minor:	Minor	Site :	Kuala Pertang POM, Pasir Gajah Estate & Sungai Sokor Estate
Raised by:	Fadly Ahmad	Deadline :	Next Surveillance Audit
Aspect of standard:			
Principle 2: There is compliance with all applicable local, national and ratified international laws and regulations.			
Clause 2.1.3 (Min); A mechanism for ensuring compliance shall be implemented			
Evidence of non-conformity:			
According to Environment Quality Act 1974 (Schedule Waste) 2005 regulations stated that:			
a. Reg 4; I Schedule waste shall be disposed of at prescribed premises only;			
Reg 4; II Scheduled waste shall, as far as practicable, be rendered innocuous prior to disposal			
b. Reg 8; I Every waste generator shall ensure that scheduled wastes generated by him are properly stored, treated on-site, recovered on-site for material or product from such scheduled wastes or delivered to and received at prescribed premises for treatment, disposal or recovery of material or product from scheduled wastes.			
However, during site visit it was sighted that:			
1. Kuala Pertang POM – Cotton rags which contaminated with spent oil (SW409) was spotted inside a normal waste bin which shall be delivered to Kuala Pertang division landfill for disposal. Also sighted keeping of spent oil in a container (SW305) at the empty chemical container store.			
2. Pasir Gajah Estate – Used Nitrile gloves (SW409) and used spillage kit were found inside town council			

<p>waste bin while used rubber boots (SW409) were spotted at the landfill area. There are scheduled waste such as empty paint container, used PPE, lubricant container and influorescent bulb stored in Empty Container Store without proper storage condition and labelling.</p> <p>3. Sungai Sokor Estate – Cotton gloves which contaminated with spent oil (SW409) was spotted inside a normal waste bin which shall be delivered to Sungai Sokor estate landfill for disposal.</p>	
	
<p>Supun Sachitra Nigamuni Lead Auditor Date: 28th September 2017</p>	
<p>Root Cause Analysis and extent: (To be filled by Auditee)</p>	
<p>Corrective/Preventive Actions: (To be filled by Auditee)</p>	
<p>Evidence of Conformity:</p>	
<p>Review of evidences submitted to CUC:</p>	
<p>Conclusion by CUC:</p>	
<p>NC Status: Yes <input type="checkbox"/> (CLOSED) No <input checked="" type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Lead Auditors' Name: Signature:</p>	<p>Date:</p>

NC number:	02/2017		
Client name:	KLK Kuala Pertang		
Date raised:	28/09/2017		
Major or Minor:	Major (Upgraded from Minor)	Site:	KLK Kuala Pertang POM, Pasir Gajah Estate, Sungai Sokor Estate

Raised by:	Ashikin Shafinaz	Deadline:	
Aspect of standard: 4.4.1 An implemented water management plan shall be in place			
<p>Evidence of non-conformity: Water management is not been implemented effectively as result of water analysis shown several off spec parameters reading.</p> <p>KLK Kuala Pertang POM: Verified the latest 3 analysis done:</p> <ul style="list-style-type: none"> • Test certificate, result of analysis date report issued: 15/03/2017 shown off spec parameter for Fluoride is 0.06 mg/L which does not meeting Ministry of Health Standard, 0.5-0.7 mg/L • Test certificate, result of analysis date report issued: 21/04/2017 shown off spec parameter for Fluoride is 0.17 mg/L • Test certificate, result of analysis date report issued: 06/07/2017 shown off spec parameter for Fluoride is 0.04 mg/L <p>Based on consultation with Utility Department, mill has acquired quotation for Sodium Fluoride as this is to be add in WTP.</p> <p>Pasir Gajah Estate: Verified test certificate result of analysis date received 03/02/2017, date report issued 15/03/2017 shown:</p> <ul style="list-style-type: none"> • Aluminium: 1.71 mg/L, MOH: less than 0.2 • Iron: 0.37 mg/L, MOH: less than 0.3 <p>result of analysis date received 03/02/2017, date report issued 15/03/2017 shown:</p> <ul style="list-style-type: none"> • Aluminium: 0.29 mg/L, MOH: less than 0.2 • Iron: 0.37 mg/L, MOH: less than 0.3 <p>Estate has budgeted to install tube well to resolve this issue and the construction is still ongoing</p> <p>Sungai Sokor Estate: Verified test certificate result of analysis date received 14/10/2016, date report issued 31/10/2016 shown:</p> <ul style="list-style-type: none"> • Iron: 1.95 mg/L, MOH: less than 0.3 • Fluoride: 0.04 mg/L, MOH: 0.5-0.7 • Turbidity: 47.4 NTU, MOH: less than 5 • Aluminium: 3.18 <p>result of analysis date received 09/08/2017, date report issued 23/08/2017 shown:</p> <ul style="list-style-type: none"> • Aluminium: 1.98 mg/L, MOH: less than 0.2 • Iron: 0.79 mg/L, MOH: less than 0.3 • Fluoride: 0.05 mg/L, MOH: 0.5-0.7 <p>Estate has budgeted to install tube well to resolve this issue and the construction is still ongoing</p> <p>This treated water is continuously supplied to workers quarters for domestic used.</p> <p>Based on LAWS OF MALAYSIA Act 446 WORKERS' MINIMUM STANDARDS OF HOUSING AND AMENITIES ACT 1990: Supply of water and electricity and maintenance of houses</p> <p>6. (1) Where workers and their dependants are provided with housing at their place of employment it shall be the duty of the employer of such place of employment:</p> <p>(a) to provide free and adequate piped water drawn from a public main, or where the Director General so permits in writing, to provide free and adequate supply of potable piped water drawn from any other source which shall be filtered and treated in a manner approved by the Director General</p>			



Supun Sachitra Nigamuni

Lead Auditor

Date: 28th September 2017

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

Pasir Gajah Estate

Management lack of monitoring equipment for water quality parameters such as Iron and Aluminium.

Sg. Sokor Estate

Sg. Sokor Estate uses Kelantan River as the raw source. Several factors affecting the quality of treated water are the on-going gold mining activity nearby Kelantan River, insufficient time taken for flocculation as the usage is higher than normal rate (250 m³ instead of 80 m³) and high content of silt which results in high use of flocculation agent (alum).

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

Kuala Pertang POM

Kuala Pertang Palm Oil Mill Management has collaborated with Pasir Gajah estate to install tube well in order to improve the incoming water quality.

Pasir Gajah Estate

Pasir Gajah Estate Management had conducted jar test as recommended by KLK Utility Department to determine the optimal dosage of chemicals to be used in water treatment process (for parameters Iron and Aluminium).

Management was then sent the treated water sample to Organo Lab and other third part accreditation lab (Era Lab KT Sdn. Bhd) for testing. This is to further ensure the accuracy of the water sample result. For comparison purpose, management sent both treated water from Pasir Gajah Estate and Government water to Organo Lab for testing.

Meanwhile, management is in the progress of installing tubewell, with the aim to improve the water quality. The installation is estimated to be completed by the end of December 2017.

Sg. Sokor Estate

Sg. Sokor Estate management has started to install tubewell and was targeted to be completed by end of December 2017. Sg. Sokor Estate management has also conducted the jar test to determine the optimum dosage of chemicals to be used during water treatment process.

KLK Utility Department from Head office has been assigned to monitor on the water parameters requirement. This department will then liaise with the estate management on any issue related to water for appropriate action plan to be taken.

Evidence of Conformity:

Certificate of analysis for Drinking water at Pasir Gajah estate – Lab Report Numbers 17/10/W896(C), 17/10/W896(M)

Continuous Improvement Plan - Kuala Pertang POM – 2017

Review of evidences submitted to CUC:

The test reports for water samples at Pasir Gajah estate (sampling dated 17-10-17) indicates that all parameters are within range for the treated water demonstrating the adequacy of the measures taken by the company.

At other sites the construction of the tube wells is in process as per the continuous improvement plan where the entire process is to be completed by the end of Dec 2017. For the tube well, it is a requirement by the tubewell supplier to do water analysis until the parameters is within the spec.

Monitoring mechanism has been has also been strengthened.

Conclusion by CUC:


NC can be settled. Also update is requested by the client on progress of establishment of tube wells and the water samples upon completion.

NC Status: Yes (CLOSED) No (OPEN)

ON SITE VERIFICATION REQUIRED Yes No

Lead Auditors' Name: Supun Sachithra Nigamuni

Date: 28-11-2017

Signature: 

NC number:	03/2017		
Client name:	Kuala Lumpur Kepong Berhad – Kuala Pertang POM		
Date raised:	28 th September 2017		
Major or Minor:	Major	Site :	Kuala Pertang Complex
Raised by:	Supun Sachithra Nigamuni	Deadline :	60 days / Next Surveillance Audit
Aspect of standard:			
Clause 5.2.1 [Major]			
Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).			
Evidence of non-conformity:			
HCV assessment is carried out (inhouse) for all estates based on SOP 11.0 – High Conservation Value (HCV) & Conservation Area Management using HCV Tool Kit by WWF Malaysia version October 2009. No RTE species has been identified as a result no conservation efforts or area identified under HCV types 1 and 3. Also according to the procedure the company is also conducting annual surveys in the HCV areas identified (riparian zones with respect to biodiversity).			
However no information available on the presence of biodiversity from the HCV assessments as the HCV assessment is a presentation of summary which can then be related to the IUCN Red list or protected species under WCA 2010 or other related sources. Annual monitoring are conducted (in-house by sustainability department and estate staff) which always has marked no RTE species. Also when requested from the staff involved in HCV monitoring could not present the reference lists which was used to identify the RTE species or any field guides to detect specific flora and fauna as well as other ecosystems.			
Block number PR2016B replanted in 2016 as per the stakeholder consultations has had sightings of multiple key species as the concerned block as it is adjacent to an abandoned block due to high terrain (Kuala Petang 34.877 ha, 17.155 ha). Prior to the replanting process the company has conducted an EIA and SIA which doesn't give any insights to assessment of biodiversity [see also observation under 5.2.3 – 02/2017].			
The above demonstrates inadequacies in the company's current procedure in conducting biodiversity identification and monitoring in identifying the presence of RTE species.			



Supun Sachitra Nigamuni

Lead Auditor

Date: 28th September 2017

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

The management has overlooked which only identified the fauna in estate. Lack of awareness to conduct the identification process due to the area was previously intentionally abandoned by the management.

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

1. Estate management together with Sustainability Department has established a flora checklist which filled by executive with forestry background and has a longer working experience in estate. Few flora species were identified but not categorised as ERT species based on IUCN Red list. (Refer to attachment 1).
2. Estate management also conducted stakeholders consultation for fauna species based on the updated fauna checklist prepared by Sustainability Department. (Refer to attachment 2 & 3).
3. Management has also engaged with *Jabatan Perhutanan Negeri Kelantan* for the inventory list of flora and *Jabatan PERHILITAN Negeri Kelantan* for the inventory list of fauna in the estate and surrounding area. According to the officer in charge, they need time to discuss with the Director regarding the procedure to provide the inventory list. Management will continue to follow up with them on this matter. (Refer to attachment 4).

Evidence of Conformity:

Fauna Analysis and Summary of Flora & Fauna_Pasir Gajah Estate based on stakeholder consultations carried out on 25-10-17 and for Sg. Sokor on 26-10-17
Questionnaire used inclusive of photographs of key species
Photographic evidence of the stakeholder consultation and the attendance list.
Monitoring checklist for flora species
Evidence of flora assessment at Pasir Gajah estate conducted on 01-10 and 10-10-2017 and for Sg. Sokor on 07-10-2017
Engagement with *Jabatan Perhutanan Negeri Kelantan* for the inventory list of flora on 22-10-17
Engagement with *Jabatan PERHILITAN Negeri Kelantan* for the inventory list of fauna on 09-10-17


Review of evidences submitted to CUC:


Clear evidence available for Pasir Gajah estate as well as Sg. Sorkor where the company has opted for a combination of participatory and scientific approach in conducting the bio diversity assessments. Both fauna and flora checklists contain photographic guides for key species present in the area as well as with the options to record additional species not reflected in the guide. The evaluation has not resulted in identification of any RTE species and as a result no additional conservation measures are needed.

In addition Management has also engaged with *Jabatan Perhutanan Negeri Kelantan* for the inventory list of flora and *Jabatan PERHILITAN Negeri Kelantan* for the assessment of biodiversity in the estate and surrounding area. The process is ongoing.

Conclusion by CUC:

NC can be settled as corrective action has been taken across the complex. The update from the engagement with forestry and biodiversity departments of local government to be verified in the coming surveillance.

NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Lead Auditors' Name: Supun Sachithra Nigamuni  Signature:	Date: 28-11-2017

NC number:	04/2017		
Client name:	Kuala Lumpur Kepong Berhad – Kuala Pertang POM		
Date raised:	28 th September 2017		
Major or Minor:	Minor	Site:	Kuala Pertang POM
Raised by:	Fadly Ahmad	Deadline:	Next Surveillance Audit
Aspect of standard: Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner. Clause 5.3.3 (Min) A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented			
Evidence of non-conformity: According to KLK Standard Operating Procedure, Waste Management and Energy Used (SOP 12.0 dated 1 June 2015) stated that: Empty pesticides container (EPC) must be triple rinsed and pierced before being disposed by the management However during the site visit: <ol style="list-style-type: none"> 1. Kuala Pertang POM – There are empty container chemical which has not been triple rinse and pierced sighted inside the Empty Container Store. There are no separation between triple rinsed and pierced container with the one that have not been done. As per interviewed with the Storekeeper, the container were newly received and will be processed later. 			
 Supun Sachithra Nigamuni Lead Auditor Date: 28 th September 2017			
Root Cause Analysis and extent: (To be filled by Auditee)			
Corrective/Preventive Actions: (To be filled by Auditee)			
Evidence of Conformity:			

Review of evidences submitted to CUC:	
Conclusion by CUC:	
NC Status: Yes <input type="checkbox"/> (CLOSED) No <input checked="" type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Lead Auditors' Name: Signature:	Date:

4.3.3 Observations Raised During this Audit

Obs number:	Obs-01/2017		
Client name:	Kuala Lumpur Kepong Berhad – Kuala Pertang POM		
Date raised:	28 th September 2017		
Raised by:	Supun Sachithra Nigamuni		
Aspect of standard	4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated.		
<p>During the field observations at Sungai Sokor Estate (2015 A Plot No 9) it was observed that no buffer zone is demarcated and spot weeding by weedicide application has been carried out. When investigated it was observed that the buffer zone was not identified during the initial replanting process in 2015 as the river was not gazetted.</p> <p>Sungai Sokor is also flowing through the area identified for Rubber to Palm replanting planned for 2020/21. As per the companies preparations an HCV assessment is conducted (report dated 16-06-2017) which has prescribed a bufferzone to be established. As a result the estate management are in the process of buffer zone establishment and as observed in the minutes of the General Manager visits the immature plants which are within the buffer zone (under establishment) to be uprooted and used for vacancy filling in other immature areas. The company also have plans to regenerate the buffer zone area with enrichment planting.</p> <p>Graded as an observation as the buffer zone establishment in progress and to be further verified during the coming surveillance. Company should ensure that the buffer zone establishment is conducted as planned.</p>			
Assessors Signature	Supun Sachithra Nigamuni Lead Auditor	Date	28 th September 2017

Obs number:	Obs-02/2017
Client name:	Kuala Lumpur Kepong Berhad – Kuala Pertang POM
Date raised:	28 th September 2017

Raised by:	Supun Sachithra Nigamuni		
Aspect of standard	<p>Clause 5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p>		
<p>The company has clear procedure SOP #11 on HCV/Conservation area management dated 01-01-17 that if any RTE species exist the management shall immediately consult the relevant parties including eg: Wild Life Department for further action. Interviewed management is well aware of the procedural provisions. Also the SOP has been briefed in the KLK Sustainability Briefing (policy, 3P) training last held 17-02-2016 as Pasir Gajang Estate and no demonstrated training in Sg. Sokor Estate this year as there were no RTE identified during the HCV assessment.</p> <p>During the field visits and interviewing the sprayers at replanting block PR2016B (Kuala Petang division) it was stated by the sprayers that there were sighting of multiple species including large mammals in the concerned block as it is adjacent to an abandoned block due to high terrain (Kuala Petang division 34.877 ha, 17.155 ha). Stakeholder consultation Kampung Mia also indicates sighting of these animals near the estate boarder at Kuala Petang division. Similar observations noted during the stakeholder consultations in the Sg. Sokor estate where the stakeholders reported sightings of large mammals in Kerilla Estate.</p> <p>So it is evident that there is biodiversity in the estates in the scope however management has not been able to take appropriate decisions as they have not been notified and species not being identified during HCV assessment. As a result this is given as an observation.</p> <p>The estate should investigate in to the presence of key species and take actions as prescribed by procedures. Graded as an observation and to be further verified during the coming surveillance on the result of the investigation.</p>			
Assessors Signature	Supun Sachithra Nigamuni Lead Auditor	Date	28 th September 2017

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

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

- For Main and Re-Assessments, a 30 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 assessed during consultation. Below are the cited responses gained during consultation:</p> <p>Positive:</p> <ul style="list-style-type: none"> • Company give good commitment in maintaining relationship with stakeholder. Stakeholder are being invited to the annual consultation with company’s management 	<p>Stakeholder consultations did not result in any NCs. For negative comments, received feedback from respective unit. The actions taken will be verified in the next audit.</p>
2 - Compliance with applicable laws and regulations		
3 - Commitment to long-term economic and financial viability		
4 - Use of appropriate best practices by growers and millers		
5 - Environmental responsibility and conservation of natural resources and biodiversity		
6 – Responsible consideration of employees, and of individuals and communities affected by growers and mills		
7 - Responsible development of new		

plantngs	<ul style="list-style-type: none"> • Stakeholders were informed on their rights: <ul style="list-style-type: none"> ○ No discrimination ○ Maternity leave ○ No upfront payment for foreign workers • Compliment on the commitment to provide facilities such as clinic, school transportation, etc • Workers have no major concern and are happy with KLK management <p>Negative comments:</p> <ul style="list-style-type: none"> • Road conditions in Pasir Gajah and Sungai Sokor Clients feedback: They will explain to stakeholders on their road management program • Sight of wildlife in the Pasir Gajah and Sungai Sokor estate boundary Clients feedback: They will engage with Perhilitan to conduct assessment in the estates and the neighboring area • Rubbish bin by district council is far from the housing area. It's a burden for those who dot have transport to 	
<p>8 - Commitment to continuous improvement in key areas of activities</p>		

	<p>throw their rubbish into the bin.</p> <p>Clients feedback: They will discuss with workers and district council on how they can address this.</p> <ul style="list-style-type: none"> • Pasir Gajah estate are requesting the management to upgrade the “surau”. <p>Clients feedback:</p> <p>Management will upgrade the “surau” as soon as possible.</p> <ul style="list-style-type: none"> • Complaint on the dangerousness of the junction to get into the estate area from main road. <p>Clients feedback:</p> <p>They will discuss with workers and district council on how they can address this.</p>	
--	--	--

PART 5: RSPO SUPPLY CHAIN CERTIFICATION

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

5.1 POM Included In The Scope Of The Audit

Name Palm Oil Mill (POM)	Mill Capacity MT/Hour	Location Address	Supply Chain Model (IP or MB)
KLK Kuala Pertang POM	20	Kilang Kelapa Sawit Kuala Pertang, 18000 Kuala Krai, Kelantan, Malaysia.	MB

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

Product CU Code	CPO (MT)	PK (MT)	Specified 12 month period
POM 1	6915.671	1640.677	Actual volumes between 01 Sept 2016 – 31 Aug 2017.

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

The palm oil mill sources FFB [certified and non certified] and process RSPO CPO and RSPO PK through the MB module. Actual quantities of FFB delivered to the mill are entered into weighbridge 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	Sept 2016	3116.91	1079.98	4196.89
2	Oct 2016	3293.50	1167.93	4461.43
3	Nov 2016	3,437.94	1135.25	4573.19
4	Dec 2016	2,856.87	963.40	3820.27
5	Jan 2017	1,849.57	627.51	2477.08
6	Feb 2017	972.77	369.99	1342.76
7	Mac 2017	2,256.48	772.74	3029.22
8	April 2017	2,948.51	789.75	3738.26
9	May 2017	3,299.63	724.35	4023.98
10	June 2017	2,133.26	584.90	2718.16
11	July 2017	3,153.68	1160.63	4314.31
12	Aug 2017	3,554.06	1256.05	4810.11
	TOTAL	32873.18	10632.48	43505.66

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	Sept 2016	679.486	154.910

2	Oct 2016	735.439	171.262
3	Nov 2016	725.405	178.773
4	Dec 2016	589.372	138.558
5	Jan 2017	370.099	88.779
6	Feb 2017	198.542	48.930
7	Mar 2017	479.502	110.793
8	April 2017	614.764	144.477
9	May 2017	693.582	171.581
10	June 2017	432.198	104.956
11	July 2017	645.243	151.377
12	Aug 2017	752.039	176.281
	TOTAL	6915.671	1640.677

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

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

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

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

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

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

The transactions were sighted form the clients registered UTZ eTrace Account.
Orders confirmed between 01-09-16 to 31-08-17

Transaction ID	Seller	Seller Ref.	Buyer	Buyer Ref.	Product	Program	Volume*	Transaction Type	Status	B/L Number	Shipping/BL Date	Action
TR-6ffe9efe...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	404.79	Shipping	Confirmed		16/08/2017	Print PDF Acknowledge
TR-6c203a13...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/CP...	Unitata Berhad	UPKP...	CSPK	Mass Balance	100	Shipping	Confirmed		13/07/2017	Print PDF Acknowledge
TR-ad1866f0...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	201.51	Shipping	Confirmed		06/06/2017	Print PDF Acknowledge
TR-d1cd7196...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	200	Shipping	Confirmed		03/05/2017	Print PDF Acknowledge
TR-627ec6d1...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	300	Shipping	Confirmed		05/04/2017	Print PDF Acknowledge
TR-5feb8c66...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	405.88	Shipping	Confirmed		22/03/2017	Print PDF Acknowledge
TR-2d79eb87...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	200	Shipping	Confirmed		14/03/2017	Print PDF Acknowledge
TR-da5daeb5...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	200	Shipping	Confirmed		08/01/2017	Print PDF Acknowledge
TR-510b6f92...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/CP...	Unitata Berhad	UPKP...	CSPK	Mass Balance	100	Shipping	Confirmed		14/06/2017	Print PDF Acknowledge
TR-becd9788...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	200.65	Shipping	Confirmed		21/05/2017	Print PDF Acknowledge

Transaction ID	Seller	Seller Ref.	Buyer	Buyer Ref.	Product	Program	Volume*	Transaction Type	Status	B/L Number	Shipping/BL Date	Action
TR-81069541...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	300	Shipping	Confirmed		04/06/2017	Print PDF Acknowledge
TR-a8b552ee...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Southern Acids Industries Sdn Bhd		CSPO	Mass Balance	39.89	Shipping	Confirmed		25/05/2017	Print PDF Acknowledge
TR-95b5f843...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Southern Acids Industries Sdn Bhd		CSPO	Mass Balance	80.57	Shipping	Confirmed		20/04/2017	Print PDF Acknowledge
TR-cb20d523...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	400	Shipping	Confirmed		14/12/2016	Print PDF Acknowledge
TR-bd583cb5...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	14633	CSPO	Mass Balance	592.45	Shipping	Confirmed		20/11/2016	Print PDF Acknowledge
TR-e3fbf401...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	400	Shipping	Confirmed		22/01/2017	Print PDF Acknowledge
TR-45b72fc8...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo	48000...	CSPO	Mass Balance	200	Shipping	Confirmed		03/02/2017	Print PDF Acknowledge
TR-173798ed...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	83.86	Shipping	Confirmed		19/10/2016	Print PDF Acknowledge
TR-40dfba0a...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	400	Shipping	Confirmed		19/10/2016	Print PDF Acknowledge
TR-bb2ea6c7...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	600	Shipping	Confirmed		05/09/2016	Print PDF Acknowledge

Transaction ID	Seller	Seller Ref.	Buyer	Buyer Ref.	Product	Program	Volume*	Transaction Type	Status	B/L Number	Shipping/BL Date	Action
TR-cf1aefb5...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	118.53	Shipping	Confirmed		25/09/2016	Print PDF Acknowledge
TR-cff61e4a...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Southern Acids Industries Sdn Bhd		CSPO	Mass Balance	39.69	Shipping	Confirmed		19/10/2016	Print PDF Acknowledge
TR-4120211a...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Southern Acids Industries Sdn Bhd		CSPO	Mass Balance	39.4	Shipping	Confirmed		03/11/2016	Print PDF Acknowledge
TR-09347f06...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Southern Acids Industries Sdn Bhd		CSPO	Mass Balance	119.16	Shipping	Confirmed		12/10/2016	Print PDF Acknowledge
TR-255e8fd0...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	200	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-032dee4f...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	800	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-b2552585...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	193.9	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-39464638...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	200	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-a0b8e51f...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	119.45	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-b4c83b65...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	40	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-483d7ec6...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	119.31	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-013282c0...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	80.33	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-66d1a1bc...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	198.85	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-0b1441e6...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	171.2	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-a88c1a73...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	500	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-d505e9ce...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	600	Shipping	Confirmed		07/09/2016	Print PDF Acknowledge
TR-648d1672...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	200	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-21c3d0d6...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	600	Shipping	Confirmed		14/08/2016	Print PDF Acknowledge
TR-85667241...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	200	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-7ab9ffe3...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Kuala Lumpur Kepong Berhad / KLK Oleo		CSPO	Mass Balance	100	Shipping	Confirmed		20/07/2016	Print PDF Acknowledge
TR-19094d35...	Kuala Pertang - Kuala Lumpur Kepong	KLKC/... S/CP...	Southern Acids Industries Sdn Bhd		CSPO	Mass Balance	76.41	Shipping	Confirmed		09/09/2016	Print PDF Acknowledge

Transaction ID	Seller	Seller Ref.	Buyer	Buyer Ref.	Product	Program	Volume*	Transaction Type	Status	B/L Number	Shipping/BL Date	Action
TR-7948bd10...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/PK-...	Unitata Berhad	UPKP...	CSPK	Mass Balance	100	Shipping	Confirmed		24/05/2017	Print PDF
TR-2d4ffe56...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/PK-...	Unitata Berhad	UPKP...	CSPK	Mass Balance	100	Shipping	Confirmed		05/05/2017	Print PDF
TR-44086edb...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/PK-...	Unitata Berhad		CSPK	Mass Balance	50	Shipping	Confirmed		07/04/2017	Print PDF
TR-f0899a69...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/PK-...	Unitata Berhad	UPKP...	CSPK	Mass Balance	150	Shipping	Confirmed		13/02/2017	Print PDF
TR-b1e815a9...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/PK-...	Unitata Berhad		CSPK	Mass Balance	150	Shipping	Confirmed		24/01/2017	Print PDF
TR-88bbf2ec...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/PK-...	Unitata Berhad	UPKP... (S/MB)	CSPK	Mass Balance	250	Shipping	Confirmed		29/12/2016	Print PDF
TR-e8c828a2...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/PK-...	Unitata Berhad		CSPK	Mass Balance	70	Shipping	Confirmed		25/11/2016	Print PDF
TR-f2e3f3fa...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/PK-...	Unitata Berhad		CSPK	Mass Balance	149.99	Shipping	Confirmed		13/10/2016	Print PDF
TR-6be0791...	Kuala Pertang - Kuala Lumpur Kepong	KLKP/... S/PK-...	Unitata Berhad		CSPK	Mass Balance	100	Shipping	Confirmed		13/10/2016	Print PDF
TR-f827114d...	Kuala Pertang - Kuala Lumpur Kepong		Unitata Berhad		CSPK	Mass Balance	250	Shipping	Confirmed		01/09/2016	Print PDF

5.8 Non-Conformities Identified during this Audit

Timeline for compliance:

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

The following NC's were raised for this audit.

NC number:	05/2017		
Client name:	Kuala Lumpur Kepong Berhad – Kuala Pertang POM		
Date raised:	25 th September 2017		
Major or Minor:	Major	Site :	Kuala Pertang POM
Raised by:	Supun Sachithra Nigamuni	Deadline :	60 days
Aspect of standard:			
Clause 5.6.1 [Major]			
The organization shall ensure that the following minimum information for RSPO certified products is made available in document form. Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation):			
<ul style="list-style-type: none"> The name and address of the buyer; The name and address of the seller; The loading or delivery date; 			

- The date on which the documents were issued;
- A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations: Identity Preserved, Identity preserved, identity preserved, IP, Ip, ip; Segregated, segregated, SG, Sg, sg, SEG, Seg, seg, SEGR, Segr, segr; Mass Balance, Mass balance, mass balance, MB, Mb, mb, MBal, Mbal, mbal; RSPO may be added to these supply chain models and abbreviations to clarify which scheme is involved (for example to distinguish between UTZ Certified and RSPO certified for chocolate products); Punctuation marks like / \ - _ | and space between the letters are all allowed; All other descriptions are not allowed.);
- The quantity of the products delivered;
- Any related transport documentation;
- Supply chain certificate number;
- A unique identification number.

Evidence of non-conformity:

All information is available across all related documents related to transactions. However the RSPO supply chain number in all weighbridge tickets/delivery documents for material sold as certified (the only place stating the certificate number) is still stating RSPO 655747 MB which represents the previous RSPO certificate number while the current certificate number is CU-RSPO-848531



Supun Sachitra Nigamuni

Lead Auditor

Date: 28th September 2017

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

Lack of awareness on the applicable staff on the revised certificate number since the certification decision from the last audit.

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

All related staff related to operations, weighbridge, security has been retrained on the changes. Changes were done on the certificate number in the dispatch note templates and implementation commenced from 27-09-17

All clients related to SCPO,CPK sales since 2nd Nov 2016 has been officially notified on the mistake with using an outdated certificate number and indicating changes.

Evidence of Conformity:


Training Attendance Log – Supply Chain Training 27-09-17 and photographic evidence

Dispatch Notes issued on 27-09-17 with the current RSPO SCC certificate Number (#A143526)

Official notification to existing CSPO, CPK clients on the mistake with the certificate number and indicating the changes with the certificate number (including email communications)

Review of evidences submitted to CUC:

The corrective action was presented prior to the closing meeting. Investigations revealed that when the new certificate was sent to the site (more than 2 months since the last audit) the responsible staff was not triggered to update their sales documents with the new certificate code from the succeeding CB as a result of human error. The company took immediate action within the audit by conducting training for all responsible staff on the new number use as well as the SOP on supply chain, updating the templates as well as informing all clients on the mistake and indicating changes. The evidence was verified through interviews as well as photographic evidence and concluded that the corrective action is concrete and sufficient to prevent similar situations happening again.

Conclusion by CUC: The corrective action submitted is sufficient to settle the non conformity.	
NC Status: Yes <input checked="" type="checkbox"/> (CLOSED) No <input type="checkbox"/> (OPEN) ON SITE VERIFICATION REQUIRED Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Lead Assessor signature: Nigamuni 	Supun Sachithra Date: 28-09-17

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 management continually improving the established RSPO Supply Chain standards since the main assessment. As part of continuous improvement, many trainings being planned in the mill. Palm Trace data management is managed by HQ. Organizational structure of the sustainability management system has been established. The mill manager, who acts in the capacity of top management in the sustainability management system, is responsible for decision making in the management system implementation and shall commit towards the development, improvement and implementation of the management system.

5.10 Final Certification decision by Control Union for the RSPO SCCS Audit of the POM	
Recommendations made:	Yes
Summary of non-compliances:	RSPO supply chain number in all weighbridge tickets/delivery documents for material sold as certified (the only place stating the certificate number) is still stating RSPO 655747 MB which represents the previous RSPO certificate number while the current certificate number is CU-RSPO-848531. The Major NC raised was immediately attended to and settled by the closing meeting with effective corrective actions.
Certification status of client:	The POM included in the scope of this audit demonstrated full compliance with the RSPO SCCS. 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.

PART 6: CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

6.1 Date of next ASA

The provisional date for the next ASA is:	September 2018 (ASA4)
---	-----------------------

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:	28-11-17
• 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:	06-12-2017	


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:	Supun Sachithra Nigamuni	
Position:	Lead Auditor	
Date:	06-12-2017	

6.5 Signing by the Certifier

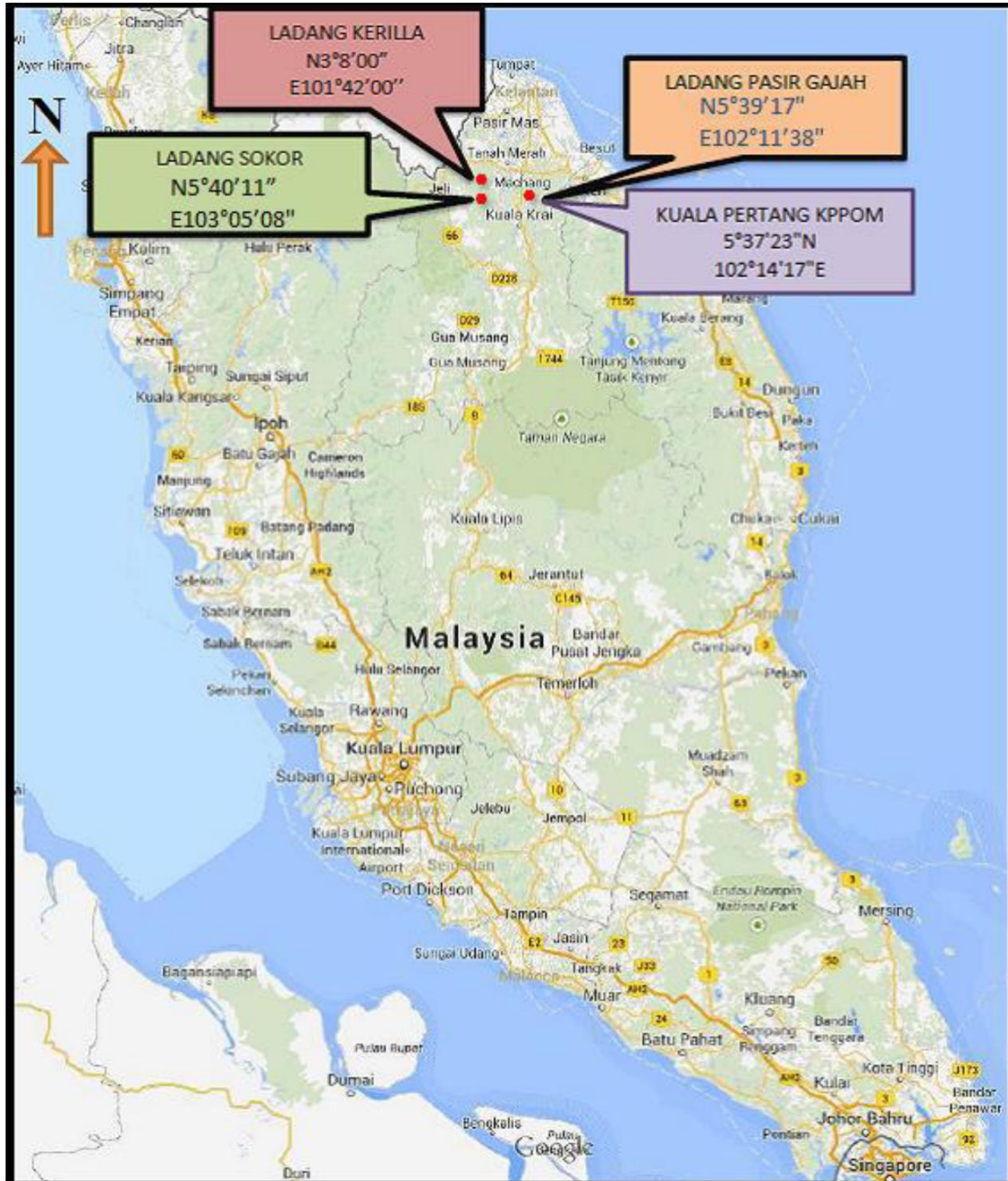
I the undersigned, being the Certifier, confirm that the information and conclusions included in this report have been prepared in good faith and that the certification decision has been based upon this information.

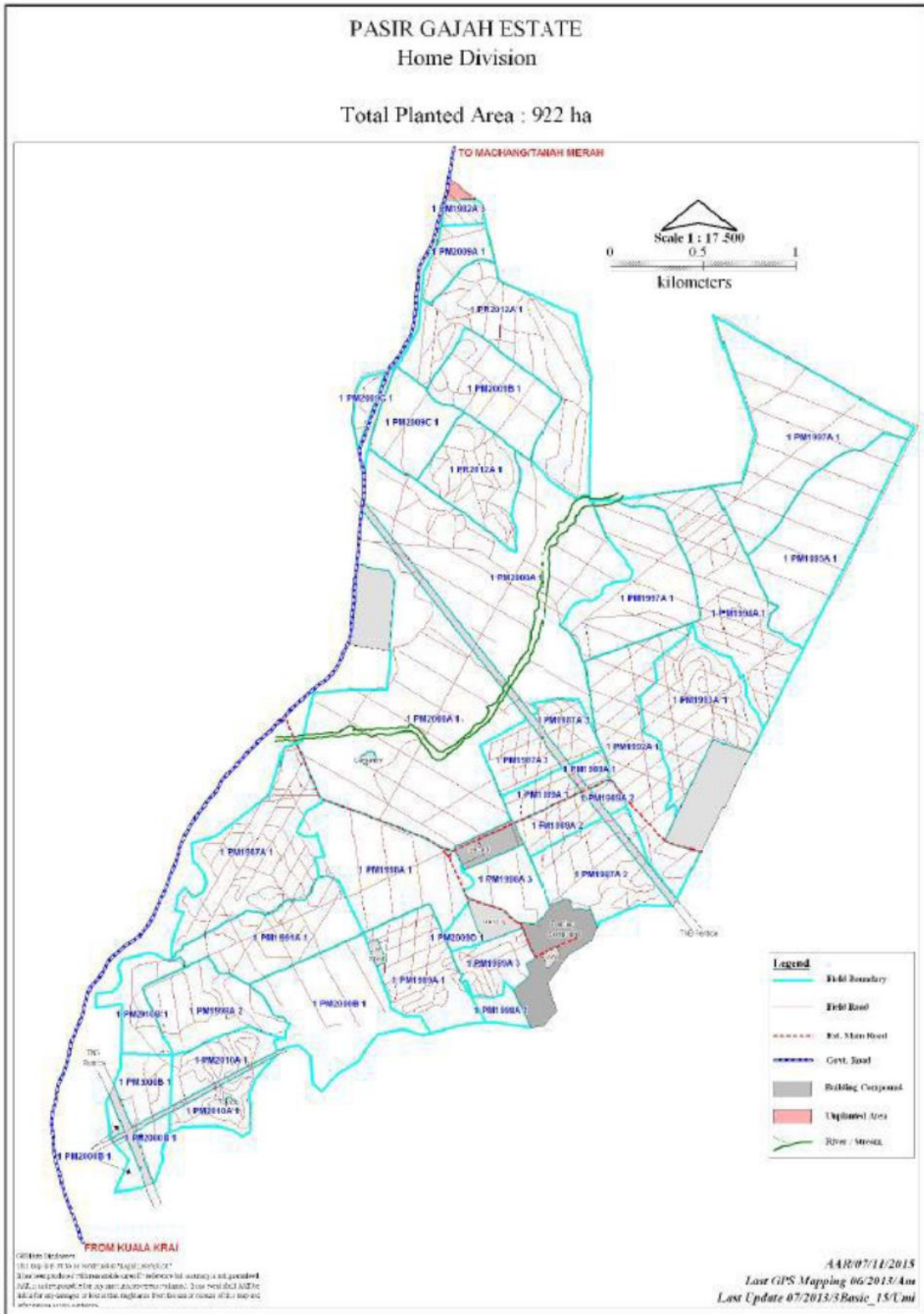
Acknowledged by:		 Signature
Name:	Muhd Jamalul Arif	
Position:	Certifier	
Date:	08/12/2017	

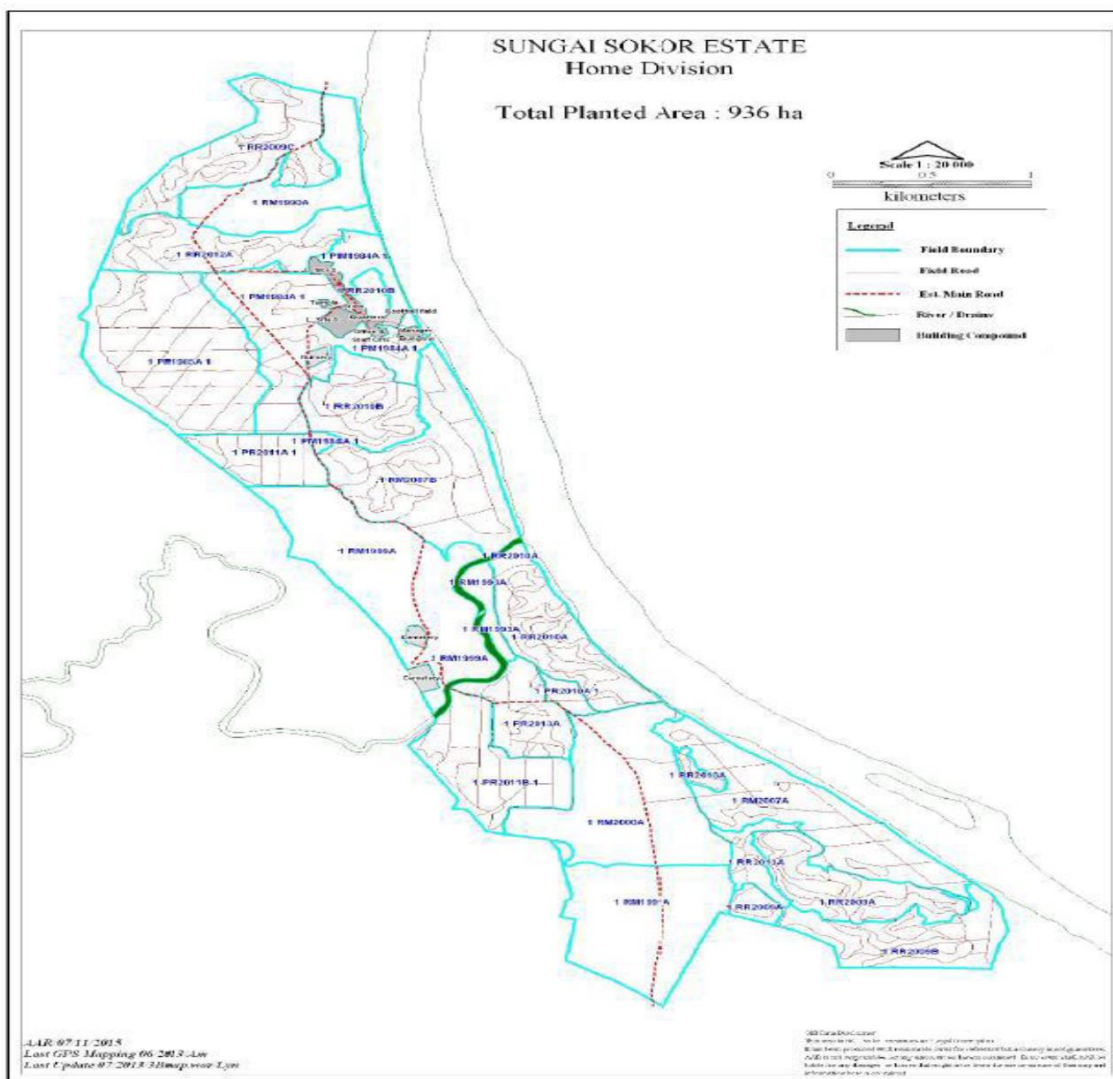
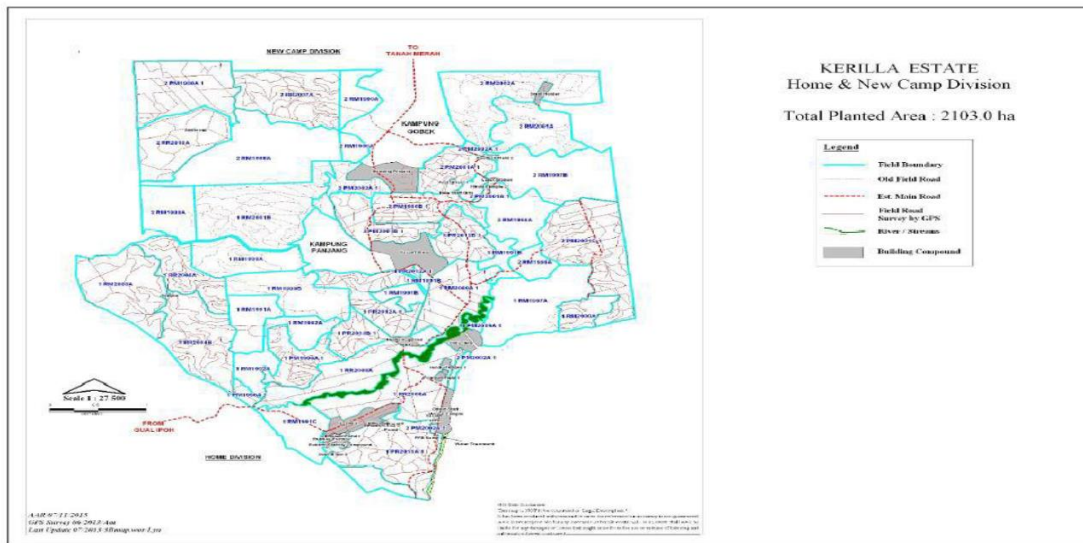
PART 7: APPENDICIES

Appendix 1: Location Map for this Certification Unit

From 1.9, the location map(s)







Appendix 2: Summary of GHG Emissions

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

Calculation option applied for the reporting: Apply November 2005 cut off for LUC

Summary of Net GHG Emissions

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

Extraction	%
OER	21.55
KER	5.13

Production	t/yr
FFB processed	47928.3
CPO Produced	10330.229

Land use	ha
OP planted area	2717.8
OP planted on peat	0
Conservation (forested)	0
Conservation (non forested)	92.2
Total	2810

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 /tFFB
Emissions	-	-	-	-	-	-	-
Land Conversion	26668.02	0.78	0	0	0	0	0.78
*CO ₂ Emissions from Fertiliser	3411.58	0.1	0	0	0	0	0.1
**N ₂ O Emissions	2032.28	0.06	0	0	0	0	0.06
Fuel Consumption	121.27	0	0	0	0	0	0
Peat Oxidation	0	0	0	0	0	0	0
Sinks	-	-	-	-	-	-	-
Crop Sequestration	-23648.81	-0.7	0	0	0	0	-0.7
Conservation Sequestration	0	0	0	0	0	0	0
Total	8584.34	0.25	0	0	2355.03	0	0.25

Summary of Mill Emissions and Credits

	tCO ₂ e	tCo ₂ e/tFFB
Emissions	-	-
POME	63.59	0
Fuel Consumption	37.31	0

<i>Grid Electricity Utilisation</i>	436.01	0.01
<i>Credits</i>	-	-
<i>Export of Grid Electricity</i>	0	0
<i>Sales of PKS</i>	0	0
<i>Sales of EFB</i>	0	0
<i>Total</i>	536.91	0.01

Palm Oil Mill Effluent (POME) Treatment

Divert to compost	0%
Divert to anaerobic digestion	100%

POME Diverted to Anaerobic Digestion:

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

Appendix 3: GHG assessment for new plantings

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.

N/A as no New Planting since the last surveillance.

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