

**RSPO PRINCIPLE AND CRITERIA
3rd Annual Surveillance Assessment (ASA1_3)
Public Summary Report**

Kulim (Malaysia) Berhad
Head Office: Kulim (Malaysia) Berhad K.B 705 80990 Johor Bahru Johor, Malaysia
Palong Palm Oil Mill and Supply Base K.B. 504 85009 Segamat Johor, Malaysia

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Section 1: Scope of the Certification Assessment

1. Company Details			
RSPO Membership Number	1-0006-04-000-00	Date	Member since: 8 August 2004
Company Name	Kulim (Malaysia) Berhad		
Address	Head Office : K.B 705 80990 Johor Bahru, Johor, Malaysia		
Mill Address	Certification Unit : Palong Palm Oil Mill, K.B. 504 85009 Segamat, Johor, Malaysia		
Subsidiary of (if applicable)	N/A		
Contact Name	Mrs Salasah Elias		
Website	www.kulim.com.my	E-mail	salasah@kulim.com.my
Telephone	07 8611611	Facsimile	07 8631084

2. Certification Information			
Certificate Number	RSPO 613087	Original Certification Date	23/01/2009
		Expiry Date	22/01/2019
Scope of Certification	Production of Palm Oil and Palm Kernel from Palong Palm Oil Mill and Supply Base (Palong Estate, Mungka Estate, Kemendak Estate, Sepang Loi Estate, UMAC Estate and Labis Bahru Estate)		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
MY – AR 1816	ISO 9001:2008	SIRIM QAS International Sdn Bhd	10/11/2017
A 43171	MS 1500:2009	Department of Islamic Development, Malaysia	01/04/2017

3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
Palong Palm Oil Mill	Segamat, Johor, Malaysia	102° 47' 6.04"	2° 42' 23.09"
Palong Estate	Segamat, Johor, Malaysia	102° 44' 55.52"	2° 44' 55.89"
Mungka Estate	Segamat, Johor, Malaysia	102° 47' 8.35"	2° 41' 15.43"
Kemendak Estate	Segamat, Johor, Malaysia	102° 46' 7.28"	2° 42' 47.02"
Sepang Loi Estate	Segamat, Johor, Malaysia	102° 49' 4.07"	2° 41' 32.09"
UMAC Estate	Bandar Tun Razak, Johor, Malaysia	102° 48' 23.93"	2° 53' 3.31"

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Labis Bahru Estate	Segamat, Johor, Malaysia	102° 52' 27.92"	2° 25' 49.28"
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4. Description of Supply Base							
Estate	Mature (ha)	Immature (ha)	Infras & Other (ha)	HCV (ha)	Total Planted (ha)	Total Hectarage	% of Planted
Palong Estate	1,415.95	415.91	88.70	1.24	1,831.86	1,921.80	95
Mungka Estate	1,728.69	0	138.54	63.22	1,728.69	1,930.45	90
Kemendak Estate	1,692.32	0	87.54	13.38	1,692.32	1,793.24	94
Sepang Loi Estate	919.89	0	81.04	2.62	919.89	1,003.55	92
UMAC Estate	1,549.80	0	53.15	9.39	1,549.80	1,612.34	96
Labis Bahru Estate	1,711.51	256.07	128.67	15.19	1,967.58	2,111.44	93
Total	9,018.16	671.98	577.64	105.04	9,690.14	10,372.82	93

5. Plantings & Cycle								
Estate	Age (Years)					Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Actual (Nov 2015 – Oct 2016)	Estimated (Nov 2015 – Oct 2016)	Forecast (Nov 2016 – Oct 2017)
Palong Estate	415.91	1,619.87	0	0	0	21,298.69	24,496	26,541
Mungka Estate	0	1,226.08	302.61	0	0	28,714.84	31,659	30,310
Kemendak Estate	0	1,268.54	223.78	0	0	23,919.71	28,486	28,973
Sepang Loi Estate	0	118.52	801.37	0	0	18,032.06	22,678	19,245
UMAC Estate	0	448.57	1,048.56	22.68	0	30,393.47	38,083	26,349
Labis Bahru Estate	256.07	519.97	1,147.53	270.08	0	30,486.91	39,847	37,758
Total	671.98	5,201.55	3,523.85	292.76	0	152,845.68	185,249	169,176

6. Certified Tonnage of FFB (Own Certified Scope)			
Estate	Tonnage / year		
	Actual (Nov 2015 – Oct 2016)	Estimated (Nov 2015 – Oct 2016)	Forecast (Nov 2016 – Oct 2017)
Palong Estate	21,298.69	24,496	26,541
Mungka Estate	28,714.84	31,659	30,310
Kemendak Estate	23,919.71	28,486	28,973
Sepang Loi Estate	18,032.06	22,678	19,245
UMAC Estate	30,393.47	38,083	26,349

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Labis Bahru Estate	30,486.91	39,847	37,758
Total	152,845.68	185,249	169,176

7. Non-Certified Tonnage of FFB (outside supplier – Excluded from Certificate)

Independent FFB Supplier	Tonnage / Year		
	Estimated (Nov 15 – Oct 16)	Actual (Nov 15 – Oct 16)	Forecast (Nov 16 – Oct 17)
Eng Huat	6,873.59	4,048.27	6,516.01
Kim Ma	8,257.01	2,159.60	3,177.92
Unilease	239.42	261.28	403.42
Hong Bee	711.95	720.47	963.71
Makin Semarak	300.15	-	-
Guan Leng	1,013.74	-	112.96
Candra Brosis	-	2,700.10	5,104.00
TOTAL	17,395.86	9,889.72	16,278.02

8. Certified Tonnage

Mill	Actual (Nov 2015 - Oct 2016)			Estimated (Nov 2015– Oct 2016)			Forecast (Nov 2016 – Oct 2017)		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Palong Palm Oil Mill	152,845.68	33,872.55	8,047.72	185,249	38,347	10,189	169,176	35,696.14	8,526.47

Forecast OER:21.10%, KER:5.04%

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
(ASI Accreditation Number: RSPO-ACC-19)
Unit 3, Level 10, Tower A
The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is ASI Accredited (RSPO-ACC-19) to conduct RSPO assessment since 31/10/2014 with accredited office located at Kuala Lumpur, Malaysia. BSI is accredited for RSPO Supply Chain Certification Systems (SCCS) and Principles & Criteria for Sustainable Palm Oil Production (P&C, Single Site & Group) certification Worldwide.

Assessment Methodology, Programme, Site Visits

This on-site 3rd Annual Surveillance Assessment was conducted from 22-24 November 2016. The audit programme is included as Appendix D. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates (Labis Bahru Estate & Palong Estate). A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. RSPO P&C MYNI-2014 and RSPO Supply Chain Certification Standard 2014 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. The mill was audited together with the estates (or smallholders) of its supply base. The estates sample were determined based on formula $N = 0.8\sqrt{y}$ where y is the number of estates.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.

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All the previous nonconformities are remains closed. The assessment findings for the 2nd Annual Surveillance Assessment are detailed in Section 3.3.

This report is structured to provide a summary of assessment finding as attached in the Appendix A. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was externally reviewed by RSPO approved Certification Reviewer prior to certification decision by BSI.

The following table would be used to identify the locations to be audited each year in the 5 year cycle

1. Assessment Program					
Name (Mill / Supply Base)	Year 1 (Recertification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Palong Palm Oil Mill	√	√	√	√	√
Palong Estate			√		
Mungka Estate		√			√
Kemendak Estate	√			√	
Sepang Loi Estate	√			√	
UMAC Estate		√			√
Labis Bahru Estate			√		

Tentative Date of Next Visit: October 30, 2017 – November 2, 2017

Total No. of Mandays: 12 mandays

BSI Assessment Team:

Mohamed Hidhir Zainal Abidin – Lead Auditor

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices and supply chain elements, safety and health, environmental and workers and stakeholders consultation.

Hafriazhar Mohd Mokhtar – Team Member

Hafriazhar Mohd. Mokhtar is a Chemical Engineer by qualification. He has more than five years of direct work experience in the upstream processes of palm oil within the plantation industry. He is a qualified Lead Auditor for CDM, ISO 14001, ISO 50001 and ISO 9001 and has accumulated more than 500 audit days throughout his current

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career as the auditor for multiple disciplines covering Malaysia, Indonesia and Thailand. He has been trained in the RSPO P&C and SCCS standards and recently completed his RSPO P&C Lead Assessor training and has been involved in RSPO audits within Malaysia, Papua New Guinea and Solomon Islands. During assessment, he covered the mill and estate best practices, legal issues, social issues, workers consultation, stakeholder consultation, environmental and occupational safety & health. He is fluent in Bahasa Malaysia and English languages.

Daniel a/I Francis – Team Member

Daniel Francis is a fulltime employee with BSI Services Malaysia. He holds a Bachelor of Applied Science Degree in Food Science, graduated from Charles Sturt University, Australia. He has over 8 years of working experience in the oil and gas industry and 3 years in the food & beverage industry. He is an experienced auditor for several management system standards including ISO 9001, ISO 14001, OHSAS 18001 and Integrated Management System. He had completed the ISO 9001:2015 Lead Auditor Course and RSPO SCC Lead Auditor Course. He had been involved in the RSPO audits with various companies in Malaysia. During assessment, he covers the legal issues and occupational safety and health.

Accompanying Persons: -

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following RSPO normative requirements. The assessment details are provided in Appendix A.

- Kulim (Malaysia) Berhad Time Bound Plan
- RSPO Group Certification Standard 2016 Checklist
- RSPO P&C for Smallholders TH-WG 2012 Checklist
- RSPO P&C GN-NIWG 2010 Checklist
- RSPO P&C INA-NIWG 2016 Checklist
- RSPO P&C PNG-NIWG 2016 Checklist
- RSPO P&C SI-NIWG 2010 Checklist
- RSPO P&C MY-NIWG 2014 Checklist
- RSPO P&C TH-WG 2011 Checklist
- RSPO Supply Chain Certification Checklist November 2014
- RSPO P&C 2013 Generic Checklist

3.2 Progress against Time Bound Plan

Kulim (Malaysia) Berhad has disposed interest in New Britain Palm Oil Ltd in 2014. Kulim (Malaysia) Berhad previously managed the Tunjuk Laut Palm Oil Mill and Supply Base but since October 2013 this has been leased to third party operator (Awan Timur Resources) and Kulim (Malaysia) Berhad no longer manages the operations. Siang Estate previously supplies FFB to Siang Palm Oil Mill which was previously certified under Johor Corporation and now managed by third party. It is not within Kulim (Malaysia) Berhad's management control. Pasir Panjang Palm Oil Mill was under Johor Corporation, and acquired under Kulim (Malaysia) Berhad through Mahamurni Plantations Sdn Bhd in 2012. At the same time Kulim (Malaysia) Berhad has acquired Pasir Panjang Palm Oil Mill through Mahamurni Plantation Sdn Bhd in 2012. Pasir Panjang Palm Oil Mill enter time bound plan as per "work plan Kulim / Jcorp estate" document and due for certification in 2016. Since March 2015 all Jcorp Estate is now supplied to Pasir Panjang Mill which will enter RSPO Certification 2016. However due to new restructuring starting

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1st January 2015, seven (7) estate will be under Kulim (Malaysia) Berhad namely Kuala Kabong, Ulu Tiram, Basir Ismail, REM, Labis Bahru, Mutiara and Sungai Sembrong. All other operating unit will be under Mahamurni Plantation Sdn. Bhd.

Kulim (Malaysia) Berhad has 100% ownership in Mahamurni Plantations Sdn Bhd. Mahamurni Plantations Sdn Bhd have 3 palm oil mills i.e.: Sedenak Palm Oil Mill, Palong Cocoa Palm Oil Mill, and Pasir Panjang Palm Oil Mill. Mahamurni Plantations Sdn Bhd also has 9 estates: Sedenak Estate, Sungai Papan which supply to certified Sedenak Palm Oil Mill; Mungka Estate, Kemedak Estate, Palong Estate, Ladang UMAC which supply to certified Palong Cocoa Palm Oil Mill; Rengam Estate supply to certified Sindora Palm Oil Mill. Pasir Panjang Estate will supply to Pasir Panjang Palm Oil Mill, which due for certification by 2016. Kulim (Malaysia) Berhad has 100% ownership in Kulim Plantations (Malaysia) Sdn Bhd. Kulim Plantations (Malaysia) Sdn Bhd has Tereh Palm Oil Mill and 2 estates i.e. Tereh Utara Estate and Tereh Selatan Estate which supply to certified Tereh Palm Oil Mill. Kulim (Malaysia) Berhad has 100% ownership in Selai Sdn Bhd. Selai Sdn Bhd has Selai Estate and Enggang Estate, both supply to certified Tereh Palm Oil Mill. Kulim (Malaysia) Berhad has 100% ownership in Sindora Berhad. Sindora Berhad has Sindora Estate, supply to certified Sindora Palm Oil Mill and Sungai Tawing Estate, supply to certified Tereh Palm Oil Mill. Kulim (Malaysia) Berhad has 94.49% ownership in Kumpulan Bertam Plantations Berhad. Kumpulan Bertam Plantations Berhad has Sepang Loi Estate supply to certified Palong Cocoa Palm Oil Mill. Kulim (Malaysia) Berhad itself has 7 estates: Basir Ismail Estate, Ulu Tiram Estate, Kuala Kabong Estate supply to certified Sedenak Palm Oil Mill; Sungai Sembrong Estate and Mutiara Estate supply to certified Tereh Palm Oil Mill; REM Estate will supply certified Sindora Palm Oil Mill; Labis Bahru Estate supply to certified Palong Cocoa Palm Oil Mill. BSi concludes that Kulim has completed all of the commitments of its Time Bound Plan that relate to company owned and managed Palm Oil Mills and Estates. The progress with the Pasir Panjang Certification planned will be followed up. During the Initial Assessment;

1. There is no any other isolated lapse in Time Bound Plan.
2. No systematic failures to proceed with implementation of the Time Bound Plan since first certified.
3. The changes in the Time bound Plan for Pasir Panjang Palm Oil Mill is acceptable because the company just took over the management control. Kulim (Malaysia) Berhad has recently purchased a property in Indonesia and undergone the RSPO NPP process to develop the land for oil palm. At the time of preparation of this Report, BSI is not aware of any new issues involving:
 - a. Any unresolved significant land disputes;
 - b. Any replacement of primary forest or loss of HCVs;
 - c. Any labour disputes that are not being resolved through an agreed process;
 - d. Any evidence of noncompliance with any law at any of the landholdings. BSI considers that Kulim (Malaysia) Berhad complies with the RSPO requirements for Partial Certification rules.

Time Bound Plan		
Requirement	Remarks	Compliance
Summary of the Time Bound Plan		
Does the plan include all subsidiaries, estates and mills?	<p><u>Malaysia</u></p> <p>The time bond plan includes all OUs in Malaysia, The Kulim OUs have 32 units, 21 units successfully certified and 6 units current in progress.</p> <p><u>Indonesia (PT SSR and AMARA)</u></p> <p>For the Indonesia plantation have in preparation to undergo the RSPO Certification process is in progress.</p>	Yes

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<p>Is the time bound plan challenging?</p> <ul style="list-style-type: none"> • Age of plantations. • Location. • POM development • Infrastructure. • Compliance with applicable law. 	<p>Kulim (Malaysia) Berhad has in 2015 continued to operate in a dynamic and volatile environment, characterised by abundant of supplies and lower price of CPO globally.</p> <p>Being one of the lowest price for the commodity, this much affected our plantation margins. The industry was also impacted by growing strength of US Dollar adding the downward pressure of the price</p> <p>Our divestment from New Britain (NBPOL) was completed on 26 February 2016, operationally at the year ended 31 December 2016, we have plantation operations in Peninsular Malaysia and Central Kalimantan Indonesia for a total of 50 999 ha in Malaysia and 40 646 ha of land in Indonesia. The planting of new palm is ongoing albeit at a slower pace, we have some 307 ha been planted.</p> <p>Age profile ranging from 0 – 23 years of age. The group remains committed to improving the age profile, during which a total of 1155 ha been replanted. Average age profile has improved to 11.72 years.</p> <p>The group has acquired Pasir Panjang Palm Oil Mill through Mahamurni Plantation Sdn Bhd in March 2015. And has since planned and prepared the mill for certification program for end of 2016</p>	
<p>Have there been any changes since the last audit? Are they justified?</p>	<p>No changes of TBP as to date.</p>	<p>Yes</p>
<p>If there have been changes, what circumstances have occurred?</p>	<p>No changes of TBP as to date.</p>	<p>Yes</p>
<p>Have there been any stakeholder comments?</p>	<p>So far there no comments received.</p>	<p>Yes</p>
<p>Have there been any newly acquired subsidiaries?</p>	<p>After successfully acquired PT Win in central Kalimantan, Kulim has again trying their best to acquire PT AMARA which is still in progress with expected completion in 2017.</p>	<p>Yes</p>
<p>Have there been any isolated lapses in implementation of the plan?</p>	<p>There is no isolated lapse in Time Bound Plan except for smallholder proposed certification program that halted due to unstable supply to our mill.</p>	<p>Yes</p>

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Un-Certified Units or Holdings		
Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	Indonesia AMDAL report had been completed and report already submitted to RSPO for Public Notification. RSPO has approved the NPP.	Yes
No replacement after dates defined in NIs Criterion 7.3: <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. 	So far no new planting that replaced primary forest.	Yes
Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	No new planting activities within uncertified unit.	Yes
Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	No land conflict	Yes
Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No labour dispute	Yes
Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	RSPO internal audit assessment for all certified units been conducted and the report had been submitted to all unit for improvement plan.	Yes
Any Legal non- compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	No legal non compliance	Yes

3.3 Details of findings

The nonconformity is listed below. The summary report of the assessment by criteria is listed in Appendix A.

During the 3rd Annual Surveillance Assessment there were (one) 1 major and (one) 1 minor nonconformities raised. The Palong Palm Oil Mill Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the corrective action plans to address the minor nonconformity will be followed up during the next surveillance assessment. The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified for its effectiveness and closed accordingly.

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1410324M1	Requirements: Indicator 6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.	Major
	Evidence of Nonconformity: No evidence of implementation and communication of policy to protect the reproductive rights of all, especially of women, to all levels of the workforce.	
	Statement of Nonconformity: Policy to protect the reproductive rights of all, especially of women, was not implemented and communicated to all levels of the workforce.	
	Corrective Actions: Immediate action - Review will be carried out to ensure the inclusion of reproductive right in the respective policy. Submission of improvement time line has been approved by KULIM 236 EXCO Meeting. Corrective action (long term) - The policy' review will be communicated to all OUs, Road show and training will be carried out to all level of employers and this will be included in our yearly training programme	
	Assessment Conclusion: Based on the submitted evidence, it was found that the NC is effectively closed with the sufficient evidence of implementation. On site major NC close ut is not required as the nature of NC is non-process related and can be verified with documented evidences. Effective implementation of the corrective action taken will be further verified in the next audit. Thus, the Major NC was closed on 16/1/17.	

Non-Conformity		
NCR #	Description	Category (Major / Minor)

1410324N1	Requirements: Indicator 5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented	Minor
	Evidence of Nonconformity: Labis Bahru and Palong Estate i) Waste and pollution management plan did not include rinsed/waste water generated from chemical mixing and rinsing activities. ii) Soak-away sump use to trap rinsed/waste water was found to be ineffective. Sump constructed was not fully concrete at the bottom which may leads to soil and water contamination.	
	Statement of Nonconformity: Waste management and disposal plan was not effectively documented and implemented.	
	Corrective Actions Immediate action: 1) All mixing of chemical has to be done in drip tray 2) Any contaminated water from spillage will be collected and reused back as premix 3) Estate to ensure the collection of contaminated water at the sump to be done at any time when the water reach $\frac{3}{4}$ level of sump capacity. 4) The water is to be used back as pre - mix	
	Corrective Action: Respective WI to be reviewed to cater for design improvement of soak away sump and has to be communicated to all OUs	
Assessment Conclusion: The corrective action is accepted. Effectiveness of corrective action taken will be further verified in the next audit.		

Observation	
OBS #	Description
nil	

Positive Findings	
PF #	Description
1	The management shown good commitment towards the RSPO certification.
2	Overall stakeholders such as contractor, suppliers and local authorities for the mill and estates shown positive feedbacks towards the company.
3	Continued implementation and compliance with regards to environmental monitoring shows the commitment from operating units towards environment.

4	Management commitment towards continuous improvement was demonstrated with the allocation of budget (CAPEX) for improvement.
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Issues raised by Stakeholders

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss Palong Palm Oil Mill Certification Unit’s environmental and social performance, legal and any known dispute issues.

Meetings were conducted with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and later was verified with the management team. These have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.

IS #	Description
1	Issues: FFB suppliers – No issue in dealing FFB supply business with Palong POM. Received invitation and attended the recent stakeholder meeting conducted last week.
	Management Responses: Comments noted.
	Audit Team Findings: No further issue.
2	Issues: Mechanical fabrication and maintenance contractor – No issue in supplying service to Palong POM. Received invitation the recent stakeholder meeting conducted last week but unable to attend.
	Management Responses: Comments noted.
	Audit Team Findings: No further issue.
3	Issues: Union representatives – Regular meeting and discussion with estate and mill management done on periodical basis. No labour issues.
	Management Responses: Comments noted.
	Audit Team Findings: No further issue.
4	Issues: School representatives - Received invitation and attended the recent stakeholder meeting conducted on June by estate management. Thanks the management for contributions to school.
	Management Responses: Comments noted.
	Audit Team Findings:

	No further issue.
5	Issues: Village representatives - Received invitation and attended the recent stakeholder meeting conducted on June by estate management. Thanks the management for contributions to school.
	Management Responses: Comments noted.
	Audit Team Findings: No further issue.

3.3.1 Status of Nonconformities Previously Identified and Observations

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1264787M1	Requirements: Indicator 2.1.1 Evidence of compliance with relevant legal requirements shall be available <ol style="list-style-type: none"> Highly Toxic Pesticides Regulations 1996 – Regulation 4 : Maintenance of records Badan Kawalselia Air Johor (BAKAJ) river water abstract or divert license no.: 08/A/Sgt/011 (Palong Cocoa POM) & 07/A/Sgt/001 (Mungka Estate) 	Major
	Evidence of Nonconformity: <ol style="list-style-type: none"> UMAC Estate: Class IA, Methamidophos (ENFORCE) was used for bagworm treatment. It was found that form I, II & III was not available for the application date (15/9/15, 27/9/15 & 27/9/15) Records in both Palong Cocoa Mill and Mungka Estate shown that the consumption of water has exceeded the daily limit of river water abstract or divert license by BAKAJ 	
	Statement of Nonconformity: Evidence of compliance was not effectively implemented.	
	Corrective Action: <ol style="list-style-type: none"> Immediate correction: UMAC Estate has practiced to fill up form I, II & III as per legal requirement for trunk injection operation dated 26/11/2015 signed by Deputy Manager. Corrective action: Kulim Safety Training & Services / Sustainability Department will review back the established Standard Operating Procedure which includes: <ol style="list-style-type: none"> UMAC estate will ensure that Form I, II & III required for Highly Toxic Pesticide Regulation are filled up before any trunk injection or highly chemical is used. The form shall be kept safe by operating unit. Safety briefing on safe chemical handling to all trunk injector operator before start to work will recorded dated 24/11/2015. Annual medical surveillance for highly hazardous chemical operator conducted dated 25/11/2015. Periodically medical screening by VMO / EHA for monitoring of health condition of the operator and closely monitored. 	

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	<p>2) Immediate correction: Property Department measured and analysis the actual consumption of water extraction based on the flowmeter installed and reported to BAKAJ on 9/12/2015. Corrective action: Property Department submitted the renewal license application for 2016 which based on the accurate consumption for both estates dated 9/12/2015.</p> <p>Closed on 5/1/2016 with implementation evidence submitted and verified.</p> <p>Corrective action: Property Department submitted the renewal license application for 2016 which based on the accurate consumption for both estates dated 9/12/2015.</p>	
	<p>Assessment Conclusion: During this ASA1_3, there were no such recurrence due to no P&D outbreak at the visited estate. License for water abstraction has been revised and based on the actual and accurate consumption. The NC is remain closed.</p>	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1264787M2	<p>Requirements: Indicator 6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Evidence of Nonconformity: Extended employment contract for the following employees were not available: i.) Passport Number AR 950673 (Employment contract expired on 31/3/2014) ii.) Passport Number AP 746187 (Employment contract expired on 31/7/2014) iii.) Passport Number AR 471885 (Employment contract expired on 16/9/2015)</p> <p>Statement of Nonconformity: Extended employment contract for foreign workers were not available for those extended their employment with the operating units.</p>	Major

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	<p>Corrective Action: Immediate correction: Palong Palm Oil Mill obtained the acceptance letter of extended employment contract from the respective workers dated 29/11/2015.</p> <p>Corrective action: Palong Palm Oil Mill ensured that workers agreed with terms in the extended employment contract before renewing their work permit. Records of briefing on the extended agreement recorded dated 29/11/2015. The copy of the extended agreement kept safe in their respective workers personal file at the mill office and also with a copy to the workers itself.</p> <p>Closed on 5/1/2016 with implementation evidence submitted and verified.</p>	
	<p>Assessment Conclusion: During this ASA3, all the employment contract already updated effectively. No recurrence issue on the extension employment contract. The NC is remain closed.</p>	

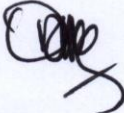

Observation	
OBS #	Description

3.3.2 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
CR15	Major	12/12/2013	Closed on 06/02/2014
1135927M1	Major	12/12/2014	Closed on 15/01/2015
1264787M1 - 2.1.1	Major	13/11/2015	Closed on 05/01/2016
1264787M2 – 6.5.2	Major	13/11/2015	Closed on 05/01/2016
1410324M1 - 6.9.2	Major	24/11/2016	Closed on 16/1/2017
1410324N1 - 5.3.3	Minor	24/11/2016	"Open"

Assessment Conclusion and Recommendation:

Based on the findings during the assessment Palong Palm Oil Mill Certification Unit and supply base complies with the RSPO P&C Malaysian National Interpretation (MY-NI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) for CPO Mill. It is recommended that the certification of Palong Palm Oil Mill Certification Unit is approved and continued.

Acknowledgement of Assessment Findings	Report Prepared by
Name: Puan Salasah Elias	Name: Mr Mohamed Hidhir Zainal Abidin
Company name: Kulim (Malaysia) Berhad Palong Palm Oil Mill	Company name: BSI Services Malaysia Sdn. Bhd.
Title: Head of Sustainability Department	Title: Lead Auditor
Signature:  Date: 27 FEBRUARY 2017	Signature:  Date: 21/2/2017

Appendix A: Summary of Findings

Criterion / Indicator		Assessment Findings	Compliance
Principle 1: Commitment to Transparency			
Criterion 1.1: Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.			
1.1.1	There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. - Minor compliance -	Adequate information covering on environmental, social and legal issues which are relevant to RSPO Criteria and relevant to stakeholders is shared for effective participation and decision making. Information on environmental, social and legal issues relevant to RSPO Criteria was made available to relevant stakeholders for effective participation in decision making. In company website (http://www.kulim.com.my/) , publicly available documents such as OSH plan, HCV documents, negotiation procedure, complaint records, sustainability handbook and report, EIA, Management Plans & Continuous Improvement Plans. Other sensitive information such as land title and etc will be provided upon request.	Complied
1.1.2	Records of requests for information and responses shall be maintained. -Major compliance	All operating units maintain records of information request and response. Request for information are attended promptly and confirmed by stakeholders interviewed. Record of authority visit was verified during audit. Refer DOE visit dated 11/4/16, refer to filed citation (JAS/ATOP/08/2015). No non-compliance issue noted during site visit.	Complied
Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.			

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Criterion / Indicator	Assessment Findings	Compliance	
<p>1.2.1</p> <p>Publicly available documents shall include, but are not necessary limited to:</p> <ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); • Occupational health and safety plans (Criterion 4.7); • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); • HCV documentation (Criteria 5.2 and 7.3); • Pollution prevention and reduction plans (Criterion 5.6); • Details of complaints and grievances (Criterion 6.3); • Negotiation procedures (Criterion 6.4); • Continual improvement plans (Criterion 8.1); • Public summary of certification assessment report; • Human Rights Policy (Criterion 6.13). <p>- Major compliance –</p>	<p>There is a SPO Transparency Program under Kulim Malaysia Berhad. The procedure is to ensure that documents if to be release and made publicly available are readily available. The Corporate Dept will ensure that the following documents are available if requested and they do not impinge on confidentiality and will not cause detrimental sustainability or social outcoments.</p> <p>Among the documents that were made available for viewing are:</p> <ul style="list-style-type: none"> • Land title (held as hard copy by the property department) • Health and safety plan • Plans and impact assessment- environmental & social • Pollution prevention plans • Details of complaints and grievances • Negotiation procedures • Continuous improvement plan • Biodiversity plans • Policy documents (sustainability handbook) <p>In addition to the website, the policies were also displayed at various locations at the operating units including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view.</p>	<p>Complied</p>	
<p>Criteria 1.3: Growers and millers commit to ethical conduct in all business operations and transactions.</p>			
<p>1.3.1</p>	<p>There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p>-Minor compliance</p>	<p>Kulim Malaysia Berhad has established policy on code of ethical conduct and integrity which covers all operations in the plantation operation under Corporate Policy Statement dated 11 February 2015. Besides, the Operation Director of Kulim (Malaysia) Berhad Policy also signed on the integrity pledge on 7 Jan 2014 to set the "Tone from the Top" and oblige all members of the organization to likewise behave with integrity and carry on their responsibilities ethically.</p>	<p>Complied</p>
<p>Principle 2: Compliance with applicable laws and regulations</p>			
<p>Criterion 2.1: There is compliance with all applicable local, national and ratified international laws and regulations.</p>			

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Criterion / Indicator	Assessment Findings	Compliance
<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available. - Major compliance -</p>	<p>Palong Cocoa certification unit has demonstrate evidence of compliance with relevant legal requirements. License and permit verified at the visited operating units as follow: Palong Cocoa POM:</p> <ul style="list-style-type: none"> i) MPOB license: 500116404000 (validity period 1/12/2016 - 30/11/2017) for 192,000MT. ii) DOE Licence: JPKKS 001584 (validity period 1/7/2016 - 30/6/2017) for 40mt/hr and method of POME discharge is land application with BOD final discharge limit <500mg/l iii) Energy commission license no.: 2016/02393; serial no.:18522 (validity period 1/11/2016 – 31/10/2017) for installation capacity limit <2170kW iv) Schedule controlled item permit (Diesel) ref. no.:JH(SGT)0143/08PSK; serial no.: J023682 (validity period 16/5/2015 – 15/5/2017) for storage capacity of <20,000 liters v) Fire Certificate Form II Sub-regulation 3(1) certificate no.:JBPM:JH/7/072/2015; serial no.: 290898 validity period: 16/5/2016 to 15/5/2017 vi) Permit for Overtime Limit, under Section 60A, Labour Act 1960, maximum 12 hours per day @ 104 hrs per month. Approval date: 20/8/14 vii) Badan Kawal Selia Air Johor (BAKAJ) river water abstract or divert license no.: 08/A/Sgt/011; Valid until 31/12/2016; Max abstract capacity: 1013m3 per day. Pindaan kuantiti maksimum abtaksi air mentah, bu bawah Enakmen Air 1921 (seksyen 7) dated 21/6/16 ref# SUKJ(BAKAJ)334/300/05/(7) 3700 m3/day (mill and housing area) viii) Firearm license, A/2439 approval date29/12/14, ref# (PR)61/6/2/3/T. ix) MPOB license, 570585002000 valid until 31/3/17 x) Permit Kebenaran Menggunakan Bekalan Air Persendirian Seksyen 6(1)(a) Akta Standard-standard Minimum Perumahan dan Kemudahan Pekerja 1990 serial no.: JTKNJ/6(1)(a)/0015.2016 dated 11/9/2016 validity period 11/9/2016 – 10/9/2018 xi) River water extraction license: 08/A/Sgt/011 validity period until 31/12/2016) by Director of Water Resources Johor. xii) Certificate of Fitness for Unfired Pressure Vessels:- <ul style="list-style-type: none"> a. (JKT15-Pin. 1/87 PMT-JH 134109) - JH PMT 27440 (valid till 06/11/2017). b. (JKT15-Pin. 1/87) - JH PMT 3617 (valid till 28/08/2017). 	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
		<p>xiii) Authorized Gas Tester and Entry Supervisor For Confined Space:-</p> <p>a. NW-NJHR-AGT-0151-N (valid till 15/04/2017).</p> <p>b. NW-NJHR-AGT-R-0066-N (valid till 26/02/2017).</p> <p><u>Labis Bahru Estate</u></p> <p>i) MPOB license: 501775302000 (01/05/2016 - 30/04/2017).</p> <p>ii) Diesel Permit # J022798, BLESS: BL2016002624 ref JH(SGT)00103/03 PSK (12/01/2016 – 11/01/2017) Quantity: 18,000 liter.</p> <p>iii) Certificate of Fitness for Unfired Pressure Vessels (JKT15-Pin. 1/87 PMT-JH 130353) - JH PMT 18012 (valid till 27/07/2017).</p> <p>iv) License to possess arms and ammunition KP Approval (PR)A/3/2015bth.29/7/2015 POL.116 no.D226701bth.10/8/2015. Receipt No. FL304940, District arms license register serial no. SGT/A/2448 (valid till 07/06/2017).</p> <p><u>Palong Estate</u></p> <p>i) MPOB license: 570585002000 (01/04/2016 - 31/03/2017).</p> <p>ii) Diesel Permit # J023672, BLESS: BL2016016810 ref (16)JH(SGT)0012/88 PSK (24/03/2016 – 23/03/2017) Quantity: Diesel 10,000 liter & Petrol 400 litre.</p> <p>iii) Certificate of Fitness for Unfired Pressure Vessels (JKT15-Pin. 1/87 PMT-JH 128063) – JH PMT 21524 (valid till 28/08/2017).</p> <p>License to possess arms and ammunition KP Approval (PR) 61/6/2/3/1 bth.29/12/2014 POL.116 no.D226126 bth.11/01/2015. Receipt No. FL304583, District arms license register serial no. A/2439 (valid till 01/06/2017).</p>	
2.1.2	A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance -	All operating units maintain documented system for identifying, evaluating, reviewing and updating applicable regulations and other requirements. Legal register dated 1/8/16 was verified.	Complied
2.1.3	A mechanism for ensuring compliance shall be implemented. - Minor compliance -	Evaluation of legal requirements and compliance status with legal requirement is monitored by operating units, Sustainability Team, OHS Department and Head Office Audit Department.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
2.1.4 A system for tracking any changes in the law shall be implemented. - Minor compliance -	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Noted that the latest Minimum Wages Order 2016 has been updated and incorporated in the legal register dated 1/8/16.	Complied
Criterion 2.2: The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.		
2.2.1 Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land was made available during audit. Verified land titles and the visited estates: <u>Labis Bahru Estate</u> 20 land title, freehold, land use type: agriculture Total land area: 2114.11 Ha Sample of land title sighted: i) Grant# 38197, lot 1265 area: 1237.5287 ha district: Segamat Mukim Pogoh ii) Grant# 38198, lot 1699 area: 350.0809 ha district: Segamat Mukim Pogoh <u>Palong Estate</u> 4 land title under leasehold for 99 years (until 2112) Combined land title for 3 estates (Kemedak, Palong & Mungka) Total area: 5645.302 ha Sample of land title sighted: i) Grant# 52398, lot PTD15678 area: 3406 ha district: Segamat Buloh Kasap ii) Grant# 52400, lot PTD15680 area: 931.002 ha district: Segamat Buloh Kasap	Complied
2.2.2 Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance -	During the field visit it was noted that legal boundaries are clearly demarcated and visibly maintained throughout the estate. <u>Palong Estate</u> Boundary stone located at P10/03 adjacent to smallholder farm was visible and clearly demarcated.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance -	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to Kulim (Malaysia) Berhad. Land ownership documents verified.	Complied
2.2.4 There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. -Major compliance	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to Kulim (Malaysia) Berhad. Land ownership documents verified	Complied
2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). -Minor compliance	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to Kulim (Malaysia) Berhad. Land ownership documents verified	Complied
2.2.6 To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. -Major compliance	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to Kulim (Malaysia) Berhad. Land ownership documents verified	Complied
Criterion 2.3: Use of the land for oil palm does not diminish the legal rights, customary or user right of other users without their free, prior and informed consent.		
2.3.1 Maps of an appropriate scale showing the extent of recognized legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).. - Major compliance -	The estate lands are legally owned and leased by the company. The existing estates are not encumbered by any customary land rights. Interview with the surrounding communities and stakeholders confirm no disputes.	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. - Minor compliance -	Long range replanting programme available for Labis Bahru Estate. The next replanting will be in 2020 for P94 and P95 for total of 270.08 Ha. <u>Palong Estate</u> Next replanting 2032, P07 194.22 Ha	Complied
Principle 4: Use of appropriate best practices by growers and millers			
Criterion 4.1:			
Operating procedures are appropriately documented, consistently implemented and monitored.			
4.1.1	Standard Operating Procedures (SOPs) for estates and mills are documented - Major compliance -	Palm Mill holds SOP: Mill Operation Manual includes mill SOP and work instruction as a guidance document to operate the mill. Estates have a separate SOP and Estate Manual covers land preparation, planting material, upkeep, harvesting, transport etc. SOP for the Confined Space Management (Doc No. PCM/WI/36 Rev 0 Issue No. 0 Date 01/01/2015) and Appendix 3: Flow chart (Confined Space Entry Procedure) was verified. Additional documents available are:- i) Safety Work Permit (Maintenance) – Hot Work (Rev 0 Date 01/01/2016) ii) Safety Work Permit (Maintenance) – Working at Height (Rev 0 Date 01/01/2016) iii) Safety Work Permit (Maintenance) – SMAW (Stick Welding) (Rev 0 Date 01/01/2015)	Complied

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<p>4.1.2</p> <p>A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance -</p>	<p>Mill Advisor and Plantation Inspectorate make regular visit to evaluate the performance of the mill and estates. General Manager visits the estates on quarterly basis to review estate performance against Kulim Sustainability standard. Latest Plantation Inspectorate visit to Labis Bahru estate was on 27 July 2016 (Report No.: SS/LBE/2/2016). Plantation Inspector appraisal - 1st: 81.5 2nd : 88 (improved from the last visit)</p> <p>Agronomist visit dated 29/3/16 for the first half of 2016. Refer to report 01/16 dated 4/5/16. 2nd visit was done on 20-21/11/16 and pending for the full report from the agronomist.</p> <p>Permit To Work (Confined Space) forms are available and in use.</p> <p>Palong Estate</p> <p>Latest (3rd) Plantation Inspectorate visit dated 14-15/11/16 was verified. Refer to SS/LP/3/2016. Appraisal for 3rd visit drop from 89 to 87.</p> <p>As for the mill, latest visit by Mill Advisor was on 6 September 2016 (Ref. No.: MJAB/PCPOM/4/2016). The on-site managers develop Action Plans from the Advisory Reports for improvement of the operations. Review of Advisory Reports, Action Plans and site inspections confirmed consistent records of implementation of SOPs.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance																
<p>4.1.3</p> <p>Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance -</p>	<p>Records of monitoring and any actions were maintained. Sample of environmental monitoring records:</p> <p>i)Storm water retention pond analysis (BOD analysis fortnightly)</p> <p>Latest monitoring by UTCL Laboratory, dated 26/10/16, report ref#EI/1610/1096, BOD: 831 mg/l. Sampling date 16/10/16</p> <p>Latest monitoring by UTCL Laboratory, dated 10/10/16, report ref#EI/1610/1085, BOD: 253 mg/l. Sampling date 4/10/16</p> <p>ii)Quarterly return via Online Environmental Reporting (OER) and monthly effluent analysis</p> <p>Latest quarter, June – September 2016, submitted on 13/10/16. 1st, 5th and 9th week analysis results were submitted no off-limit parameter recorded.</p> <p>Latest monitoring by UTCL Laboratory, dated 14/10/16, report ref#EI/1610/1084, 1088 & 1089. Sampling date 4/10/16. 10 parameter tested (BOD, COD, AN, TN, SS, TS, pH, O&G, VFA and DO) is within the regulatory limit under mill’s compliance schedule.</p> <p>iii) Monitoring of upstream and downstream Sg Muar, once a year.</p> <p>Latest monitoring by UTCL Laboratory, dated 14/10/16, report ref#EI/1610/1086-1087. Sampling date 4/10/16.</p> <p>iv)Stack monitoring, twice per year</p> <p>Stack# 4: 6th October 2016, refer to report, PAC-AE-161004</p> <table border="1" data-bbox="660 1346 1299 1559"> <thead> <tr> <th>Parameter</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Solid particle, g/Nm3 @ 12% CO2</td> <td>0.175</td> </tr> <tr> <td>NOx emission, g/Nm3</td> <td>0.19 vs limit of 2</td> </tr> <tr> <td>SOx emission, g/Nm3</td> <td>-</td> </tr> </tbody> </table> <p>Stack# 3: 29th March 2016, refer to report, PAC-AE-160411</p> <table border="1" data-bbox="660 1653 1299 1865"> <thead> <tr> <th>Parameter</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Solid particle, g/Nm3 @ 12% CO2</td> <td>0.375</td> </tr> <tr> <td>NOx emission, g/Nm3</td> <td>0.025 vs limit of 2</td> </tr> <tr> <td>SOx emission, g/Nm3</td> <td>-</td> </tr> </tbody> </table>	Parameter	Result	Solid particle, g/Nm3 @ 12% CO2	0.175	NOx emission, g/Nm3	0.19 vs limit of 2	SOx emission, g/Nm3	-	Parameter	Result	Solid particle, g/Nm3 @ 12% CO2	0.375	NOx emission, g/Nm3	0.025 vs limit of 2	SOx emission, g/Nm3	-	<p>Complied</p>
Parameter	Result																	
Solid particle, g/Nm3 @ 12% CO2	0.175																	
NOx emission, g/Nm3	0.19 vs limit of 2																	
SOx emission, g/Nm3	-																	
Parameter	Result																	
Solid particle, g/Nm3 @ 12% CO2	0.375																	
NOx emission, g/Nm3	0.025 vs limit of 2																	
SOx emission, g/Nm3	-																	

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Criterion / Indicator	Assessment Findings	Compliance
	<p>v)Smoke density meter calibration, twice per year</p> <p>1st half: refer to calibration certificate# 16016 by Scienotech. Calibration date: 17/8/16 valid until 17/2/17</p> <p>2nd half: Refer to calibration certificate# 16004 by Scienotech. Calibration date: 18/2/16 valid until 18/8/16</p> <p>vi)Ambient Air (quarterly) Total Suspended Particulate, TSP (limit 24hr: 260 ug/m3, annual 90 ug/m3 as per Malaysian Recommended Air Quality Quidelines). 2 monitoring points were selected.</p> <p>5-6 October 2016: A1-34, A2-29</p> <p>15-16 June 2016: A1-23, A2-33</p> <p>29-30 March 2016: A1-35, A2-28</p> <p>vii)Boundary noise monitoring, quarterly (night: 55 dBA, day: 65 dBA)</p> <p>Latest boundary noise monitoring for Q3 2016 by Kulim Engineering on 31/10/16. 10 points selected for monitoring. Result is within 55 dBA (night) and 65 dBA (day)</p> <p>viii)Scheduled waste reporting via E-SWiS refer 5.3.2</p> <p>ix)3rd party environmental compliance audit – every 6 monthly - EHS Alliance Sdn Bhd, appointed consultant for compliance audit. Plan on 14/12/16.</p> <p>LOA : SSD/ADMIN/030/16 dated 4/11/16 to EHS Alliance Sdn Bhd.</p> <p>Domestic water analysis by Decagon Lab and Analytical Testing Sdn Bhd. Refer to report dated 10/6/16, report ref# LW/578/16. 2 sampling points selected for testing (raw and treated). Results comply with DWQS.</p> <p>For boiler no.3, briefing on Confined Space (Safety) conducted on 07/08/2016 attended by 1 AGT, 3 AME and 1 KSTS (PCM/Sop/6.8-F2 Rev 0 Issue No.2).</p> <p>For boiler no.3, briefing on Safety in Confined Space conducted on 29/05/2016 attended by 1 AGT, 1 S.P, 1 KSTS and 1 Palong Mill (PCM/Sop/6.8-F2 Rev 0 Issue No.2).</p> <p>Authorized Gas Tester and Entry Supervisor For Confined Space:-</p> <ol style="list-style-type: none"> NW-NJHR-AGT-0151-N (valid till 15/04/2017). NW-NJHR-AGT-R-0066-N (valid till 26/02/2017). 	

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Criterion / Indicator	Assessment Findings	Compliance
4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	Palong POM has continued to maintain record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Contract and MPOB licence was verified: i) Kim Ma Oil Palm Transport Sdn Bhd, contract dated 30/11/15 (validity 1/1/16 – 31/12/16), MPOB license: 506460315000 valid until 31/3/17 ii) Eng Huat Latex Concentrate Sdn Bhd, contract dated 30/11/15 validity 1/1/16 – 31/12/16, MPOB license: 506907315000, valid 30/4/17	Complied
Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.		
4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance -	Good agriculture practices which follows the group agriculture manual contains Standard Operating Procedures to ensure soil fertility is managed to a level that ensures optimal and sustained yield. The implementation of SOPs is checked during daily inspection by staff as well as by internal audits. SOP – Kulim (M) Berhad Agriculture Manual dated July 2013 verified. Content of ARM comprises of: i) Replanting ii) Roads, Drains, Bridges, Culverts and Fences iii) Construction of Estate Buildings iv) Manuring v) Harvesting vi) Pruning and ablation vii) Soil Conservation ix) Justification of Chemical Use ix) Weeds Management x) Integrated Pest Management xi) Plant Management	Complied

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<p>4.2.2</p> <p>Records of fertiliser inputs shall be maintained. - Minor compliance -</p>	<p><u>Labis Bahru Estate</u></p> <p>Fertilizers are applied as per agronomist recommendation. Refer to fertilizer recommendation by agronomist under EPA Management Sdn Bhd, R&D Division for 2016 dated 3/11/15.</p> <p>Compaction Mix 2B [10.08 (N), 1.5 (P), 28.3 (K) + 0.5 B) Recommendation: 2.5 per palm. For example, sample of completed application for P03/01 for compaction Mix 2B. Total of 8.9 mt applied for the month of September 2016.</p> <p><u>Palong Estate</u></p> <p>Fertilizer recommendation based on agronomist report dated 23/5/16, #1/2016. Actual application in October 2016 for P09/02T: Fertilizer – MIX1, 2kg per palm, 238 bags (11.90 mt) hectrage covered: 41.08 ha</p> <p>Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators.</p>	<p>Complied</p>
<p>4.2.3</p> <p>There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance -</p>	<p><u>Labis Bahru Estate</u></p> <p>Leaf analysis result which shows the nutrient level was used as guidance for the fertilizer recommendation. As per leaf and soil sampling guidance notes, leaf analysis frequency is once per year and soil sampling for every 5 years.</p> <p>Soil sampling was done on 24/3/15 -5/4/15 by Kulim Research and development department (UTCL Laboratory) (Report No.: SI/1504/0135-0138) dated 8/4/15.</p> <p>Leaf sampling was done on 15-21/2/16. Report dated 14/3/16, Report No.: LI/1603/MKG/0140-1045, 0208-0211).</p> <p><u>Palong Estate</u></p> <p>Last was done in 2012. Frequency of sampling once every 5 years. Refer to S/1211/PLG/0341-0344 dated 19/11/12.</p> <p>Soil sampling was done on 13/5/16 -1/6/16 by Kulim Research and development department (UTCL Laboratory) (Report No.: LI/1606/PLG/0599-0608) dated 9/6/16.</p>	<p>Complied</p>
<p>4.2.4</p> <p>A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. - Minor compliance -</p>	<p>EFB application only applied to selected fields. Average about 25-30 mt/ha EFB applied. For immature palm, average of 15kg per palm EFB is recommended.</p> <p><u>Palong Estate</u></p> <p>Bio-compost application (4 programme per year May-Aug 2016). Total of 520 Ha covered under block P07-P10.</p>	<p>Complied</p>

Criterion 4.3:

Practices minimise and control erosion and degradation of soils.

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4.3.1 Maps of any fragile soils shall be available. - Major compliance -	All the estates hold copies of soil map. Soil maps and field visit confirm that there is no fragile soil on the estates. Labis Bahru Estate Soil map prepared by R&D Department under EPA Management Sdn Bhd. Soil series summary : Gajah Mati – 61.19%, Chat- 13.83 %	Complied
4.3.2 A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance -	Planting terraces had been constructed where slope >10°. Fields are established with cover crops such as muccuna and soft grasses and ferns.	Complied
4.3.3 A road maintenance programme shall be in place. - Minor compliance -	Estate has implemented annual road maintenance programme. Example of programme checked at Labis Bahru and Palong estates shows the map indicating road repairs and maintenance for the whole estate roads includes grading, compacting and stone application to strengthen the road surface Road Upkeep programme and drain desilting Example: Plan July 16 – completed in August for P94 (216.33 Ha)	Complied
4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Minor compliance -	There is no peat soil or soil categorised as problematic or fragile soil at all estates visited.	Complied
4.3.5 Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. - Minor compliance -	There is no peat soil or soil categorised as problematic or fragile soil at all estates visited.	Complied
4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance -	There is no peat soil or soil categorised as problematic or fragile soil at all estates visited.	Complied
Criterion 4.4: Practices maintain the quality and availability of surface and ground water.		

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<p>4.4.1</p> <p>An implemented water management plan shall be in place. - Minor compliance -</p>	<p>Palong certification units monitored water quality of outgoing waters to identify any adverse effect from the mill and estate activities. There is an Integrated Water Management Plan which has been implemented. The plan takes into account the efficient use of resources, ensure amongst other that the use of water did not impact on other users, avoid contamination of ground and surface water, and appropriate treatment of mill effluent.</p> <p>Water pollution – drinking water (partially test, monthly), Quarterly (full test), 6 monthly SPAN requirement.</p> <p>Water management plan dated October 2016.</p> <p><u>Labis Bahru Estate</u></p> <p>Rain fall data; 2014: 1799 mm, 2015: 1257 mm, 2016 (todate) : 944 mm</p> <p>Water management plan, review Oct 2016</p> <p>Source of water – SAJ</p> <p>Household activities – water rationing, inefficient use of water etc.</p> <p><u>Palong Estate</u></p> <p>Rainfall data: 1259 mm todate October 2016</p> <p>Water management plan (field operation & linesite)</p>	<p>Complied</p>

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<p>4.4.2</p> <p>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. - Major compliance -</p>	<p>Based on the company's Agricultural Manual (Section A: Replanting, A17-Protection of Natural Water Courses, Updated on 1/7/2013), established river buffer zones as per MPOB's guideline:</p> <ul style="list-style-type: none"> i) River width > 40m; river buffer = 50m ii) River width 20 - 40m; river buffer = 40m iii) River width 10 -20m; river buffer = 20m iv) River width 5 - 10m; river buffer = 10m v) River width < 5m; river buffer = 5m <p>Buffer zones had been maintained on both sides of rivers/streams in the estates as verified during on-site field inspection. There was no evidence of spraying around palms marked as boundary for the buffer zones. There was also no construction of bunds/ weirs/dams across the main rivers or waterways passing through the estates.</p> <p>All the estates assessed has prepared map showing riparian buffer zones and demarcated the areas prior to replanting for all the estates. Field inspection confirmed that the buffer zone beside the stream has been demarcated clearly and maintained. River water analysis was carried out to check ensure protection of water course within estates.</p> <p><u>Labis Bahru Estate</u></p> <p>Water analysis (4 monitoring points) River A (Inflow and out flow) River B (inflow and outflow) Test report, WI/1611/0894-0897 sampling date 26/10/16 Date of reporting : 10/11/16 Nitrogen nitrate and phosphorus were tested.</p> <p><u>Palong Estate</u></p> <p>Latest water sample, upstream and downstream of Sg Badoh and Sg Perlah dated 11/10/16. Refer to report# WI/1610/0800.</p>	<p>Complied</p>

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<p>4.4.3</p> <p>Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6). - Minor compliance -</p>	<p>Treatment of mill effluent carried out as per SOP and DOE license requirements with regular monitoring of discharge quality; especially Biochemical Oxygen Demand (BOD) is monitored. Results of BOD monitoring as per stipulated frequency was in compliance as follows:</p> <p>i) Storm water retention pond analysis (BOD analysis fortnightly)</p> <p>Latest monitoring by UTCL Laboratory, dated 26/10/16, report ref#EI/1610/1096, BOD: 831 mg/l. Sampling date 16/10/16</p> <p>Latest monitoring by UTCL Laboratory, dated 10/10/16, report ref#EI/1610/1085, BOD: 253 mg/l. Sampling date 4/10/16</p> <p>ii) Quarterly return via Online Environmental Reporting (OER) and monthly effluent analysis</p> <p>Latest quarter, June – September 2016, submitted on 13/10/16. 1st, 5th and 9th week analysis results were submitted no off-limit parameter recorded.</p> <p>Latest monitoring by UTCL Laboratory, dated 14/10/16, report ref#EI/1610/1084, 1088 & 1089. Sampling date 4/10/16. 10 parameter tested (BOD, COD, AN, TN, SS, TS, pH, O&G, VFA and DO) is within the regulatory limit under mill's compliance schedule.</p>	<p>Complied</p>
<p>4.4.4</p> <p>Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance -</p>	<p>Average annual water consumption varies from 1.6 m³ – 2.0 m³ per tonne FFB processed with the average water usage of 1.97 m³ per tonne FFB processed for the period from Jan to Oct 2016.</p>	<p>Complied</p>
<p>Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
<p>4.5.1</p> <p>Implementation of Integrated Pest Management (IPM) plans shall be monitored. - Major compliance -</p>	<p>IPM Plan includes the planting of beneficial plants and control of damage by rodents. Beneficial plants such as Cassia Cobanensis (60%), Turnera Subulata (30%), Antigonon (10%) are grown in the estates.</p> <p>Planting of new areas and maintenance of existing areas of beneficial plants and location maps are available. Records of rat baiting and barn owl census are available. For Labis Bahru occupancy rate recorded at 37 %. No reported infestation by other pests (bagworms and rhinoceros beetle).</p> <p><u>Palong Estate</u></p> <p>Occupancy rate recorded at 43% up to August 2016.</p>	<p>Complied</p>

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4.5.2 Training of those involved in IPM implementation shall be demonstrated. - Minor compliance -	IPM training is given by the Agronomist and plantation executives with qualification in agriculture. Interview with the staff confirm their understanding of the Kulim's IPM practices. Sample of IPM training verified at visited estates: <u>Labis Bahru Estate</u> IPM training, P&D bagworm training (Altacor) 10/8/16. <u>Palong Estate</u> IPM training (BOB censuses etc) 28/1/16	Complied
Criterion 4.6: Pesticides are used in ways that do not endanger health or the environment		
4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. - Major compliance -	Written justification is in the Standard Operating Procedures of all agrochemicals used. Selected products are specific to the target pest, weed and disease. The selection is also evaluated by the agronomist during his visit to the estate.	Complied
4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications was maintained. Sample of Ai/ha records: <u>Labis Bahru Estate</u> Ai/Ha : Ally – 0.0023 , Glyphosate - 0.0652 <u>Palong Estate</u> Ai/Ha for October 2016 Ranger (Tryclopvr) : 0.3 Ai/Ha Glyphosate: 0.13 Ai/Ha	Complied
4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. - Major compliance -	The quantity of agrochemicals required for various field conditions are documented and justified in Kulim's Agriculture Manual. The implementation in the field is consistent with the manual. There is no prophylactic use of pesticides.	Complied
4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance -	Kulim has stopped paraquat usage since February 2015. Alternatives such as Glyphosate were used. Verified during site visit and chemical register, there was no class 1A and 1B kept in the inventory.	Complied

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4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). - Major compliance -	Pesticide operators given training on the safe handling and application of the pesticides. Suitable personal protective equipment's and application equipment provided to the operators. All precautions attached to the products explained to operators and understood by them. This was noted during the interview with workers at the visit work units (field operation, workshop and chemical store)	Complied
4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). - Major compliance -	The operating units comply with Regulation 9 of the Pesticides Act 1974 requiring balance of remaining solution to be kept under lock and key. During visit it was noted that all the remaining pesticides are kept in the store and securely locked and comply with regulation. Agrochemical containers recycled for premix agrochemical.	Complied
4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. - Minor compliance -	The quantity of agrochemicals required for various field conditions are documented and justified through agronomist advisory.	Complied
4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. - Major compliance -	No aerial spraying method used at the visited estates.	Complied
4.6.9 Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated, including provision of appropriate information materials (see Criterion 4.8). - Minor compliance -	No associated smallholders. Employees demonstrate knowledge and skills on pesticide handling. MSDS was displayed in local Bahasa Malaysia language at the agrochemical store for each chemical stored as well as a Work Instruction on safe handling for the easy understanding of the agrochemical handlers	Complied
4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). - Minor compliance -	Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers. Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned. Management dispose waste material as per regulation for schedule waste and domestic waste.	Complied

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<p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. - Major compliance -</p>	<p><u>Palong Palm Oil Mill (PPOM)</u></p> <p>Medical surveillance carried out once a year for all chemical handlers. Last medical check-up was conducted on 29/04/2016 by DOSH Registered doctor No.: HQ/08/DOC/00/666 for 30 workers. Total of 09 workers repeated the medical test on 11/11/2016. All 30 workers were found fit based on the medical results.</p> <p>Medical surveillance (Thyroid L0289) for the Water Treatment Operators:-</p> <ol style="list-style-type: none"> 1. PK#13137 (29/09/2016) 2. PK#13285 (27/09/2016) <p><u>Labis Bahru Estate</u></p> <p>Medical surveillance carried out once a year for all chemical handlers. Medical check-up was conducted on 27/04/2016 by DOSH Registered doctor No.: HQ/08/DOC/00/666 Report No. KSTS/0023-OSH/0916. Biological monitoring was conducted on 15 workers, X-ray test conducted on 09 fertilizers handlers and Spirometry/Lung function test conducted on all 32 workers. All 32 workers were found fit based on the medical results.</p> <p><u>Palong Estate</u></p> <p>Medical surveillance carried out once a year for all chemical handlers. Medical check-up was conducted on 28/04/2016 by DOSH Registered doctor No.: HQ/08/DOC/00/666 Report No. KSTS/0022-OSH/0916. Biological monitoring was conducted on 23 workers, X-ray test conducted on 10 fertilizers handlers and Spirometry/Lung function test conducted on all 42 workers. Blood and urine test conducted on all 42 workers. 41 workers were found fit based on the medical results. 01 worker (AE5393899) was sent back to Bangladesh because had bronchial asthma.</p>	<p>Complied</p>
<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance -</p>	<p><u>PPOM</u></p> <p>The female workers confirmed knowledge of the policy of transfer to alternative duties if wished to continue working when pregnancy was confirmed or breast-feeding.</p> <p><u>Labis Bahru Estate</u></p> <p>The female workers confirmed knowledge of the policy of transfer to alternative duties if they wished to continue working when pregnancy was confirmed or breast-feeding.</p> <p><u>Palong Estate</u></p> <p>The female workers confirmed knowledge of the policy of transfer to alternative duties if they wished to continue working when pregnancy was confirmed or breast-feeding.</p> <p>Policy on no work with pesticides for confirmed pregnant and breast-feeding women is continuously implemented.</p>	<p>Complied</p>
<p>Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:</p>		

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<p>4.7.1</p> <p>A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. - Major compliance -</p>	<p>The Occupational Safety & Health Policy had been established and implemented. The policy was signed by the Managing Director of Kulim (Malaysia) Berhad on 1 January 2008 and is displayed prominently on notice boards in Bahasa Malaysia.</p> <p><u>PPOM – Annual & Baseline Audiometric Testing</u></p> <p>Annual audiometric testing completed on 15/12/2015 by Industrial Safety Management Services, JKJ IH 127/5/3-1(NO38). Total of 40 workers were sent for the annual testing. Baseline audiograms tested on 26 workers and Annual audiograms tested on 14 workers.</p> <p>Most recent Audiometric test was conducted on 20/11/2016 for 53 workers. No results available. However, the result will be verified during the next audit.</p> <p><u>Chemical Health Risk Assessment (CHRA)</u></p> <p>PPOM - CHRA conducted on 07/03/2013 by registered assessor JKPP HIE 127/171-2(154). Based on the CHRA, a total of 17 findings/recommendations reported.</p> <p>Labis Bahru Estate - CHRA was conducted on 11-06/03/2013 by registered assessor JKPP HIE 127/171-2(154). Based on the CHRA, a total of 18 findings/recommendations reported.</p> <p>Palong Estate - CHRA was conducted on 04/03/2013 by registered assessor JKPP HIE 127/171-2(154). Based on the CHRA, a total of 19 findings/recommendations reported.</p> <p>The action plan was established through the recommendation from the assessor.</p> <p><u>Chemical Exposure Monitoring</u></p> <p>PPOM - The personal and area chemical exposure monitoring was conducted on 24/05/2016 (CEM/1605/010) by JKPP HIE 127/171-3/1(164) for the laboratory was observed.</p> <p>04 personal chemical exposure and 01 chemical exposure sampling. Overall the control measures provided are adequate to control the airborne contaminants. The exposure levels based on 8hrs-TWA for all the monitored parameters did not exceed the permissible exposure limit.</p> <p>Labis Bahru - The personal chemical exposure monitoring was conducted on 07/09/2016 (JH/CEM/1609/005) by JKPP HIE 127/171-3/1(164) at the bagging fertilizer was observed.</p> <p>The monitoring results for the exposure to Crystalline Silica (Quartz) from the fertilizer revealed that the exposure levels based on 8hrs-TWA for all the monitored parameters did not exceed the permissible exposure limit.</p>	<p>Complied</p>

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<p>4.7.2</p> <p>All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. - Major compliance -</p>	<p>Palong Certification Unit had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRADC) records, as well as CHRA reports were verified during the assessment.</p> <p>PPOM</p> <p>CHRA conducted on 07/03/2013 by registered assessor JKPP HIE 127/171-2(154). Based on the CHRA, a total of 17 findings/recommendations reported.</p> <p>HIRARC was reviewed on 30/05/2016 and approved by the Senior Manager. No addition or changes observed.</p> <p>Labis Bahru Estate</p> <p>CHRA was conducted on 11-06/03/2013 by registered assessor JKPP HIE 127/171-2(154). Based on the CHRA, a total of 18 findings/recommendations reported.</p> <p>HIRARC was reviewed on 05/08/2016 and approved by the Estate manager. Changes was made for the followings:-</p> <ol style="list-style-type: none"> 1. Spraying process 2. Lifting of fertilizers from store into trailer 3. Repairing electrical 4. FFB cutting 5. FFB loading – MB to flatform 6. FFB loading – Platform to ramp 7. Stacking Water sampling 8. Diesel delivery 9. Diesel transfer 10. Loading waste into tractor 11. Transportation from line site to landfill 12. Transfer of pesticides from store <p>Palong Estate</p> <p>CHRA was conducted on 04/03/2013 by registered assessor JKPP HIE 127/171-2(154). Based on the CHRA, a total of 19 findings/recommendations reported.</p> <p>HIRRAC was reviewed on 25/11/2015. Next review is scheduled for 25/11/2016 and will be verified during the next audit.</p> <p>HIRRAC on the current electrical works by contractor (LOA ref: MPSB/C1/26/09(2015)) at Linesite (HIRRAC Form: Linesite Maintenance – Repairing electrical) was verified.</p> <p>Monitoring is carried out for all the best practices and checklists maintained to ensure the implementation and practicality.</p>	<p>Complied</p>

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<p>4.7.3</p> <p>All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>- Minor compliance -</p>	<p>Awareness and training program had been carried out. All workers involved had been adequately trained in safe working practices. The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE.</p> <ol style="list-style-type: none"> 1. PPOM Annual Training Program 2016 was established and approved. 2. Labis Bahru Estate Training Program 2016 and Awareness Program 2016 was established and approved by the Estate Manager. 3. Palong Estate – OHS Training Plan Year 2016 was established and approved by the Manager. <p>Suitable PPE has been provided to the workers based on the information in the MSDS and CHRA assessor’s recommendation.</p> <p>List of Personal Protective Equipment (PPE) Provided – identifies the type of PPE for the respective activities.</p> <ol style="list-style-type: none"> i. Boiler/Engine operator – Safety Helmet, Semi leather Hand Glove, Cotton Gloves, Safety Shoes, Safety Vest and Ear Muff. ii. Field workers (sprayer, manure & harvester) – N95 respirator, anti-mist goggles, wellington boots, apron and sickle cover. <p>During the site visit, it was noted that the PPE will be replaced by the workers when damaged or lost.</p> <p>The chemical store was found to be adequately organized, properly labelled, secured and person in charge understands the OSH procedures. MSDS was placed at the chemical stores and is available. The person in charge understands the information written in MSDS.</p>	<p>Complied</p>

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<p>4.7.4</p> <p>The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. - Major compliance -</p>	<p>The OSH policy is well briefed to all workers. Interview with workers reveal that they understand the policy and the importance of safety at work.</p> <p>PPOM</p> <p>OSH/ESH meeting conducted on quarterly basis and last meeting conducted on 27/09/2016 attended by 18 persons.</p> <p>The work place inspection conducted on 08/09/2016 and review of accident record was discussed during the OSH meeting. No any unresolved safety and health issues noted.</p> <p><u>OSH Committee Members for 2016/2017</u></p> <p>Chairman – Hj Mohd Khairudin Bin Idris (appointment letter dated 04/09/2016). Appointment letters for other OSH committee members dated 03/03/2016.</p> <p>OSH/EHS meeting: 27/09/2016, 20/06/2016 and 21/03/2016.</p> <p>Labis Baru Estate</p> <p>OSH meeting conducted on quarterly basis and last meeting conducted on 26/10/2016 attended by 20 persons.</p> <p>The work place inspection conducted on 19/09/2016 and review of accident record was discussed during the OSH meeting. No any unresolved safety and health issues noted.</p> <p><u>OSH Committee Members for 2016/2017</u></p> <p>Chairman – En Abu Bakar Bin Mohamed (appointment letter dated 04/09/2016). Appointment letters for other OSH committee members dated 26/02/2016 & 14/08/2016.</p> <p>OSH meeting: 28/08/2016, 22/06/2016 and 26/02/2016.</p> <p>Palong Estate</p> <p>OSH meeting conducted on quarterly basis and last meeting conducted on 30/08/2016 attended by 15 persons.</p> <p>The work place inspection conducted on 30/08/2016 and review of accident record was discussed during the OSH meeting. No any unresolved safety and health issues noted.</p> <p><u>OSH Committee Members for 2016/2017</u></p> <p>Chairman – En Zullaile Bin Talib (appointment letter dated 04/09/2016). Appointment letters for other OSH committee members dated 01/01/2016 and 01/06/2016.</p> <p>OSH meeting: 29/05/2016 and 24/02/2016.</p>	<p>Complied</p>

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<p>4.7.5</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. - Minor compliance -</p>	<p>Accident and emergency procedures have been communicated to employees, contractors and visitors.</p> <ol style="list-style-type: none"> 1. PPOM - Fire evacuation drill was last conducted on 19/11/2016 to test the state of readiness during emergency situation. 2. Labis Bahru Estate – Fire evacuation drill was last conducted on 16/06/2016 to test the state of readiness during emergency situation. 3. Palong estate - Fire evacuation drill was last conducted on 19/05/2016 to test the state of readiness during emergency situation. <p>Accident and emergency procedures are in Bahasa Malaysia and this is understood by the responsible workers, staff or executives involved in the operation. Good understanding level observed among the workers.</p> <ol style="list-style-type: none"> 1. Training for First Aid is conducted in every 3 month. Sufficient first aiders trained. 2. First aid equipment is available at worksites. During the site visit there is evident that First Aid Box is available at the relevant area with sufficient contents and in good condition. 3. Fire extinguisher (ABC Powder) assessed during the site observation are available and within the expiry date. 4. Emergency eye wash facility available at chemical store and laboratory. Both are in good working condition. <p>Quarterly review on accident cases carried out during OSH quarterly meeting.</p> <p>PPOM</p> <p>2 accidents reported. JKKP 6 was sent to DOSH on 04/01/2016. JKKP 8 was sent to DOSH on 26/01/2016.</p> <p>DOSH visits (07/08/2016) been recorded in the DOSH log book and comments highlighted by DOSH was noted and action taken accordingly. Action plan (31/10/2016) available.</p> <p>Labis Bahru Estate</p> <p>8 accidents reported. No JKKP 6 available. JKKP 8 was sent to DOSH on 12/01/2016.</p> <p>DOSH visits (28/04/2016) been recorded in the DOSH log book and comments highlighted by DOSH was noted and action taken accordingly.</p> <p>Palong Estate</p> <p>06 accidents reported. JKKP 6 (04/02/2015) available. JKKP 8 was sent to DOSH on 03/01/2016.</p> <p>DOSH visits (29/05/2016) been recorded in the DOSH log book and noted comments highlighted by DOSH.</p>	<p>Complied</p>

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<p>4.7.6</p> <p>All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance -</p>	<p>Reviewed on workers profile records found all the workers are covered by the accident insurances. Malaysian workers are covered by SOCSO or Perkeso (Pertubuhan Keselamatan Sosial); while for foreign workers is covered by Foreign Workers Compensation Scheme Certificate of Insurance (RHB Insurance Berhad).</p> <p>Refer to form 8A, "Jadual Caruman Bulanan" for October 2016 with payment advise ref. no.: 201611090010696275 dated 9/11/2016 for local workers and staff.</p> <p>Palong Cocoa Mill Estate: Insurance coverage for foreign workers Insurance Guarantee # JB-09566630-FIG, valid from 19/5/2016 until 18/11/17 for 20 foreign mill workers.</p> <p>Medical care is provided to all the employees. Reviewed on workers profile records found that all workers are covered by the accident insurances. Malaysian workers are covered by SOCSO or Perkeso (Pertubuhan Keselamatan Sosial). Refer to form 8A, "Jadual Caruman" for October 2016.</p> <p>Foreign workers are covered by Foreign Workers Compensation Scheme Certificate of Insurance.</p> <table border="1" data-bbox="660 1057 1295 1601"> <thead> <tr> <th>Insurance</th> <th>Period</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>MSIG (JB-09597969-FIG)</td> <td>05/07/2016 – 04/01/2018</td> <td>PPOM</td> </tr> <tr> <td>MSIG (JB-09597979-FWC)</td> <td>05/07/2016 – 04/07/2017</td> <td></td> </tr> <tr> <td>Takaful Ikhlas Sdn Bhd (FWCS003476)</td> <td>17/01/2016 - 16/01/2017</td> <td rowspan="2">Labis Bahru Estate</td> </tr> <tr> <td>(FWCS003477)</td> <td>27/01/2016 – 26/01/2017</td> </tr> <tr> <td>Berjaya Sompo Insurance Berhad (16DJB/PBCZ013630)</td> <td>01/01/2016 – 31/12/2016</td> <td rowspan="2">Palong Estate</td> </tr> <tr> <td>(16DJB/LPBZ12123)</td> <td>01/01/2016 – 31/12/2016</td> </tr> </tbody> </table>	Insurance	Period	Remark	MSIG (JB-09597969-FIG)	05/07/2016 – 04/01/2018	PPOM	MSIG (JB-09597979-FWC)	05/07/2016 – 04/07/2017		Takaful Ikhlas Sdn Bhd (FWCS003476)	17/01/2016 - 16/01/2017	Labis Bahru Estate	(FWCS003477)	27/01/2016 – 26/01/2017	Berjaya Sompo Insurance Berhad (16DJB/PBCZ013630)	01/01/2016 – 31/12/2016	Palong Estate	(16DJB/LPBZ12123)	01/01/2016 – 31/12/2016	<p>Complied</p>
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<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics - Minor compliance -</p>	<p>Accident records are found to be updated. All records on Lost Time Accident (LTA) metrics are maintained.</p> <p>Samples of accident statistic as shown below :</p> <table border="1" data-bbox="660 506 1299 689"> <thead> <tr> <th>Year (to-date)</th> <th>PPOM</th> <th>Labis Bahru Estate</th> <th>Palong Estate</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>1 (2 LTA)</td> <td>8 (16 LTA)</td> <td>2 (3 LTA)</td> </tr> <tr> <td>2016</td> <td>3 (12 LTA)</td> <td>8 (16 LTA)</td> <td>6 (31 LTA)</td> </tr> </tbody> </table> <p>*LTA is equivalent to lost man days (MC)</p> <p>PPOM recorded LTI as at January 2016 – 216,000.</p> <p>Labis Bahru Estate recorded LTI as at January 2016 – 21,696.</p> <p>Palong Estate recorded LTI as at January 2016 – 350,448.</p>	Year (to-date)	PPOM	Labis Bahru Estate	Palong Estate	2015	1 (2 LTA)	8 (16 LTA)	2 (3 LTA)	2016	3 (12 LTA)	8 (16 LTA)	6 (31 LTA)	<p>Complied</p>
Year (to-date)	PPOM	Labis Bahru Estate	Palong Estate											
2015	1 (2 LTA)	8 (16 LTA)	2 (3 LTA)											
2016	3 (12 LTA)	8 (16 LTA)	6 (31 LTA)											
<p>Criterion 4.8: All staff, workers, smallholders and contract workers are appropriately trained.</p>														
<p>4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. - Major compliance -</p>	<p>Kulim (Malaysia) Berhad has established an annual training program that covers all aspects of the RSPO Principles and Criteria.</p> <ul style="list-style-type: none"> i) PPOM – Annual Training Program 2016. Implementation is still on-going. ii) Labis Bahru Estate – Training & Awareness Program Plan 2016/2017. Implementation is still on-going. iii) Palong Estate – Training and Briefing on OSH Year 2016. Implementation is still on-going. <p>Training Needs</p> <ul style="list-style-type: none"> i) 51 training needs/requirements for PPOM Annual Training Program identified for various categories of operating units. ii) 38 training needs/requirements Labis Bahru Estate – Training & Awareness Program 2016 identified for various categories of operating units. iii) 23 training needs/requirements Palong Estate – OSH Training Plan identified for various categories of operating units. 	<p>Complied</p>												

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<p>4.8.2</p> <p>Records of training for each employee shall be maintained. - Minor compliance -</p>	<p>Training records for employees available and maintained at the office. Records are verified on a sampling basis which covers all aspect of training and RSPO P&C requirement. Samples of training record for 2016 as follows:</p> <p>PPOM</p> <table border="1" data-bbox="660 566 1294 1189"> <thead> <tr> <th>Date</th> <th>Training</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>19/11/16</td> <td>Fire Fighting & Evacuation Training</td> <td>Asst Manager</td> </tr> <tr> <td>19/11/16</td> <td>ERP Oil/Bund Rupture</td> <td>Asst Manager</td> </tr> <tr> <td>13/11/16</td> <td>Policy Training</td> <td>Asst Manager</td> </tr> <tr> <td>12/11/16</td> <td>Fire Extinguisher Training</td> <td>Asst Manager</td> </tr> <tr> <td>12/11/16</td> <td>RSPO Refreshment</td> <td>Asst Manager</td> </tr> <tr> <td>10/11/16</td> <td>First Aids Training</td> <td>MA</td> </tr> <tr> <td>10/10/16</td> <td>Confined Space & Working at height Training</td> <td>Asst Manager</td> </tr> <tr> <td>10/10/16</td> <td>PPE Training</td> <td>ASst Manager</td> </tr> <tr> <td>19/09/16</td> <td>Chemical Handling Training</td> <td>Wacco</td> </tr> <tr> <td>30/08/16</td> <td>Effluent Treatment</td> <td>En Hamdan</td> </tr> </tbody> </table> <p>Labis Bahru Estate</p> <table border="1" data-bbox="660 1234 1294 1655"> <thead> <tr> <th>Date</th> <th>Training</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>15/06/16</td> <td>Workshop Safety (Estate Drivers)</td> <td>Estate Manager</td> </tr> <tr> <td>28/03/16</td> <td>Training on Fertilizer Machine Operation</td> <td>Optimum Status</td> </tr> <tr> <td>12/03/16</td> <td>Mechanical Buffalo (MB) & Tractor Training</td> <td>KSTS</td> </tr> <tr> <td>25/02/16</td> <td>Usage of Glyphosate for VOPS</td> <td>G-Planter Sdn Bhd</td> </tr> <tr> <td>16/02/16</td> <td>Sexual Harassment in Workplace</td> <td>Tn Abu Bakar</td> </tr> </tbody> </table> <p>Palong Estate</p> <table border="1" data-bbox="660 1700 1294 2170"> <thead> <tr> <th>Date</th> <th>Training</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>03/11/16</td> <td>Triple Rinsing & Chemical Handling</td> <td>En Rifhan Afiq</td> </tr> <tr> <td>20/09/16</td> <td>Training on Chemical Handling, MSDS & PPE for Sprayers</td> <td>En Muhammad Afiq</td> </tr> <tr> <td>07/09/16</td> <td>Training on Harvesting SOP & PPE</td> <td>En Azmi</td> </tr> <tr> <td>04/08/16</td> <td>Training on Rat Baiting SOP & PPE</td> <td>En Muhammad Rifhan</td> </tr> <tr> <td>21/07/16</td> <td>Training on Waste Segregation & Landfill SOP</td> <td>En Azmi</td> </tr> </tbody> </table>	Date	Training	Trainer	19/11/16	Fire Fighting & Evacuation Training	Asst Manager	19/11/16	ERP Oil/Bund Rupture	Asst Manager	13/11/16	Policy Training	Asst Manager	12/11/16	Fire Extinguisher Training	Asst Manager	12/11/16	RSPO Refreshment	Asst Manager	10/11/16	First Aids Training	MA	10/10/16	Confined Space & Working at height Training	Asst Manager	10/10/16	PPE Training	ASst Manager	19/09/16	Chemical Handling Training	Wacco	30/08/16	Effluent Treatment	En Hamdan	Date	Training	Trainer	15/06/16	Workshop Safety (Estate Drivers)	Estate Manager	28/03/16	Training on Fertilizer Machine Operation	Optimum Status	12/03/16	Mechanical Buffalo (MB) & Tractor Training	KSTS	25/02/16	Usage of Glyphosate for VOPS	G-Planter Sdn Bhd	16/02/16	Sexual Harassment in Workplace	Tn Abu Bakar	Date	Training	Trainer	03/11/16	Triple Rinsing & Chemical Handling	En Rifhan Afiq	20/09/16	Training on Chemical Handling, MSDS & PPE for Sprayers	En Muhammad Afiq	07/09/16	Training on Harvesting SOP & PPE	En Azmi	04/08/16	Training on Rat Baiting SOP & PPE	En Muhammad Rifhan	21/07/16	Training on Waste Segregation & Landfill SOP	En Azmi	<p>Complied</p>
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Criterion / Indicator	Assessment Findings	Compliance	
Principle 5: Environmental responsibility and conservation of natural resources and biodiversity			
Criterion 5.1: Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
5.1.1	<p>An environmental impact assessment (EIA) shall be documented. - Major compliance -</p>	<p>Palong Cocoa Palm Oil Mill (PCPOM):</p> <p>Documented Environmental Aspects and Impacts Register (Form No.: MC-PCPOM-2016; Activity code: ER001-ER016; Rev. 1/2016) available. The review was done on annual basis. For the year 2016, review done on 15/9/2016</p> <p>Noted there were 3 new activities registered. Storage of hydrocarbon, ER017 dated 16/11/16 Diesel engine for generating power (composting plant), ER018 dated 16/11/16 Mill compound area (grass cutting, food preparation, septic tank, rubbish collection etc), ER019 dated 16/11/16</p> <p><u>Labis Bahru Estate:</u> Documented Environmental Aspects and Impacts Register (Form No.: EPA-LXX-2015; Activity code: ER001-ER014; Rev. 1/2016) available. The review was done on annual Basis. For the year 2016, review done on August 2016.</p> <p><u>Palong Estate</u> Documented Environmental Aspects and Impacts Register (Form No.: EPA-LXX-2015; Activity code: ER001-ER013; Rev. 2/2016) available. The review was done on annual Basis. For the year 2016, review done on August 2016</p>	Complied
5.1.2	<p>Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons. - Minor compliance -</p>	<p>The continuous implementation of the improvements activities were checked during the field and document audit. Examples of the improvement include continuation of environmental compliance monitoring by the estates and mill. The responsible person is the Assistant Manager.</p>	Complied
5.1.3	<p>This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. - Minor compliance -</p>	<p>An environmental improvement plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts.</p> <p>Latest monitoring protocol introduced by Department of Environment via GSR (Guided Self Regulatory) approach was seen. Online Environmental Reporting @ OER, E-sWis (scheduled waste online reporting) and CEMS (continuous emission monitoring system) were among the latest tools for the environmental compliance monitoring.</p>	Complied

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Criterion 5.2: The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.			
5.2.1	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). - Major compliance -	The initial HCV assessment was conducted in 2009 by consultant. Report " Rapid Biodiversity Assessment of Oil Palm Plantations – A.J.F.M Dekker Consultant, Biodiversity 2009. Re-assessment of HCV was done by Kulim Sustainability executives from 6 August to 11 September 2015. Verified report dated 8/9/15 for the re-assessment. Re-classification of HCV areas within Palong Certification Unit incorporated in the report with the total 105.04 ha. Annual review of the HCV and management and monitoring plans are conducted as part of continual improvement activities.	Complied
5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan. - Major compliance -	There were no RTE within the estate. Regular patrols within the operating unit estates were carried out and findings recorded by the respective Estate executives to monitor the Conservation / buffer zone areas. Mechanism for reporting the sightings of various types of wildlife, were found to have been in place. Kulim is also continued to support the Kulim Wildlife Defenders Program to detect illegal hunters and handing them to regulatory departments for further action.	Complied
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 instigated 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. - Minor compliance -	Evidence to continuously prevent and discourage illegal or hunting, fishing or collecting activities were maintained and implemented. Signages as well as routine patrolling activities were utilised as part of creating awareness among employees and maintain HCVs.	Complied
5.2.4	Where a management plan has been created there shall be ongoing monitoring: • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. - Minor compliance -	Management plans were established and monitoring outcomes were reviewed by the estate managers. Ongoing monitoring of the management plan on the status of HCV available. HCV monitoring of monthly record until November no elephant sighted in Palong Complex area. Further monitoring also being carried out together with wildlife department under Johor Wildlife Conservation project.	Complied
5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. - Minor compliance –	There was no HCV set-aside that needs any negotiation process with the local communities.	Complied
Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.			

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Criterion / Indicator	Assessment Findings	Compliance
<p>5.3.1</p> <p>All waste products and sources of pollution shall be identified and documented. - Major compliance -</p>	<p>PCPOM has established Waste & Pollution Management Action Plan dated 2/9/16. Few type of waste has been identified i.e. Scheduled Waste, Domestic Waste and Industrial Waste.</p> <p>The source of these wastes were mainly located at mechanical/electrical workshop, chemical store, scheduled waste store, line site, office, mill effluent pond.</p> <p><u>Labis Bahru Estate</u></p> <p>Domestic waste – landfill area located at P08/03.</p> <p>Non-hazardous – empty chemical container thru DOA license contractor</p> <p>Scheduled waste – license contractor</p> <p><u>Ladang Palong</u></p> <p>Second Schedule, notification# 2016091917OPRL06 dated 19/9/16. List of scheduled waste generated were SW 102,SW305 and SW409</p>	<p>Complied</p>
<p>5.3.2</p> <p>All chemicals and their containers shall be disposed of responsibly. - Major compliance -</p>	<p>All chemical containers are disposed as per the company procedures. Most of the agrochemical containers are recycled for pre-mixing agrochemicals. Recycling is only for the same purpose. As example, Palong Estate practice triple rinsing and punctured of used chemical and disposed it through G-Planter Sdn. Bhd. Refer to disposal sheet dated 23/8/16 under G-Planter. Total of 1425 containers were disposed.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
<p>5.3.3</p> <p>A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. - Minor compliance -</p>	<p>5th schedule for October 2016 available. Refer to inventory# 0107J41244621102016 submitted on 31/10/16.</p> <p>Schedule waste at the mill have been disposed through Kualiti Alam on 25/9/16 (E-Consignment Note No.:</p> <ul style="list-style-type: none"> i) CN#2016092511Y3PLGE for SW410 ii) CN# 201609251027BXTA for SW110 iii) CN# 2016092511QUJZVE for SW306 iv) CN# 2016092511VCJWUB for SW305 v)CN# 2016092511C8YMU for SW 409 vi) CN# 2016092511FBJ1E3 for SW410 <p>Domestic waste disposal at field P12, block 6 Mungka Estate (shared waste dumping area). Waste collection at line site carried out 3 times per week.</p> <p>Clinical waste disposed through license contractor or VMO. Latest disposal was done on 21/7/16 and collected by Kualiti Alam Sdn Bhd. Quantity generated and disposal records were maintained. Latest disposal was carried out on 8/9/16</p> <p><u>Labis Bahru Estate</u> Waste management plan dated 1/6/16 has not covered waste water from triple rinsed activities completed with mitigation measures (soak-away sump)</p> <p>Disposal of scheduled waste to Kualiti Alam Sdn Bhd</p> <ul style="list-style-type: none"> i)CN# 090832-003 dated 21/9/16 for SW 409 ii)CN# 090832-004 dated 21/9/16 for SW 305 <p>Clinical waste disposed through license contractor or VMO, under Klinik Aishah. Quantity generated and disposal records were maintained. Latest disposal was carried out on 8/9/16</p> <p><u>Palong Estate</u> Scheduled waste disposal was carried out by Kualiti Alam Sdn Bhd dated 29/9/16 for SW305. Refer ti CN# 090947-004</p> <p>Clinical waste disposed through license contractor or VMO, under Klinik Dr Razak. Quantity generated and disposal records were maintained. Latest disposal was carried out on 22/9/16</p> <p><u>Labis Bahru and Palong Estate</u></p> <ul style="list-style-type: none"> i) Waste and pollution management plan did not include rinsed/waste water generated from chemical mixing and rinsing activities. ii) Soak-away sump use to trap rinsed/waste water was found to be ineffective. Sump constructed was not fully concrete at the bottom which may leads to soil and water contamination <p>Thus, minor NC was issued.</p>	<p>Minor nonconformance</p>

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Criterion / Indicator	Assessment Findings	Compliance
Criterion 5.4: Efficiency of fossil fuel use and the use of renewable energy is optimised.		
5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. - Minor compliance -	The mill production output records and the renewable energy used were monitored monthly. The Mill monitors and reports energy usage monthly to head office through monthly report. The company has optimized the use of renewable energy. The energy usage varies depending on the FFB supplied by the estates. During low crop there is a slight increase in use of diesel fuel for processing. Renewable energy generated; Todate Oct 16: 2,661,000 kWh FFB processed: 139,586.14 mt Diesel genset power generation; 86,700 kWh todote Oct 2016 3.15% of diesel usage compared with the renewable energy usage for power generation recorded until October 2016.	Complied
Criterion 5.5: Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.		
5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -	Zero open burning policy as per SOP Section B2 - Felling/Land Clearing & Land Preparation dated November 2008. Management complying with the Malaysian environmental law –EQA and Regulations 1974 and in-line with ASEAN guidelines for zero burning. No open burning noted during the field visit and facility visit.	Complied
5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance -	No use of fire for land preparation during replanting.	Complied
Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		

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Criterion / Indicator	Assessment Findings	Compliance																
<p>5.6.1</p> <p>An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).</p> <p>- Major compliance -</p>	<p>At Palong Mill, Ambient Air quality monitoring and Air emission monitoring has been carried out as per required frequency stipulated in mill's compliance schedule. In addition, smoke density meters were calibrated consistently every 6 monthly. Results of monitoring as follows:</p> <p>i)Stack monitoring, twice per year</p> <p>Stack# 4: 6th October 2016, refer to report, PAC-AE-161004</p> <table border="1" data-bbox="660 696 1299 911"> <thead> <tr> <th>Parameter</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Solid particle, g/Nm3 @ 12% CO2</td> <td>0.175</td> </tr> <tr> <td>NOx emission, g/Nm3</td> <td>0.19 vs limit of 2</td> </tr> <tr> <td>SOx emission, g/Nm3</td> <td>-</td> </tr> </tbody> </table> <p>Stack# 3: 29th March 2016, refer to report, PAC-AE-160411</p> <table border="1" data-bbox="660 1003 1299 1218"> <thead> <tr> <th>Parameter</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Solid particle, g/Nm3 @ 12% CO2</td> <td>0.375</td> </tr> <tr> <td>NOx emission, g/Nm3</td> <td>0.025 vs limit of 2</td> </tr> <tr> <td>SOx emission, g/Nm3</td> <td>-</td> </tr> </tbody> </table> <p>ii)Smoke density meter calibration, twice per year (6 monthly)</p> <p>2nd half: refer to calibration certificate# 16016 by Scienotech. Calibration date: 17/8/16 valid until 17/2/17</p> <p>1st half: Refer to calibration certificate# 16004 by Scienotech. Calibration date: 18/2/16 valid until 18/8/16</p> <p>vi)Ambient Air (quarterly) Total Suspended Particulate, TSP (limit 24hr: 260 ug/m3, annual 90 ug/m3 as per Malaysian Recommended Air Quality Quidelines). 2 monitoring points were selected.</p> <p>5-6 October 2016: A1-34, A2-29</p> <p>15-16 June 2016: A1-23, A2-33</p> <p>29-30 March 2016: A1-35, A2-28</p>	Parameter	Result	Solid particle, g/Nm3 @ 12% CO2	0.175	NOx emission, g/Nm3	0.19 vs limit of 2	SOx emission, g/Nm3	-	Parameter	Result	Solid particle, g/Nm3 @ 12% CO2	0.375	NOx emission, g/Nm3	0.025 vs limit of 2	SOx emission, g/Nm3	-	<p>Complied</p>
Parameter	Result																	
Solid particle, g/Nm3 @ 12% CO2	0.175																	
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SOx emission, g/Nm3	-																	
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Solid particle, g/Nm3 @ 12% CO2	0.375																	
NOx emission, g/Nm3	0.025 vs limit of 2																	
SOx emission, g/Nm3	-																	
<p>5.6.2</p> <p>Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.</p> <p>- Major compliance</p>	<p>Significant pollutants and greenhouse gas (GHG) emissions were identified includes methane from effluent, smoke and fertilizer usage have been documented. Implementation and monitoring of GHG emissions is carried out and submitted to RSPO. GHG report, using palm GHG version 2.1.1 was made available during audit.</p>	<p>Complied</p>																

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Criterion / Indicator	Assessment Findings	Compliance
5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. - Minor compliance -	Kulim has published Carbon footprint report. Calculation was based on PalmGHG tools, version 2.1.1. Reporting date to RSPO dated 8/3/16 was verified during audit. Tools and systems used to monitor significant pollutants includes the DOE CEMS monitoring system for air emissions, water quality at discharge points as per DOE regulations and Scheduled Waste disposal as per the DOE requirements via E-Swis. POME is treated using aerobic and anaerobic ponds. Effluent waste-water samples were taken as per DOE requirement and quarterly reports sent to DOE via the latest "OER" @ Online Environmental Reporting.	Complied
Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers.		
Criterion 6.1: Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		
6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -	Palong operating unit social impact assessment was reviewed annually by taking into consideration the feedback from stakeholders and social action plan is developed based on feedback received from external and internal stakeholders. Record of meeting with attendance list and minute of meeting are available as attachment. Sustainability Department executives conduct annual survey to get feedback from stakeholders. Latest survey was conducted on 5/10/2016 with a Social Impact Register being tabulated. Based on study, SIA action plan has been established as a Social Improvement Plan 2016 which detailed on activities and involvement of social related matters throughout the year 2016. A list of Social Impact Register by Unit Operation has also been established on 6/10/2016.	Complied
6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties. - Major compliance -	Assessment also covered Social Amenities, Environment, Road Users, Employee Changes, Safety and Health Issues, Surrounding Communities, Government Official, Police, Labour Department, Health Department, Contractors and Suppliers. Periodical stakeholder consultation meeting has been conducted, latest done on 14/11/2016. Palong Estate Stakeholder meeting was done on 6/6/2016.	Complied
6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. - Major compliance -	Based on the SIA findings and recommendation from the sustainability executives, a timetable with responsibilities for mitigation and monitoring of the social impacts were developed and reviewed as necessary. The Assistant Manager is responsible for the social issues and communication with the stakeholders.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. - Minor compliance -	Annual SIA improvement plans reviewed yearly. The assessment was through meeting with the effected parties and stakeholders conducted by the Kulim Sustainability executives. Complied
6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance -	No smallholder schemes at Palong Certification Unit. Not applicable
Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.		
6.2.1	Consultation and communication procedures shall be documented. - Major compliance -	Documented consultation and communication procedures "Communication and Consultation Management Guidelines" SOP as well as "Grievance Procedure" was established and available since 7/3/2008. Complied
6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	The responsibility to ensure effective implementation of the SOP is the respective Mill and Estate Managers assisted by assistant managers. These executives of the respective operating unit handle social issues of the mill and estates. It was also sighted a latest circular by HQ dated 26/10/2016 notifying that the Executive Regional Controller of each complex shall automatically appointed as Social Person In-Charge Complied
6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. - Minor compliance -	Stakeholder list has been updated in the 12/4/2016 including all the stakeholders with the contact persons and detail which include government agency NGO, supplier, and contractor. Several internal and external stakeholders have been conducted separately with different stakeholder. Complied
Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all effected parties.		
6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. - Major compliance -	A documented dispute resolution procedure is available in Mill and Estate which is effective, timely, and appropriate and open to any affected parties. The complaint and grievances is open to effected parties including internal and external stakeholders. Complied

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Criterion / Indicator	Assessment Findings	Compliance
6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance –	SOP to resolve social disputes established as SPO Grievance Procedure Program; Ref.: SPO-Grievance; Dated 7/3/2008 sighted available. Stakeholder meetings are held regularly to identify and give opportunity to stakeholders to complaint or raise disputes. Issues are discussed and consensual agreements reached during stakeholder meetings. Follow-up actions had timelines, responsibilities, and details of actions and monitored by managers for satisfactory conclusion. Minutes of meetings are maintained and reviewed.	Complied
Criterion 6.4: Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.		
6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. - Major compliance -	SOP to identify legal and customary rights as well as people entitled to compensation has been established. There have been no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders.	Complied
6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. - Minor compliance -	SOP is as per in 6.3.2 above.	Complied
6.4.3 The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance -	No issues related to loss of legal customary rights indigenous peoples, local communities and other stakeholders to date.	Complied
Criterion 6.5: Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.		
6.5.1 Documentation of pay and conditions shall be available. - Major compliance -	Documentation of pay and conditions such as pay slips showed gross pay, net pay, leave, medical leave pay etc. are maintained by the company. Minimum wage is paid to workers and no complaint was received during interview with workers.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. - Major compliance -	Extended employment contract for foreign workers were not available for those extended their employment with the operating units. Extended employment contract for the following employees sighted available: i) Employee Number 637141 – Malaysian – Palong Cocoa Palm Oil Mill ii) Employee Number 637140 – Indonesian – Palong Cocoa Palm Oil Mill iii) Employee Number 637060 – Indonesian – Palong Cocoa Palm Oil Mill iv) Employee Number 605007 – Malaysian - Labis Bahru Estate v) Employee Number 605491 – Indonesian - Labis Bahru Estate vi) Employee Number 605469 – Bangladeshi – Labis Bahru Estate iv) Employee Number 634005 – Malaysian - Palong Estate v) Employee Number 634586 – Indonesian - Palong Estate vi) Employee Number 634489 – Bangladeshi – Palong Estate	Complied
6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible. - Minor compliance –	Palm Oil Mill and estates provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers’ Minimum Standard of Housing and Amenities Act 1990 (Act 446). The Mill has completed the new housing project for workers. Water is supplied to workers housing through piping. The water tanks are provided for storage purpose. Fortnightly inspection was done by HA on workers housing area as per record of inspection.	Complied
6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers’ access to adequate, sufficient and affordable food. - Minor compliance –	Accesses to food for the workers are considered adequately and sufficiently.	Complied
Criterion 6.6: The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.		
6.6.1 A published statement in local languages recognising freedom of association shall be available. - Major compliance -	Statement was published in “Buku Panduan Pekerja-pekerja Buruh Am and “Buku Panduan Pengurusan Lestari, Simon Lord, June 2007.	Complied
6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance -	Staff Union (AMESU) and Workers Union (NUPW) were formed by both staff and workers. Joint Union meeting with management has been conducted on the 26/10/2016 and no major issue has been highlighted. Interview with NUPW representatives confirmed that there were no pending issues. As for Labis Bahru estate, latest meeting was done on 7/8/2016. At Palong estate, last meeting was done on 15/5/2016.	Complied
Criterion 6.7: Children are not employed or exploited.		

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Criterion / Indicator		Assessment Findings	Compliance
6.7.1	There shall be documentary evidence that minimum age requirements are met. - Major compliance -	Based on records of employee lists, operating units are complied with the minimum age requirement. No employees below the age of 18.	Complied
Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.			
6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance -	A human policy in combination of on equal opportunity available and displayed at the offices along with the other policies.	Complied
6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. - Major compliance -	Migrant workers are recruited with 2 years contract. Local workers are on a long term employment. No any kind of discrimination was noted. Job opportunities and amenities such as free housing, water and electricity supplies, medical care are given to all employees without discrimination. All employees are aware of the grievance procedures through the various Committees such as Gender Committee for women, Foreign Workers Representation and Union Committee to highlight their concerns and grievances if any. No grievances were highlighted to the audit team by internal and external stakeholders.	Complied
6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. - Minor compliance -	Recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. It was noted during the audit that there is no discrimination based on nationality, race, gender, age, etc.	Complied
Criterion 6.9: There is no harassment or abuse in the work place, and reproductive rights are protected.			
6.9.1	Policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. - Major compliance -	Policy on protection against Sexual Harassment and other forms of harassment available and implemented. There is no any reported case of harassment in the operating units. Gender committee namely "WOW" (Women Onwards) has been established in all operating units and guided by quality department from HQ. Latest meeting for WOW on HQ level that involved all operating unit was conducted on 9/10/2016. For Palong Complex, WOW meeting was conducted on 20/6/2016.	Complied
6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. - Major compliance -	Reproductive rights of the female workers are protected. Female employees are aware that they are entitled for two months paid maternity leave. Based on the interview and records evidence, the policy to protect the reproductive rights of all, especially of women, was not implemented and communicated to all levels of the workforce. No evidence of implementation and communication of policy to protect the reproductive rights of all, especially of women, to all levels of the workforce. Hence, a major noncompliance has been raised.	Major nonconformance

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Criterion / Indicator	Assessment Findings	Compliance
6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. - Minor compliance -	Existing grievance procedure to handle grievances from internal and external stakeholders contains flow chart and available in the local language. Grievances and complaints are treated as confidential and not discussed in public. Complied
Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.		
6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. - Minor compliance -	Current and past prices paid for FFB was sighted publicly available at the mill. It was noted that Pricing mechanism for FFB is based on Malaysian Palm Oil Board pricing published in the MPOB website. Complied
6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). - Major compliance -	The palm oil mill management have explained FFB pricing, and pricing mechanisms for FFB and inputs/services and documented. The FFB suppliers interviewed understand the pricing calculation methods. Details were documented in the "Purchase of FFB" agreement between the mill and FFB supplier. As per sample purchase agreement as following: - Mahamurni Plantations Sdn. Bhd. and Chandra Brosis Group Sdn. dated 30/11/2015 Mahamurni Plantations Sdn. Bhd. and Eng Huat Latex Concentrate Sdn. Bhd. dated 30/11/2015 Complied
6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. - Minor compliance -	Evidence available through the sampled agreement which has been signed appropriately between the mill and FFB supplier. Complied
6.10.4	Agreed payments shall be made in a timely manner. - Minor compliance -	Review on payment records found all payment was made in timely manner for all FFB suppliers as well as other vendors. This was further verified during interviews with the respective stakeholders that were contractors, replanters, transportations, spare-parts, hardware. Evidence was obtained during the review; <u>At Mill (Payment Voucher)</u> - Oceanic Chemical & Instruments Sdn. Bhd. being payment for the supply of lab material and tools dated on 16/10/2016 - WH Electrical Engineering being payment for the supply of labour and materials of electrical motor servicing dated on 26/8/2016 Complied
Criterion 6.11: Growers and millers contribute to local sustainable development where appropriate.		
6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. - Minor compliance -	Contributions are regularly made to school activities and community activities. This was confirmed by school teachers and local community during interview. Company also allow access to local community to access through the estate roads. Consultations with the local communities are held to encourage them to highlight and suggest any activities for local community development. Sampled evidence of contributions sighted were as following: - Fund to local village sports event – sepak takraw 29/10/2016. - Donation – school study visit to PD. Complied

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Criterion / Indicator		Assessment Findings	Compliance
6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. - Minor compliance –	No scheme smallholders involved within Palong certification unit.	Not applicable
Criterion 6.12: No forms of forced or trafficked labour are used.			
6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. - Major compliance -	Workers, staff and stakeholder interview confirm that there is no any form of forced labour or trafficked labour in the operating units. All employees have employment contract and paid the agreed national minimum wages.	Complied
6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. - Minor compliance –	No contract substitution was noted.	Complied
6.12.3	Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Major compliance -	Equal opportunity and non-discriminatory policy is implemented. No temporary workers. Migrant workers are treated equally as per the locals.	Complied
Criterion 6.13: Growers and millers respect human rights.			
6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance -	The existing policy covers the necessary aspects of human rights. Employees are aware of their rights and workers and staff union monitor to ensure no violations.	Complied
6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.	Indicator relevant to Sabah and Sarawak. Not applicable for Peninsular Malaysia.	Not applicable
Principle 7: Responsible development of new plantings Palong Palm Oil Mill Certification Unit and supply base did not carry out any new plantings after November 2005. Therefore, the requirement of Principle 7 is not applicable during this surveillance assessment.			
Principle 8: Commitment to continual improvement in key areas of activity			
Criterion 8.1: Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.			

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Criterion / Indicator	Assessment Findings	Compliance
<p>8.1.1</p> <p>The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); <ul style="list-style-type: none"> • Optimising the yield of the supply base. <p>- Major compliance -</p>	<p>Ongoing monitoring of wildlife by Kulim joint venture with wildlife conservation society as addition to the operating units monitoring.</p> <p>Kulim has stopped paraquat usage since February 2015 and alternatives such as Glyphosate were used.</p> <p>At Palong POM, continual improvement project was initiated such as EFB press & sludge separator replacement for process efficiency and oil recovery.</p> <p>Latest monitoring protocol introduced by Department of Environment via GSR (Guided Self Regulatory) approach was seen. Online Environmental Reporting @ OER, E-sWis (scheduled waste online reporting) and CEMS (continuous emission monitoring system) were among the latest tools for the environmental compliance monitoring.</p>	<p>Complied</p>

Appendix B: Approved Time Bound Plan

Project	Estate	Plan
Indonesia	PT RAJ	2019
	PT TPR	
Trader	Eng Lee Heng	2018

List of Estate Manage by Kulim (Malaysia) Berhad					
Mill Base	Kulim / Jcorp Estate	Estate	Status		
Tereh Mill	Kulim Estate	Tereh Utara	Certified RSPO		
		Tereh Selatan			
		Selai			
		Enggang			
		Mutiara			
		Sg Sembrong			
		Sg Tawing			
Sedenak Mill		Sedenak			
		Rengam			
		Basir Ismail			
		Ulu Tiram			
Sindora Mill		Kuala Kabong			
		REM/Pasak			
		Sindora			
Palong Mill		Sungai Papan			
		Sepang Loi			
		UMAC			
		Labis Bahru			
		Mungka			
		Kemedak			
		Palong			
Pasir Panjang Mill		Kulim Estate		Pasir Panjang	In progress
				Siang	
		Jcorp Estate		Bukit Kelompok	
				Tunjuk Laut	
				Pasir Logok	
Bukit Payung					

Appendix C: Certification Unit RSPO Certificate Details

Kulim (Malaysia) Berhad
Palong Palm Oil Mill
K.B. 504
85009 Segamat, Johor
Malaysia

RSPO membership number: 1-0006-04-000-00

BSI RSPO Certificate No. : RSPO 613087

Date of Initial Certificate Issued: 23/01/2009

Date of Expiry: 22/01/2019

Applicable Standards: RSPO P&C MYNI 2014; RSPO Certification System June 2007 (revised March 2011); RSPO P&C MY-NIWG 2010; RSPO Supply Chain Certification Standard 21 November 2014 Module E - CPO Mills: Mass Balance)

Palong Palm Oil Mill and supply base					
Location Address		Palong Palm Oil Mill, KB 504, 85009 Segamat, Johor, Malaysia			
GPS Location		Longitude: 102° 47' 6.04" E Latitude: 2o 42' 23.09" N			
CPO Tonnage Total		35,696.14			
PK Tonnage Total		8,526.47			
CPO Claimed for Certification*		35,696.14			
PK Claimed for Certification *		8,526.47			
Own estates FFB Tonnage		169,176			
Scheme Smallholder FFB Tonnage		-			
Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Palong Estate	1,415.95	415.91	88.70	1,921.80	26,541
Mungka Estate	1,728.69	0	138.54	1,930.45	30,310
Kemendak Estate	1,692.32	0	87.54	1,793.24	28,973
Sepang Loi Estate	919.89	0	81.04	1,003.55	19,245
UMAC Estate	1,549.80	0	53.15	1,612.34	26,349
Labis Bahru Estate	1,711.51	256.07	127.03	2,111.44	37,758
Total	9,018.16	671.98	577.64	10,372.82	169,176

Appendix D: Assessment Plan

Date	Time	Subjects	Hidhir	Daniel	Hafri
Monday 21/11/2016	PM	Audit Team travelling to Segamat, Johor	√	√	√
Tuesday 22/11/2016 Palong Palm Oil Mill	0830 - 0900	Opening meeting: <ul style="list-style-type: none"> • Presentation by Palong CU Team • Presentation by BSI Lead Auditor - introduction of team members and assessment agenda 			
	0900 - 1230	Palong Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√	√
	1000 - 1230	Meeting with Stakeholders (village rep, workers leader, contractor etc)	-	-	√
	1230 -1330	Lunch	√	√	√
	1330 - 1630	Palong Palm Oil Mill Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P8: SOPs, Supply chain for CPO mill, SCCS, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc. Verify previous nonconformities.	√	√	√
	1630 - 1700	Interim Closing Briefing	√	√	√
Wednesday 23/11/2016 Labis Bahru Estate	0830 - 1230	Labis Bahru Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, etc.	√	√	√
	1230 - 1330	Lunch	√	√	√
	1330 - 1630	Labis Bahru Estate Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	16.30-17.00	Interim closing briefing	√	√	√

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Date	Time	Subjects	Hidhir	Daniel	Hafri
Thursday 24/11/2016 Palong Estate	0830 - 1230	Palong Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, etc.	√	√	√
	1230 -1330	Lunch	√	√	√
	1330 - 1600	Palong Estate Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	1600 - 1630	Verify any outstanding issues & Preparation for closing Meeting	√	√	√
	1630 - 1730	Closing Meeting	√	√	√
Friday 25/11/2016	AM	Audit team traveling back to KL	√	√	√

Appendix E: Stakeholders Contacted

INTERNAL STAKEHOLDERS

Managers and Assistants Male Mill Staff/Workers Female Mill Staff/Workers Foreign Worker Field workers	Male and Female Estate workers Hospital Assistant Union Representatives Gender Committee Secretary Boiler operators Foreman Electrical Charginan	Engine room operators Store clerk Weighbridge Staff Water treatment operator
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EXTERNAL STAKEHOLDERS

Government Departments	NGOs and others National Union of Plantation Workers All Malaysia Estate Staff Union Malayan Agricultural Producers Association Contractors & Consultants Mechanical Contractor Electrical Contractor Mechanical Parts Supplier General Supplier	Local Communities Head of the Village, Kg Paya Besar Neighboring Estate, IOI Ladang Segamat Sunday shop owner Canteen owner
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Appendix F: Palong Palm Oil Mill Supply Chain Assessment Report (Module E – CPO Mills – Mass Balance)

Requirements	Compliance
E.1 Definition	
E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.	Palong Palm Oil Mill receives and process certified and non-certified FFB. Therefore, it uses the Mass Balance supply chain system and module. During this recertification assessment, the audit team verified the volumes and sources of certified and non-certified FFB entering the mill, the implementation of processing controls and sales volume of RSPO certified palm products through RSPO IT System.
E.2 Explanation	
E.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.	The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill is recorded in this public summary report. Actual production recorded in Section 1.
E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).	<p>The mill has met all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p> <p>Shipping announcement and confirmation Palm Kernel, PK (volume: 429.08mt, program: Mass Balance) Contract# MB9/36266, Transaction ID: TR960326cdaba dated 6/10/16 Crude Palm Oil, CPO (volume: 262.2 mt, program: MB) Contract# VMPO1014547, Transaction ID: TRc946390af447dated 6/10/16</p>
E.3 Documented procedures	
<p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.</p>	<p>Latest written documented procedures (Core Process Procedure-Weighbridge Station: PCM/SOP/5.2) dated 25/10/16 for the chain of custody with Mass Balance (MB) and Identity Preserved (IP) model covering all the RSPO Supply Chain Certification Standard and Traceability for handling certified and noncertified FFB. This developed based on the RSPO SCCS 21 November 2014. The mill manager has the responsibility to ensure implementation assisted by the on-site compliance executive. The MB model is used because certified and non-certified FFB is received and processed at Palong Cocoa Palm Oil Mill.</p> <p>The mill manager and assistant manager have awareness of the supply chain system. The manager has overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.</p>
E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	Palong Cocoa Palm Oil Mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking/ID on the

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	receiving documents to differentiate the certified and non-certified FFB received
E.4 Purchasing and goods in	
E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. No diversion of FFB for the period of November 2015 – October 2016. Records verified by internal and external audit.
E.4.2 The site shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
E.5 Record keeping	
E.5.1 a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis. (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Computerized system in place. Records verified by internal and external audit. Computerized system in place with the delivery deducted accordingly. Verified records of physical delivery for the month of October 2016: Palm Kernel (PK): Contract# MPOK 1519/PC dated 17/12/15, delivery period: Oct 16 Despatch Slip, DO# K01078 dated 20/10/16 product ID: RSPO Mass Balance, weight: 36.83 Mt ,lorry: AJU 7008 Crude Palm Oil (CPO): Contract# CPOMB-M1607 dated 5/9/16, delivery period: Sept – Oct 16 Despatch Slip, DO# 710 dated 6/10/16 product ID: RSPO Mass Balance, weight: 35.35 Mt ,lorry: JJK8367 The Mill aware that only positive stock can be delivered. No short selling.
E.5.2 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement	No outsourcing activities.

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Actual Tonnage Certified Palm Production - 01 November 2015 – 31 October 2016 (ASA13)

Mill	Capacity	CPO	PK
Palong Palm Oil Mill	40 mt/hr	33,872.55	8,047.72

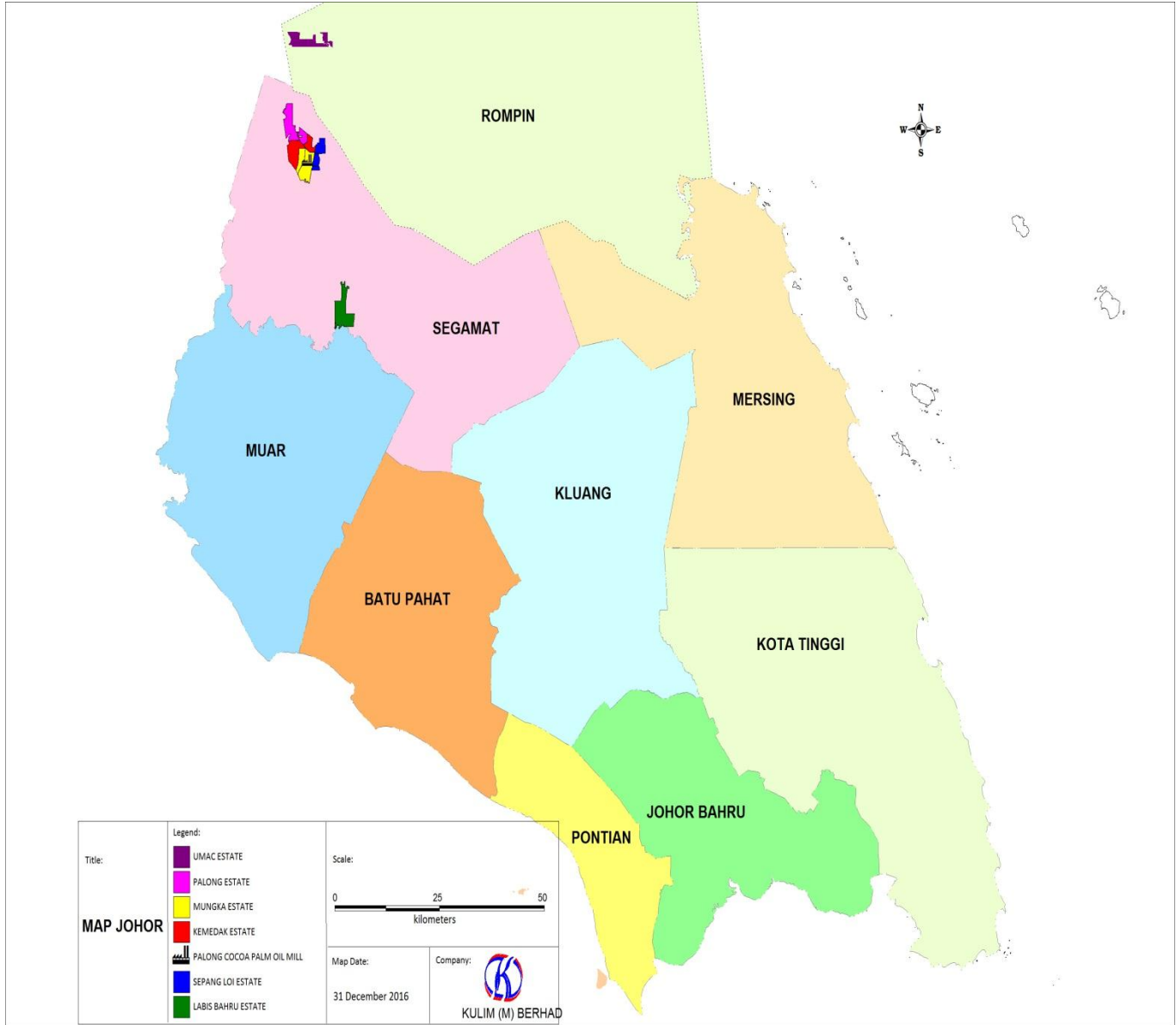
Actual Tonnage Certified Palm Production – 01 November 2015 – 31 October 2016 (ASA13)

Mill	Certified CPO Sales	Certified PK Sales	Remarks
Palong Palm Oil Mill	*2,512.85 **30,800	*3,744.45	Sales of certified palm products in eTrace *RSPO MB ** Book & Claim Total sales: 33,312.85 mt

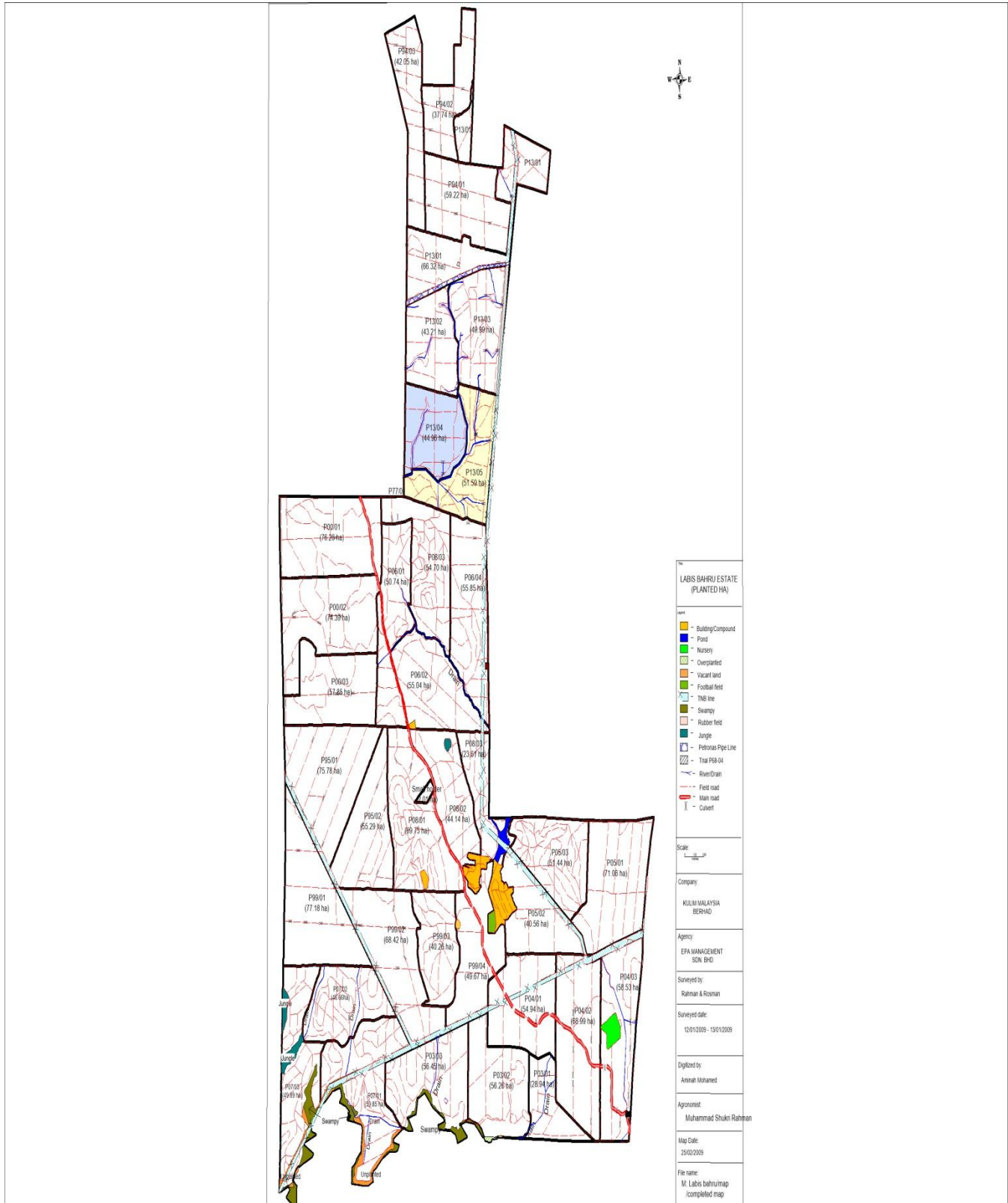
Actual Tonnage Certified FFB Received Monthly by the mill - 01 Nov 2015 – 31 Oct 2016 (ASA3)

Month	Mungka Estate	Kemedak Estate	Palong Estate	Sepang Loi Estate	UMAC Estate	Labis Bahru Estate	Total FFB/Month
Nov 2015	1,822.10	1,538.81	1,409.53	1,905.21	2,282.83	2,773.90	11,732.38
Dec 2015	1,065.19	1,077.31	991.60	1,435.80	2,274.06	1,978.72	8,822.68
Jan 2016	744.27	790.01	796.37	1,079.80	1,299.36	2,160.08	6,869.89
Feb 2016	1,136.38	1,004.53	1,132.41	941.89	1,385.39	2,120.46	7,721.06
Mar 2016	1,596.25	1,267.51	1,501.15	968.95	1,380.46	2,751.64	9,465.96
Apr 2016	1,622.41	1,507.25	1,428.08	1,005.61	1,190.37	2,278.75	9,032.47
May 2016	2,379.04	2,162.70	1,928.92	1,325.23	1,713.28	2,332.19	11,841.36
June 2016	2,894.41	2,872.64	2,271.51	1,554.17	1,929.24	2,549.72	14,071.69
July 2016	3,942.38	3,128.21	2,471.27	1,755.67	3,182.21	2,408.98	16,888.72
Aug 2016	4,064.58	2,717.46	2,603.16	1,697.35	4,029.60	2,607.34	17,719.49
Sept 2016	3,786.33	3,239.43	2,540.10	2,265.68	4,908.37	3,503.60	20,243.51
Oct 2016	3,661.50	2,613.85	2,224.59	2,096.70	4,818.30	3,021.53	18,436.47
TOTAL	28,714.84	23,919.71	21,298.69	18,032.06	30,393.47	30,486.91	152,845.68

Appendix G: Location Map of Palong Palm Oil Mill Certification Unit and Supply bases



Appendix I: Labis Bahru Estate Field Map



Appendix J: List of Smallholder Sampled

Not applicable

Appendix K: List of Abbreviations Used

AN	Ammoniacal Nitrogen
ANPN	National Park Agency Gabon
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DGEPN	Environmental Protection Agency Gabon
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FGV LP	Felda Ladang Paloh
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MAPA	Malayan Agricultural Producers Association
MSDS	Material Safety Data Sheet
O&G	Oil and Grease
PK	Palm Kernel
PPE	Personal Protective Equipment
PPOM	Palong Palm Oil Mill
PSQM	Plantation Sustainability and Quality Management
PQR	Performance Quality Rating
RC	Re-Certification
RED	Renewable Energy Directive
RSPO P&C	Roundtable on Sustainable Palm Oil Principle & Criteria
SCCS	Supply Chain Certification Standard
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SS	Suspended Solids
TN	Total Nitrogen
TS	Total Solids
VFA	Volatile Fatty Acids