

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

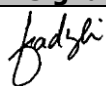
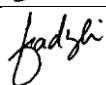

CERTIFICATION AUDIT REPORT


Part 4: General Principles for Palm Oil Mills

Kuala Lumpur Kepong Berhad
Tuan Mee Palm Oil Mill

-Individual Certification-

ANNUAL SURVEILLANCE AUDIT 3
30th June 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	20.07.2020	Issued as Draft Report	Mohd Fadzli Bin Bistamam	Lead Auditor	
B	17.08.2020	Issued as Final Report	Mohd Fadzli Bin Bistamam	Lead Auditor	
B	20.08.2020	Final Report Approved	Muhd Jamalul Arif	Certifier	

Acknowledgment by Kuala Kepong Kepong Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	20.08.2020	Acceptance of the contents	Lee Kuan Yee	Senior Sustainability Manager	

Declaration

The auditor(s) has (had) no personal, business or other ties to the client and the assessment is carried out objectively and independently.

WITH INTEGRITY WE SERVE



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Table of Contents

SECTION I : PUBLIC SUMMARY REPORT	3
1.1 Certification Scope	3
1.2 Company details and Contact information.....	3
1.3 Certification Unit.....	3
1.4 Map Showing Geographical Location	4
1.5 Production Area, Actual and Projected FFB Production (MT)	5
1.6 Certificate Details.....	6
1.7 Qualification of the Lead Assessor and Assessment Team.....	7
1.8 Audit Methodology	7
1.9 Audit Plan Information	8
1.10 Audit Result Summary Findings	8
1.11 Stakeholder Consultation.....	9
1.12 Recommendation	10
1.13 Date of Next Surveillance Audit.....	10
1.14 Confidentiality	10
1.15 Abbreviations Used	11
SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA.....	12
2.1 Principle 1 : Management commitment and responsibility	12
2.2 Principle 2 : Transparency	14
2.3 Principle 3 : Compliance to legal requirements.....	19
2.4 Principle 4 : Social responsibility, health, safety and employment condition	23
2.5 Principle 5 : Environment, natural resources, biodiversity, and ecosystem services	34
2.6 Principle 6 : Best practices.....	42
2.7 Details of Audit Findings.....	46

Note: Section II of this report contain confidential information and been protected from public disclosure.

SECTION I : PUBLIC SUMMARY REPORT**1.1 Certification Scope**

Global Gateway Certifications Sdn. Bhd. (GGC) has conducted the Certification Assessment of KLK Tuan Mee Palm Oil Mill. During this Annual Surveillance Audit (ASA 3), the audit team were briefed by Mill Manager, of the supply base disposition. The source of FFB supplies to KLK Tuan Mee POM are from their own estate namely Tuan Mee Estate, out-growers and other smallholders.

This assessment was conducted onsite on 30th June 2020 to assess the compliance of the certification unit against the "MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills". The scope of certification is "Production of Sustainable Crude Palm Oil and Palm Kernel".

1.2 Company details and Contact information

Company Name	Kuala Lumpur-Kepong Berhad
Business Address	Wisma Taiko, 1, Jalan S.P Seenivasagam, 30000 Ipoh, Perak.
Contact Person	Ms. Lee Kuan Yee
Office Telephone	+6052417844
E-Mail	kuanyee.lee@klk.com.my

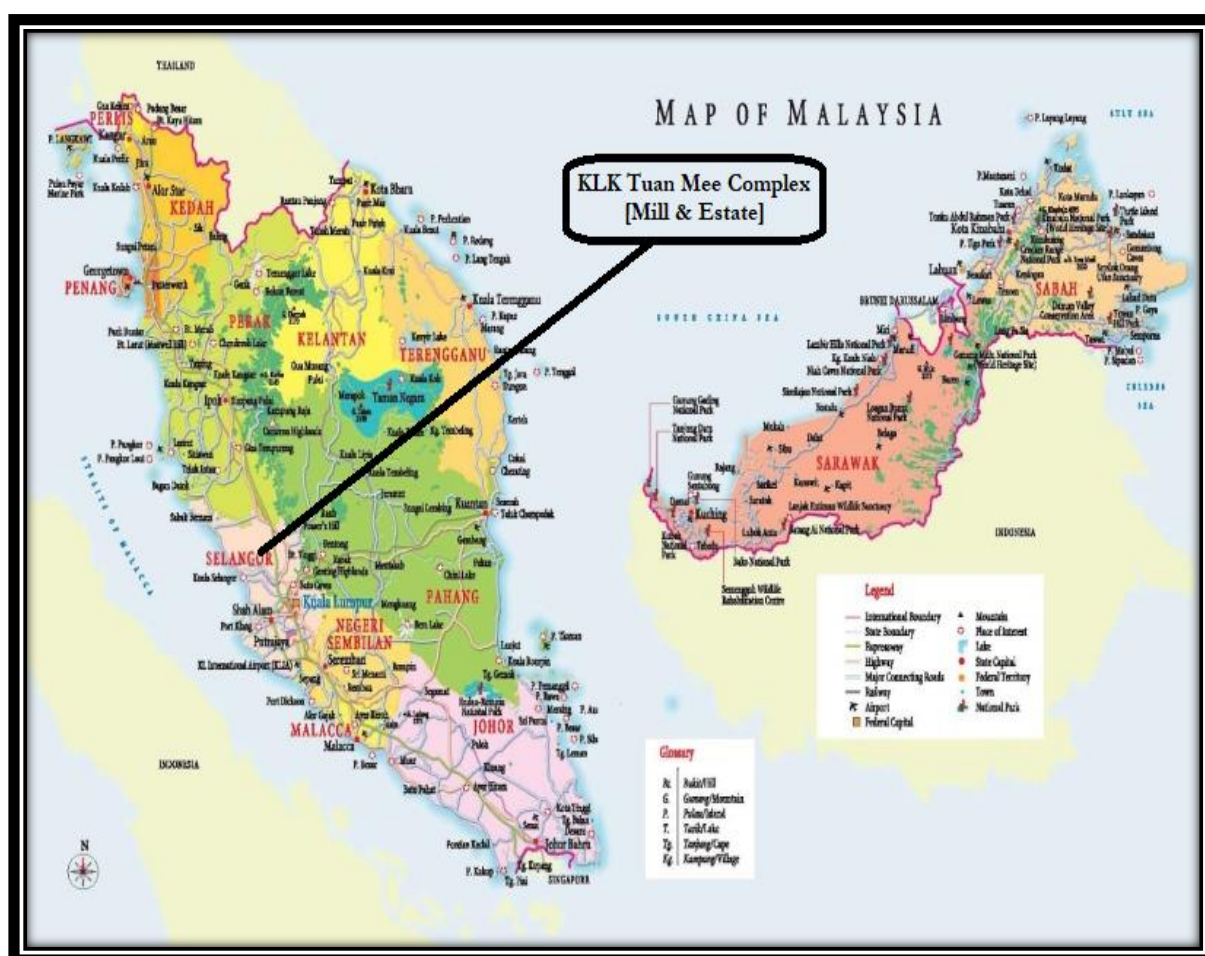
1.3 Certification Unit

Name of the Certification Unit	KLK Tuan Mee Palm Oil Mill		
Mill Capacity (MT/HR)	22		
Site Address	Batu 24, Jalan Kuala Selangor Kepong, 47000 Sg. Buloh, Selangor Darul Ehsan.		
GPS Reference of the site office	Longitude	E 101.463949	
	Latitude	N 3.265366	
MPOB License Information	License No.	500033804000	

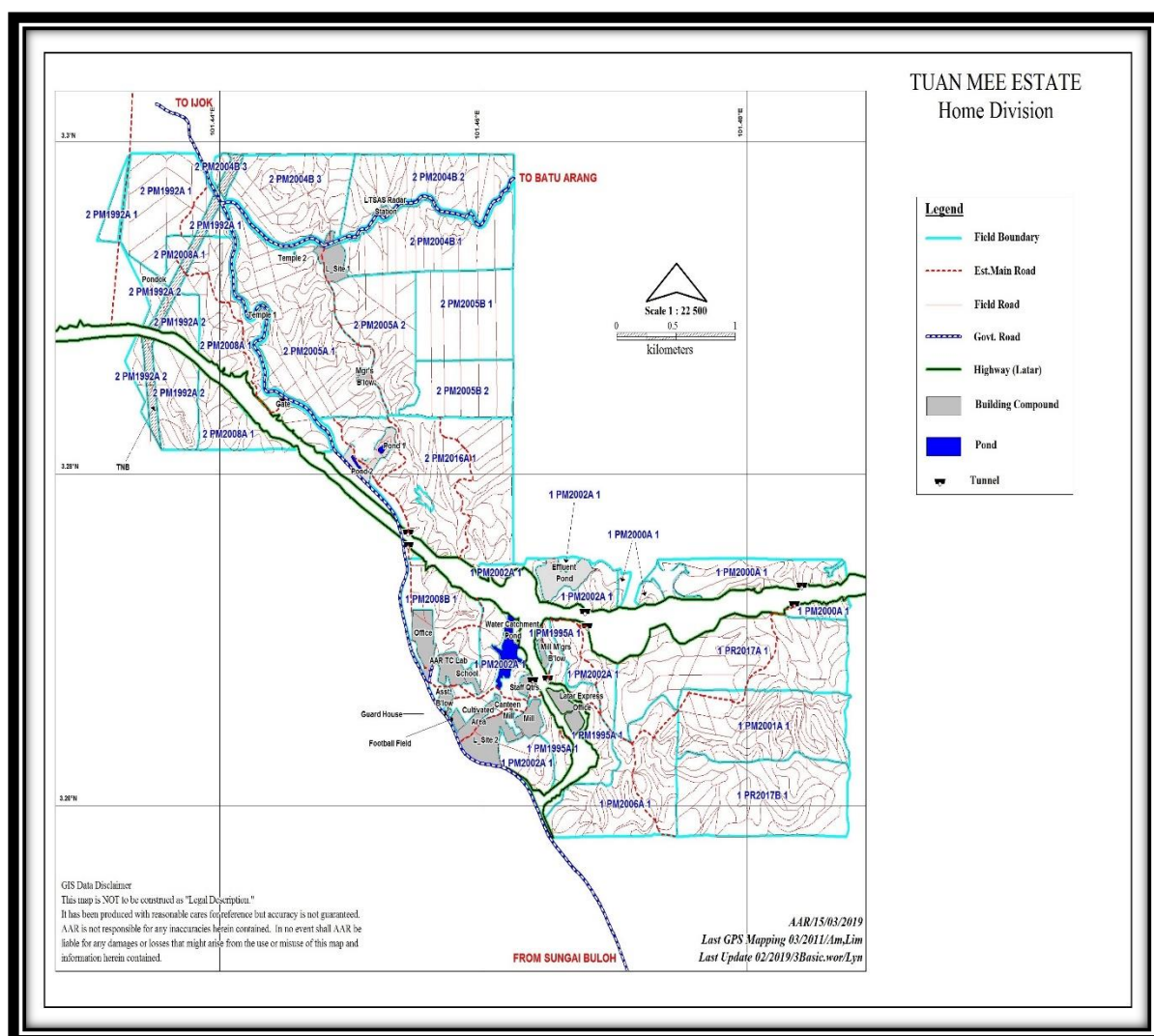
	Scope of Activity Expiry Date	1. "Menjual dan Mengalih –PK, CPO, SPO" 2. "Membeli dan Mengalih – FFB" 3. "Menyimpan – PK, CPO, SPO" 4. "Mengilang FFB" 31 st March 2021
Others Sustainability Certification	1) RSPO (Roundtable on Sustainable Palm Oil) 2) International Sustainability and Carbon Certification (ISCC)	

1.4 Map Showing Geographical Location

1) Tuan Mee Complex [Mill & Estate]



2) Tuan Mee POM (Share with Tuan Mee Estate Land Title)



1.5 Production Area, Actual and Projected FFB Production (MT)

Production for Certified Unit

Tuan Mee POM	Projected from last audit [Jun 2019-May 2020]	Actual Production for 12 Months [Jun 2019-May 2020]	Projected Production for next 12 Months [Jun 2020-May 2021]
FFB Summary (MT)	56428	53216.69	85099
CPO Summary (MT)	11851	11073.214	17871
PK Summary (MT)	2900	2600.057	4342

FFB's Own Estate & Certified Estates

Production for Uncertified Unit

Tuan Mee POM	Projected from last audit [Jun 2019-May 2020]	Actual Production for 12 Months [Jun 2019-May 2020]	Projected Production for next 12 Months [Jun 2020-May 2021]
FFB Summary (MT)	49100	40211.58	26236
CPO Summary (MT)	10311	8329.830	5513
PK Summary (MT)	2520	1963.223	985

1.6 Certificate Details**Certification body**

Global Gateway Certifications Sdn. Bhd.,
No. 10 Jalan Rasmi 7, Taman Rasmi Jaya,
68000 Ampang,
Selangor Darul Ehsan, Malaysia.
Tel.: +603 4256 2689; Fax: +603 4256 2687
Website: www.ggc.my

Assessment standard

(MSPO) Part 4: General Principles for Palm Oil Mills

Certificate number

GGC-KLK008-MSPO-02-2017

Initial certificate issued date

22nd December 2017

Certificate expiry date

21st December 2022

Stage 1 assessment date

Not Applicable as client certified for RSPO, ISCC and SCCS

Stage 2 / Main Assessment

16th October 2017

Annual Surveillance 1 [ASA 1]

11th May 2018

Annual Surveillance 2 [ASA 2]

04th July 2019

Annual Surveillance 3 [ASA 3]

30th June 2020

Annual Surveillance 4 [ASA 4]

June 2021

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Mohd Fadzli bin Bistamam

Post graduate qualification in Agricultural Engineering with more than 7 years working experience in Oil Palm Plantation Industry. More than 7 years of working experience in Oil Palm Plantation Industry with skills in Good Agricultural Practices (GAP) and Integrated Pest Management (IPM). Experience in managing estate workers, handling of mineral and peat soil and knowledgeable in chemical control of weeds and Pest & Diseases in Oil Palm Plantation Sector.

Fully trained in similar agriculture certification programs such as RSPO, MSPO and ISCC. Completed and certified in ISO 9001:2015, RSPO Lead Auditor Course, MSPO Training and ISCC Basic Training. Thus, became qualified Lead Auditor for the above programs.

Involved in Oil Palm Sustainability Audit since year 2016. Involved in audits conducted in Malaysia, Indonesia, Papua New Guinea, Ivory Coast, India and Singapore. Member of GGC MSPO audit team. Able to write and speak in Bahasa Malaysia and English.

Auditor

Name: Ismadi bin Ismail

He holds Diploma in Planting Industry Management from MARA Institute of Technology, Kuantan Pahang. 24 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in CoP, MSPO and OSHAS. Qualified as Lead Auditor/Auditor for MSPO and CoP. Involved in MSPO assessment since 2017. Completed and certified MSPO Auditor course in 2017 held by SGS (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Md. Jefri Sharaai

Bachelor Degree in Chemical Engineering and Master Degree (Science) in Quality & Productivity. Total of 25 years working experiences in various industries and disciplines; manufacturing, production, quality, internal audit, research & development, oil & gas design engineering. Involved in auditing, developing, implementing and maintaining of ISO 9001, ISO 14001 and OHSAS 18001. Having years of auditing experiences in Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) sustainable programme.

1.8 Audit Methodology

The audit was conducted based on sampling following the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). The sampling was calculated and determined prior to the audit assessment. In the case of this certification unit, sampling calculation was not applied as there is only one palm oil mill, namely “Tuan Mee POM”.

The assessment activities include of documents review and site inspection. The documents that had been reviewed among others were company policy, internal procedures, management system procedures, waste management procedures, legal documents etc. Significant issues that would impact to the environmental and social were also been verified.

The methodology for collection of objective evidence was established during physical site inspections, observation of tasks and processes, interviews of stakeholders, interview of officers, review of documents and data. Checklists and questionnaires were used to guide the collection of information

and the comments made by external stakeholders were also been taken into consideration in this assessment.

Appendix A (Audit Plan) details the actual assessment plan. Stakeholders were consulted randomly during the assessment to obtain feedback on the management compliance and performance (Appendix C) of MSPO.

1.9 Audit Plan Information

Audit Date	30 th June 2020
Name of site(s) visited	KLK Tuan Mee POM
Total number of man-days spent	3 man-days

1.10 Audit Result Summary Findings

Findings category		
Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	0	No action requires
Minor Nonconformities	0	No action requires
Area of Concern	0	No action requires
Noteworthy /Positive Comments	7	No action requires

1.11 Stakeholder Consultation

As per ACB-Malaysian Sustainable Palm Oil (MSPO); ACB-OPMC4; Issue 1, 01st August 2017; Stakeholder Consultation Requirements For Certification Bodies Operating Oil Palm Management Certification Under Malaysian Sustainable Palm Oil (MSPO) Certification Scheme. The consultation during the audit will be carried out during the stage 2 and recertification audit of the management unit. The CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

During this Annual Surveillance Audit (ASA 3), the audit team has conducted stakeholder consultations involving both internal and external stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of mill management.

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the mill management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. The details is as per table below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholder A (Mill workers)	<ul style="list-style-type: none"> • They aware and have good understanding about MSPO. • They have good understanding about complaint and grievance mechanism. • Personal Protective Equipment are distributed free of charged by management. • Training is being provided by the company as and when necessary. Workers are ensured that they understand well enough after each training given by the mill management. 	No action requires	Positive findings
2.	Stakeholders B (Mill - Gender Committee Representatives)	<ul style="list-style-type: none"> • They aware and have good understanding about MSPO. • They have been treated equally without any discrimination. • No sexual harassment reported. 	No action requires	Positive findings

3.	Stakeholders C (Contractors & Suppliers)	<ul style="list-style-type: none"> • They have good understanding about MSPO. • The company has good relation with supplier and there is no issue with company's performance. • They informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work. 	No action requires	Positive findings
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1.12 Recommendation

The company has established Sustainability Policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of Kuala Lumpur Kepong Berhad especially for KLK Tuan Mee POM. Mill Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual. The site also assists by KL Kepong Berhad, Sustainability Department.

The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this Annual Surveillance Audit (ASA 2).

This report will be internally reviewed for certification decision by GGC and external peer review by independent reviewers (Qualified by MPOCC) is not required. During Annual Surveillance Audit (ASA 3) [based on MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 4: General Principles For Palm Oil Mills, there was no non-conformity has been raised to the facility that being audited.

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted was no major non-conformity findings. Therefore, the Lead Auditor recommends to continuing a certificate of compliance "MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles For Palm Oil Mills" to KLK Tuan Mee Palm Oil Mill.

1.13 Date of Next Surveillance Audit

The fourth (4th) annual surveillance assessment visit will be scheduled after 12 months from the date of this audit.

1.14 Confidentiality

GGC auditors will not discuss or reveal any of the confidential information seen during the audit to any third party. Any public summary of the main assessment will be approved by the client prior to publication.

1.15 Abbreviations Used

BOD	Biological Oxygen Demand
CHRA	Chemical Health & Risk Assessment
CIP	Continuous Improvement Plan
COD	Chemical Oxygen Demand
CoP	Code of Practise
CSPO	Certified Sustainable Palm Oil
CPO	Crude Palm Oil
CSPK	Certified Sustainable Palm Kernel
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
FGS	Finished Good Stock
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MPOB	Malaysian Palm Oil Board
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating
SPO	Sludge Palm Oil

SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

2.1 Principle 1 : Management commitment and responsibility

Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator 1 Policy for the implementation of MSPO shall be established.

Summary KLK has established Sustainability Manual dated 1st January 2020, Issue /Rev: 3/2 by KLK Sustainability Department. The policy signed by Tan Sri Dato Lee Oi Hian, Chief Executive Officer, dated 30th August 2018.

Sighted Policy of MSPO; Dated 01st October 2017

Communication and consultation process are also communicated through training programs and the records with attendance lists was sighted. Latest sustainability training at Mill was conducted on 4th February 2020 for 65 staffs and workers. The training conducted by Mohd Fariez bin Mohd Radhi, the Mill Manager

For external stakeholders meeting at Tuan Mee Mill, briefing was conducted on 10th March 2020 by Mr Mohd Fariez bin Mohd Radhi, the Mill Manager which involved 12 participants. All discussion details sighted in the Stakeholders Meeting Minutes 2020.

As per audit and interviewed with Mill workers, all workers are aware and answered to auditors very well the MSPO Policy. Also sighted the implementation on site. As evidence, sighted in the notice board the KLK Sustainability Manual.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 2 The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.

Summary Sighted Policy of MSPO; Dated 01st October 2017, stated "We are committed to meet the sustainability requirements of MSPO and committed to continuous improvement"

Sighted SOP on Sustainability No 16.0, Appendix 1 – Continuous Improvement Plan (Environmental); Issue / Rev: 2/1; Date 01/01/2020, Page 1 of 1. Mill has developed Continuous Improvement Plan year 2020.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 2 Internal audit

Indicator 1 Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.

Summary KLK has established Sustainability Manual. It's done by KLK Sustainability Department. Sighted SOP 19.0 titled "Internal Audit Procedures" Issue / Rev: 2/1; Date 01/01/2020.

The Management had drawn an Internal Audit Plan and being carried out once a year to the Mill. Sighted Internal Audit Plan as below: -

- Tuan Mee Palm Oil Mill: 12th to 13th February 2020

Internal Audit at Tuan Mee POM was led by Mr. Mohammad Faruq bin Norazman and assist by Mr. Tong Wing Chuen and Miss Verna See Pik Kim on 10th – 12th February 2020 as evident in Sustainability Internal Audit Summary.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.

Summary All the findings from Internal Audit Team are covering 20 Sustainability Standard Operating Procedures, Interview Session and Site visit.

Seen, 6 findings on Standard Operating Procedures, 3 on Interview Session and 4 on Site Visit.

Seen the response and action taken by Mill Manager for all the findings by the KLK Sustainability Department being reply on 12th March 2020. All details well documented by Mill Management.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 Reports shall be made available to the management for their review.

Summary The internal audit report was documented and made available for management review. As evidence, all findings from internal audit was responded by Mill Management within the acceptable timeframe.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 3 Management review

Indicator 1 The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.

Summary KLK has established SOP 16.0; Management Review; Issue/Rev: 2/1; Date on 1st January 2020. As evidence, last management review for Tuan Mee POM was conducted on 18th November 2019, The Manager chaired the meeting and attended by 11 personnel.

Other than internal audit matter, 16 more agendas were discussed in Management Review comprising Stakeholders Engagement Issues, Compliance to Legal Requirements, Annual Budget and Projection, Waste Reduction, Training, Policy, Pollution and Greenhouse Gas Emissions, Internal Audit Findings, External Audit

Findings, Status of findings and corrective action, Environmental Impact assessment, Social Impact Assessment, Customer feedback, Process Performance and product conformity, Changes that could affect Management System and Recommendations for Improvement.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 4 Continual improvement

Indicator 1 The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.

Summary Sighted SOP on Sustainability No 16.0, Appendix 1 – Continuous Improvement Plan (Environmental); Issue / Rev: 2/1; Date 01/01/2020, Page 1 of 1. Tuan Mee POM has developed Continuous Improvement Plan year 2020. The CIP sighted as follows:

1	Environmental Impacts / Pollution Management	1. Replacement of boiler superheated tubes to maintain boiler efficiency 2. Implementation of using of LED bulbs rather than fluorescent tube for energy saving. 3. Consistent servicing tractors shovel and diesel generators to upkeep efficiency.
2	Yield Optimization	To enhance crop grading standards to reduce losses in production
3	Impact on communities / smallholders	Contribute donations to Estate school upon request made.
4	Impact on workers	Hiring contract workers to upkeep the cleanliness of the workers linesite.
5	Road Maintenance	Patching of damaged road
6	Waste reduction	1. Briefing on recycling programme 3R 2. Usage of LED Bulb to reduce schedule waste generation
7	Fire Certificate	On-going engage with contractors and Jabatan BOMBA.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.

Summary No new information and techniques or new industry standards and technology being introduce in the Mill. New technology will be implemented as and when necessary with approval from the HQ.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

2.2 Principle 2 : Transparency

Criterion 1	Transparency of information and documents relevant to MSPO requirements
Indicator 1	The management shall communicate adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.

Summary KLK Berhad has established the Stakeholder Engagement/Negotiation Procedure. SOP 1.0; Issue/Rev 4/3; Date 01.01.2020. The purpose of this procedure is to outline the arrangements for consultation and communication by KLK Berhad estate and mill management with its relevant stakeholders and how their concerns and views are addressed.

The management has communicated to the relevant stakeholders on company policies and procedures on how to request for information from the mill through stakeholder meeting which was conducted on 10.03.2020. This meeting was attended by 12 participants. Among the agendas discussed in the meeting included:

1. Briefing on KLK Sustainability Policy
2. Briefing on KLK Supplier Code of Conduct
3. Communication of EIA, EMP, WMP, SIA and HCV Management
4. Consultation on the contributions to community development
5. Request & Response / consultation/complaint & grievance

As the date of audit (June 2020) there was no special request to the estate from any external stakeholders. Requests are only from internal stakeholders related to housing and building repairs. Sighted form "Buku Log Pihak Berkepentingan" during the audit.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 2	Management documents shall be 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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Summary KLK Berhad established SOP 9.0 for Control of Documents and Records, Issue: 2, Rev: 1, dated on 01.01.2020. The SOP is a guideline for KLK Berhad to determine the confidentiality status or availability for public disclosure. For confidential document, need to get approval from KLK Berhad HQ.

The procedure has clearly stated documents which are publicly available to stakeholders. Also sighted summary list (SOP 9, Appendix 4, Issue 2, Rev 1 dated 01.01.2020) which lists all documents which are publicly available and confidential to stakeholders. Among the confidential documents listed such as the MAPA/AMESU/NUPW Agreement, Firearm Record, Quotation, Transport agreement and wages advance. The publicly available documents are available upon request (Read Only) such as:

1. FFB Grading quality report
2. MAPA Correspondence
3. FFB Weekly Report
4. Mill Certificates
5. Practical training
6. Purchase Ledger Report

All listed documents are made available at estate office. Requesting for official documents through the estate office require approval from the estate manager/assistant in charge to get receive permission for access.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 2 Transparent method of communication and consultation

Indicator 1 Procedures shall be established for consultation and communication with the relevant stakeholders.

Summary KLK Berhad has established the Stakeholder Engagement/Negotiation Procedure. Procedure. SOP 1; Issue/Rev 4/3; Date 01.01.2020. The purpose of this procedure is to outline the arrangements for consultation and communication by KLK Berhad estate and mill management with its relevant stakeholders and how their concerns and views are addressed. The flow identified:

1. Request & Response
2. Consultation & Communication
3. Complaint & Grievance (C&G)

Interview with mill workers has been conducted during mill site visit showing that workers understand about this procedure.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).

Summary The mill has appointed Mr. Ainol Asri Bin Imran (Assistant Manager) as the person in-charge for all issues related to Sustainability and stakeholders. Sighted appointment letter dated 02.05.2020 approved by the Mill Acting Manager, Mr. Mohd Fariez Bin Mohd Radhi).

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.

Summary List of stakeholders as per documented in SOP 1.0 Appendix 1.0 updated on 16.01.2020. The list has been verified by the Estate Manager. List of Stakeholders sighted. Sampled Stakeholders who are segregated into the following:

Government Bodies

1. MPOB Kelana Jaya
2. DOSH
3. JTK
4. Department of Environment
5. Balai Bomba dan Penyelamat Bestari Jaya
6. KWSP

NGO

1. All Malayan Estates Staff Union (AMESU)
2. National Union of Plantation Workers (NIPW)

Service Providers / Contractors / Suppliers

1. MPOA Security Services Sdn Bhd
2. Fomema Sdn Bhd
3. Applied Agriculture Resources (AAR)
4. Organo (Asia) Sdn Bhd
5. Heng Huat Logistics
6. Hup Soon Huat
7. Klinik Medisafe Sg. Buloh

FFB Suppliers (Certified)

1. Sungai Gapi
2. Kombok Estate
3. Ladang Changkat Asa
4. Ladang Kerling

Estate Representatives

1. NUPW Chairman (Sundre Raju)
2. Women's Committee Chairman (Pn. Sabariah)
3. Temple Committee Chairman (Tanabal)
4. Surau Committee Chairman (En. Khalid)

As the date of audit (June 2020) there was no special request to the estate from any external stakeholders. Requests are only from internal stakeholders related to housing and building repairs. Sighted form "Buku Log Pihak Berkepentingan" during the audit.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 3	Traceability
Indicator 1	The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.
<p>Summary</p>	<p>KLK is committed to trace all the palm products produced by KLK own plantations. This has been translated into their traceability procedure SOP 18 – Supply Chain Procedure, (Issue/Rev: 4/3, Dated: 01.01.2020) where they will endeavor to put in place a traceable palm oil supply chain.</p> <ul style="list-style-type: none"> • Raw Material Reception: Security Guard House & Weighbridge Station (Critical Control Point) • Production & Storage: Production Unit and Storage Tanks (Critical Control Point) • Sales & Despatch: Products to Customer(s) <p>As per interview with Mr. Mohamad Fariez Bin Mohd Radhi, Acting Mill Manager - he explained on the traceability procedure which the company has implemented. The traceability procedure starts from the receiving of FFB from the Internal (KLK Estates)</p>

and external suppliers. At the entrance of the Palm Oil Mill (POM), the security officer will inspect/check the delivery notes for the following details

- i. Company Name
- ii. Driver's name
- iii. Lorry's Vehicle registration number
- iv. Checking of Seal number (cut)

Upon checking, the lorry will be directed to the weigh bridge for weighing the FFB where the weight will be recorded into the Weigh Bridge System. Upon weighing, the FFB will unloaded at the RAMP and graded as per MPOB requirements to ensure the quality of the FFB received from the suppliers. Any bad/underripe/black fruits will be rejected. Upon unloading the FFB, the empty lorry will be weighed for its TARE weight and a weigh bridge ticket with the following information will be issued.

- i. Nett weight
- ii. Driver's name
- iii. Field Number
- iv. Crop quality
- v. MPOB License number (POM & supplier)
- vi. Full address of POM
- vii. Date, Time (in/out) & ticket number
- viii. Delivery Note Number
- ix. Lorry's registration number.
- x. Approval from weigh bridge operator and Executive

Upon completion of weighing process, the FFB will be taken into the POM for processing.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 The management shall conduct regular inspections on compliance with the established traceability system.

Summary As per interview with Mr. Mohamad Fariez Bin Mohd Radhi, Acting Mill Manager. The inspection is carried out on a daily basis. During mill visit, sighted the weighbridge operator able to demonstrate on how the system tracks the FFB input from own estates and also from external suppliers.
On top of that, internal audit is also being conducted on yearly basis by a team from KLK HQ to check the implementation on these procedures. Latest internal audit was conducted on 12th – 13th February 2020 lead by En. Mohammad Faruq Bin Norazman.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 The management shall identify and assign suitable employees to implement and maintain the traceability system.

Summary The mill has appointed Mr. Ainol Asri Bin Imran (Assistant Manager) as the person in-charge for all issues related to Sustainability and Mill Supply Chain. Sighted appointment letter dated 02.05.2020 approved by the Mill Acting Manager, Mr. Mohd Fariez Bin Mohd Radhi).

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 4 Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.

Summary Records sighted during the audit as below:

Domestic Contract - CPO
Ref: KLKC/03384-S/CPO
Date: 15.05.2020
Buyer: Mewah Oils Sdn Bhd
Commodity: Crude Palm Oil
Quantity: 200 MT

CPO Delivery
Date: 02.06.2020
No. Kontrak: KLKC/03384-S
WB Ticket No: A261693
DN No: HH 4072
Material: CPO
Weight: 40,320 kg

Domestic Contract – PK
Ref: KLKP/02739-S/PK
Date: 05.05.2020
Buyer: Hup Lee Oil Mill Sdn. Bhd
Commodity: Palm Kernel in bulk
Quantity: 50 MT

PK Delivery:
Date: 03.06.2020
Contract No: KLKP/02793-S
WB Ticket No: A261761
DN No: 57424
Material: PK
Weight: 28,360 kg

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements



Indicator 1 All operations shall be in compliance with applicable local, national and ratified international laws and regulations.

Summary The company has established and updated SOP No. 2.0 Rev 1/2 ,Title : List & summary of applicable laws and regulations that are applicable for the Mill updated 01/01/2020.

The list is fully covered the requirements that related to MSPO compliance. These documents include information on laws, enforcement bodies, main requirement, environmental aspect, standard, fine, person in charge, and compliance status.

List of legal correspondences for permits/licenses is periodically updated by Mr. Ainol Asri Imran (Assistant Mill Manager). The letter of appointment (for Sustainability Related Matters) dated 02/05/2020 has been signed by the Mill Manager, Mr. Mohd Fariez Mohd Radhi.

Sighted Monthly Returns for year 2018 includes the following:

- i. MPOB E-Kilang
- ii. DOE (Quarterly Form)
- iii. E-Swis
- iv. MPOA
- v. OSH8/Appendix 1

Any update any new amendments or any new regulations received from the following sources:

- i. HQ Department
- ii. Communication with law/enforcement officers
- iii. Website

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 The management shall list all relevant laws related to their operations in a legal requirements register.

Summary There are laws and regulations identified in the legal register. Some of applicable laws sighted includes:

- OSHA and regulations 1994 (Act 514)
- Factories and Machinery Act with regulations (Act 139)
- Kementerian Perdagangan
- MPOB
- Road Transport Act 1987 (Act 333)
- Employees Social Security Act and Regulations (Act 4)
- Industrial Relations Act and Regulations (Act 177)
- Employees Provident Fund Act 1991
- ETC

Sighted lists of permits/licenses among others which has to be monitored and updated periodically such as:

- MPOB license No. 500033804000 untuk Menjual dan Mengalih PK,CPO, SPO, Membeli dan Mengalih FFB, Menyimpan PK,CPO,SPO dan Mengilang FFB expiry 31.03.2021
- Lesen Jabatan Alam Sekitar No 003122 expiry 30.06.2021
- License No: SWAL: (P5) 000589, Date: 01/07/20 -30/06/2020.
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Back Pressure Steam Receiver, Ref PMT-SL/19 120184 expiry 29/07/2020
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver, Ref PMT-SL/19 120180 expiry 29/07/2020.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.

Summary SOP No.2.0 issue has specified any changes to legal requirements are tracked by means of periodic review and evaluation on the Laws & regulations list to ensure that any new/addition as well as changes and amendment are captured and update, through the following manner:

- Enquiring the laws books publisher
- Communication with law/enforcement officers
- Website

Mr. Ainol Asri Bin Imran (PIC) will update any new amendments or any new regulations received from the above resources.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 4 The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.

Summary Mr. Ainol Asri Bin Imran (Assistant Mill Manager) was appointed to ensure/maintain the compliance with applicable laws and regulations of the Mill. The letter of appointment (for Sustainability Related Matters) dated 02/05/2020 has been signed by the Mill Manager, Mr. Mohd Fariez Mohd Radhi.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 2 Land use rights

Indicator 1 The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.

Summary The mill is built in 1970 on the company owned land - Tuan Mee Estate. The land Lot is # 542, Geran 44633, Mukim Ijok. No boundary markers sighted in the mill premises however, the permanent fence separated Mill and the Tuan Mee Estate area.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.

Summary Land title is available and maintained by Tuan Mee Estate, where the mill is built.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 3 Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground, where practicable.

Summary As the mill was built within the Tuan Mee Estate's area, the permanent fence had been constructed to demarcate the vicinity of the mill milling area.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 4 Where there are, or have been disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).

Summary As per mill is built within Tuan Mee Estate. Thus, no disputes have been recorded in mill area. There is no evidence of conflict present in this mill. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 3 Customary land rights

Indicator 1 Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.

Summary As per mill is built within Tuan Mee Estate. Thus, there is no customary land in or surrounding all the mill. There are also no land disputes or claims involving this mill. The company has proper legal land title for the land ownership.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 2 Maps of an appropriate scale showing extent of recognized customary rights shall be made available.

Summary As per mill is built within Tuan Mee Estate. Thus, no disputes have been recorded in mill area. There is no evidence of conflict present in this mill. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 3 Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.

Summary There no land conflict or dispute. The mill land titles and ownerships are legally identified and documented. However, the company has established SOP to identified process for acquiring land and disputes. Data as per below:

- SOP on Sustainability: Land Acquisition (For OP Planting) – SOP 3A, date 01/01/2019
- SOP on Sustainability: Responsible Development of New Planting (SOP 3B, date 01/01/2017)

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

2.4 Principle 4 : Social responsibility, health, safety and employment condition

Criterion 1 Social impact assessment (SIA)

Indicator 1 Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.

Summary In-house Social Impact Assessment (SOP 13.0 Issue/Rev 2/1 dated 01-01-2020). KLK has established Sustainability Manual. It's done by KLK Sustainability Department.

The SIA is assessing on Access and Use Rights, Economic Likelihoods and Working Condition, Cultural and Religion Issues, Health and Education Facilities, Subsistence Activities, Amenity, Employment, Human Rights, Other Community Values and Food and Water Security. The assessment being conducted on 11th March 2020 in participation of 20 workers. Level of impact is determined as below:

	Impact to workers	Percentage
1	High	< 40%
2	Moderate	40 – 60%
3	Low	>60%

Seen in the review report, the mitigation plan and targeted date for completion. The Social Impact Assessment prepared by En. Khairul Ikhwan Abu Khairi, Sustainability Executive and reviewed by En. Mohamad Fariez Mohamad Radhi, the Mill Manager on 18th May 2020.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 2 Complaints and grievances

Indicator 1 A system for dealing with complaints and grievances shall be established and documented.

Summary KLK has established Sustainability Manual. It's done by KLK Sustainability Department. Sighted SOP No. 1: Appendix 2B, Rev 4/3 Stakeholders Engagement/Negotiation; Dated 01st Jan 2020 as the consultation and communication procedures to relevant stakeholders.

SOP has outlined the

- request & response,
- consultation & communication
- complaint & grievance

There are 5 grievance channels available: -

1. Use the Grievance Form available at www.klk.com.my or Scan QR Code to download the form
2. By calling our hotline: +605-2408000 (Extension 2201)
3. By e-mail: hr@klk.com.my
4. By post to: Head office
5. By dropping it into the suggestion box

Mechanism to handle issues highlighted by stakeholders, communication and consultation process are also communicated through training programs and the records with attendance lists was sighted.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 2 The system shall be able to resolves disputes in an effective, timely and appropriate manner, which is accepted by all parties.

Summary Sighted SOP No. 1: Appendix 2B, Rev 4/3 Stakeholders Engagement/Negotiation; Dated 01st Jan 2020 as the consultation and communication procedures to relevant stakeholders. Complaints forms seen are responded and completed within appropriate manner.

Seen samples of complaint dated 4/1/20 by Mr. Vadakasi on faulty fluorescence lamp. The complaint has been resolved by Charge man on 9/1/2020. Seen an acknowledgement by the complainant on 10th February 2020.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 3 A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.

Summary Seen form named Stakeholder Logbook Appendix 2B, Rev 4/3 Stakeholders Engagement/Negotiation; Dated 01st Jan 2020 used for all internal complaints, consultation and request. This complaint form/method is clearly explained during KLK Sustainability Briefing for both internal employee from time to time and external stakeholders during Stakeholder Consultation Meeting.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 4 Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.

Summary Latest sustainability training at Mill was conducted on 4th February 2020 for 65 staffs and workers. The training conducted by Mohd Fariez bin Mohd Radhi, the Mill Manager For external stakeholders meeting at Tuan Mee Mill, briefing was conducted on 10th March 2020 by Mr. Mohd Fariez bin Mohd Radhi, the Mill Manager which involved 12 participants. All discussion details sighted in the Stakeholders Meeting Minutes 2020.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 5 Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.

Summary Sighted all internal complaints filled, responded and the records being maintained for the last 24 months.
4 complaints recorded in 2020 as compared to 45 in 2019. No evidence of external complaints from stakeholders using Stakeholder Logbook forms.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 3 Commitment to contribute to local sustainable development

Indicator 1 Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.

Summary Mill is committed and have contributed to local development. The contribution made as evidence, herein:

- The mill has contributed cash to 2 Tuan Mee POM staff's children for academic achievement on PT3 and UPSR dated 12th February 2020. RM300 for PT3 and RM100 on UPSR.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 4 Employees safety and health

Indicator 1 An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated and implemented.

Summary Sighted the Corporate Occupational Safety & Health Policy. Established on 01st January 2020, Issue / Rev: 3/2 Page 15 of 15 which was approved by Tan Sri Dato' Seri Lee Oi Hian, Chief Executive Officer. Sighted local OSH Policy signed by Mill Manager, Mr. Mohd Fariez Mohd Radhi dated 1st February 2020.
Guidelines of Group Policy on Occupational Safety and Health dated 1st July 2010 by KKK Sustainability Department. OSH Plan 2020 is available with objective to achieve total lost working days not more than 30 days and serious accident (medical leave 4 days and above during work) not more than one case

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 2 The occupational safety and health plan shall cover the following:

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations shall be assessed and documented.
- c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:
 - i) all employees involved are adequately trained on safe working practices; and
 - ii) all precautions attached to products should be properly observed and applied.
- d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.
- f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.
- g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.
- h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.
- i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.
- j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.

Summary

Sighted the Corporate Occupational Safety & Health Policy. Established on 01st January 2020, Issue / Rev: 3/2 Page 15 of 15 which was approved by Tan Sri Dato' Seri Lee Oi Hian, Chief Executive Officer. Sighted local OSH Policy signed by Mill Manager, Mr. Mohd Fariez Mohd Radhi dated 1st February 2020.

Guidelines of Group Policy on Occupational Safety and Health dated 1st July 2010 by KLK Sustainability Department

Risk assessment was conducted through HIRARC based on the severity and the likelihood. HIRARC consists of hazard identification (type of work activity, hazard & effect), Risk analysis (Existing risk control, likelihood, severity & risk) & Risk Control (Recommended control measures & PIC appointed are Staff or Executive).

Example HIRARC sighted for the followings work operations:

- a. Pond Cleaning
- b. Despatch
- c. Weighing
- d. Reception Station
- e. Sterilization

- f. Capstan
- g. Threshing FFB
- h. Digester & Pressing
- i. Depericarper
- j. Covid 19 at workplace

HIRAC being review in January 2020 and next review will be January 2020.

The Mill has a comprehensive annual training plan for the Staffs and Workers and this was sighted in the training records file for each staffs and workers. Training Plan includes :

NO	TOPIC	MONTH PROGRAMME	STATUS
1	SOP Oil Room	1/2020	25/1/2020
2	SOP Drivers	1/2020	
3	SOP Kernel Plant	1/2020	
4	Loading Ramp & Capstan	2/2020	26/6/2020
5	Sop Mill Security	3/2020	
6	SOP Store, Chemical Handling & Schedule Waste Handling	3/2020	
7	SOP Press and Crane	4/2020	
8	SOP Sterilizer	4/2020	3/2/2020
9	OSH & PPE Policy	4/2020	
10	Confined Space Training	5/2020	
11	Oxy and Welding	5/2020	
12	SOP Workshop and Scheduled Waste	5/2020	
13	SOP Boiler	6/2020	
14	SOP Water Treatment	8/2020	
15	SOP Belt Press	8/2020	
16	Fire Drill	9/2020	
17	First Aid Training	20/2002	
18	SOP Office	11/2020	
19	SOP Lab & Chemical Handling	12/2020	

Samples training conducted was on Training on SOP Sterilizer was sighted on 3rd February 2020. The training conducted by Mr. Ainol Asri, The Mill Assistant Engineer attended by 2 participants.

Tuan Mee POM has established PPE Policy dated 2nd February 2020 Mill Manager, Mr. Mohd Fariez Mohd Radhi dated 1st February 2020. The Mill has provided appropriate PPE for all workers in their operations. PPE Issuance and replacement record sighted for: -

- a. Staff/AP
- b. Field Workers
- c. General Workers

During mill visit, sighted the workers have been trained with safety and the workers wear the PPE required by his/her works.

All workers involved in the operations have been adequately trained in safe working practice.

Sighted SOP 6.0 Safe Use & Storage of Agrochemicals/Chemicals; Issue/Rev: 4/3; Date 01st January 2020. The mill's Chemical Register being established and updated 3rd February 2020. 10 chemicals registered in Boiler & Raw Water Station and 32 at Laboratory.

Sighted SOP 6.0 Safe Use & Storage of Agrochemicals/Chemicals; Issue/Rev: 4/3; Date 01st January 2020. CHRA report dated 29th May 2019 reported by Lean Hock Leng – HQ/09/ASS/00/102 from Procoma Environmental (M) Sdn Bhd. Sighted, Tuan Mee POM 2020 Action Plan on CHRA Recommendations by Assessor All the recommendations base on Work Unit in Form F being responded and updated by the Mill dated 3rd January 2020.

The Department of Occupational Safety and Health have gazette new regulation on Noise Exposure to replace the Factory Machinery Act effective 1st June 2019. The new regulation is Peraturan – Peraturan Keselamatan dan Kesihatan Pekerjaan (Pendedahan Bising) 2019. Noise Risk Assessment and Noise Boundary will be conducted by the appointed consultant in July 2020. A total of 7 workers have undergone medical surveillance. They were tested on Physical examination, Blood, Urine, Cholinesterase and Chest X-ray.

OSH Committee Chart 2020 sighted. Seen, letter of appointment for committee members in the file. Mill Manager, Mr Mohd Fariez is the Chairman of OSH Committee and he is person in-charge for OSH. He will assist by KLK OSH Department. The committee meeting has been conducted as follows

- a. 19th March 2020
- b. 31st December 2019.

Sighted the emergency procedure for the Mill Emergency response plan available in local language (Malay and English). The ERP has been explained to all workers and staffs during training which has been conducted. Emergency response plan include the emergency contact number, and also have Guidelines on Accident, Emergency Procedures and Exit routes as well as assembly point in file and pasted on notice board.

The first aider for the Mill is Mohd Hazwan bin Mohd Salleh. They have attended the training on 28th February 2019 under Basic Occupational First aid, CPR and AED by Amani Dynamic Resources.

No accident occurred in 2019. The Mill has submitted JKPP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. JKPP 8 was submitted on 10th January 2020.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 5	Employment conditions
Indicator 1	The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.
Summary	<p>In KLK Sustainability Policy Issue/Rev 3/2 dated 01/01/2020, Page 9 of 20, Responsible consideration of employees and of individuals and communities affected by plantation and mills stated under clause (h) recognize and respect the rights of all its employees to form and join trade unions of their choice and to bargain collectively subject to the provisions of relevant national legislation.</p> <p>The "KLK Sustainability Policy" is displayed in notice boards inside the office as well as outside the office. The policy also publicly available through the official website: http://www.klk.com.my.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.
Summary	<p>In KLK Sustainability Policy Issue/Rev 3/2 dated 01/01/2020, Page 9 of 20, Responsible consideration of employees and of individuals and communities affected by plantation and mills stated under clause (k) Ensure Equal Opportunities in the workplace.</p> <p>No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the Mill.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.
Summary	<p>Pay and conditions are documented in the workers' Contract Agreement and wage mill payment records / pay slip. The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. Order 2020 Malaysian minimum salary is RM1200.00 as stated in the guidelines.</p> <p>Interview with both Mill staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment. Several payslips (latest) has been verified and confirmed that the workers' salaries are above the minimum threshold limit set by the Malaysian laws and regulations (RM1,200.00/month). Sighted EPF, SOCSO payment deduction by the company.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.

Summary Sighted the Agreement between Heng Huat Logistics Sdn Bhd and Tuan Mee Palm Oil Mill on Transporting CPO. The agreement valid from 26th June 2020 until 25th June 2021

Sighted the Agreement between the Contractor and his worker En. Mohd Nor Hafizal bt Hasan Madli. The worker's identification Card, EPF, SOCSO and worker's pay-slip are kept in the file.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 5 The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.

Summary Sighted, the registration card being established for all workers. The registration card stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. Sample taken on:

- a. Sundhararasu - Emp Code 2246J
- b. Muhamad Saufi – Emp Code 222I
- c. Syamsul Hadi - Emp Code 2251C
- d. Hendri Gunawan - Emp Code 2190B
- e. Muniandi – Emp Code – 2260D

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 6 All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.

Summary Employment contract stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. The contract is in Malay as it is easy to be understood by workers. This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local, Indonesian and India. This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of 10 local, 30 Indian and 29 Indonesian.

Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made.

All workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed through interview with workers from the mill and also through verification of contracts of service and pay slips of workers. No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the mill.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 7 The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.

Summary Working hours is 8 hours. From Monday to Saturday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to Malaysian Law.

During site visit, sighted above data displayed at notice board. The mill has used punch card as a working time recording system.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 8 The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable.

Summary The working hour and break time has been clearly stated in the Employment Contract. Sighted in the Contract Agreement the rate of overtime which agreed by both parties.

There is no complaint received regarding payment or are forced to work overtime during site interview.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 9 Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.

Summary Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made.

Documented payslip was distributed to individual workers on the day of payment. Payment being made through bank.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 10 Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings

Summary All workers have been provided with free legalization cost, PERKESO, annual leave, sick leave and etc. Since 1st Jan 2019 foreign worker are cover under PERKESO.

With regards to local workers, staffs and executives, all of them are covered under EPF & PERKESO as required by the Malaysian Laws and Regulations.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.

Summary All workers are provided with housing facilities at workers linesite. The mill management is conducting the housing inspection regularly.

Welfare Amenities: Mosque, football field, hall facilities and school bus to children are provided free of charge.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 12 The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.

Summary Sighted KLK Sustainability Policy issue/rev 3/2 dated 01/01/2020 approved by KLK CEO Tan Sri Dato' Seri Lee Oi Hian dated 30/8/2018 clause 2.1 (ix) Harassment and violence stated the group and its supplier/contractor shall not tolerate any type of harassment or violence.

Tuan Mee POM has established Women's Gender Committee. The Committee lead by Pn. Sabariah with 5 other members. The last meeting was on 20th April 2020.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 13 The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.

Summary The company has established policy entitled 'KLK Sustainability Policy' approved by Tan Sri Dato' Seri Lee Oi Hian (KLK Group CEO) dated 30/8/2018 which under clause 2.1 (vi) indicates Freedom of Association and Right to Collective Bargaining where workers are allowed to join collective association.

Local or foreign workers are given the freedom which it is an optional for them to join worker union formed in Mill. Thus, their freedom is not restricting by Mill management.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.

Summary The company has created and implemented minimum age policy and no child labor noted during this audit period. Interviews with workers and staff confirmed that there is no child labor employed neither in the mill.

Stated in 'KLK Sustainability Policy approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 30/8/2018 clause (3.2) (ii) 'No Child Labour' where company outlined the commitment to comply with national law in regards to minimum age requirement.

There are no children below ages of 18 working in the mill and this was proven through checking the list of employees as well as their biodata and through mill visits. The workers were clear that no one below 18 years old should be employed.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 6 Training and competency

Indicator 1 All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.

Summary

The Mill has a comprehensive annual training plan for its staff and workers and this was sighted in the training records file for each staffs and workers. The training plan for 2020 was sighted as follow;

NO	TOPIC	MONTH PROGRAMME	STATUS
1	SOP Oil Room	1/2020	25/1/2020
2	SOP Drivers	1/2020	
3	SOP Kernel Plant	1/2020	
4	Loading Ramp & Capstan	2/2020	26/6/2020
5	Sop Mill Security	3/2020	
6	SOP Store, Chemical Handling & Schedule Waste Handling	3/2020	
7	SOP Press and Crane	4/2020	
8	SOP Sterilizer	4/2020	3/2/2020
9	OSH & PPE Policy	4/2020	
10	Confined Space Training	5/2020	
11	Oxy and Welding	5/2020	
12	SOP Workshop and Scheduled Waste	5/2020	
13	SOP Boiler	6/2020	
14	SOP Water Treatment	8/2020	
15	SOP Belt Press	8/2020	
16	Fire Drill	9/2020	
17	First Aid Training	20/2002	
18	SOP Office	11/2020	
19	SOP Lab & Chemical Handling	12/2020	

Training on SOP Capstan was sighted on 26th June 2020 The training conducted by Mr. Ainol Asri, The Mill Assistant Engineer attended by 2 participants.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.

Summary The annual training plan is created based on SOP 8.0 Rev 3/2 with a title of "Training" under Standard Operating Procedure on Sustainability dated 01.01.2020. To identify any new training needs annually based on the evaluation on the competency level of existing and new personnel.

Seen, all the training need / matrix of all the personnel in the files. Training Need Analysis of all workers are based on their competencies and job description.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.

Summary All workers involved in the operations have been adequately trained in safe working practice. The Mill has a comprehensive Training Needs Analysis for staffs and workers and this was sighted in the training records file.

Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

2.5 Principle 5 : Environment, natural resources, biodiversity, and ecosystem services

Criterion 1 Environmental management plan

Indicator 1 An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.

Summary As sighted the management has established the environment Policy in document, "KLK Sustainability Policy".

The policy was signed by Tan Sri Dato' Seri Lee Oi Hian, Chief Executive Officer, dated 30th Aug 2018.

Sighted the environmental management plan for year 2020 prepared by Mr. Ainol Asri (Mill Sr Assistant Manager) and approved by Mr. Mohd Fariez Mohd Radhi (Acting Mill Manager) on 01st January 2020. The plan to mitigate the negative impacts and to promote the positive one.

The policy and the management plan have been communicated on 06th February 2020 and 10th Mar 2020 by Mr. Mohd Fariez Mohd Radhi (Acting Mill Manager). The briefing was attended by 65 workers and 12 stakeholders.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 The environmental management plan shall cover the following:
a) An environmental policy and objectives;
b) The aspects and impacts analysis of all operations.

Summary KLK has established the Corporate Environmental Policy. The policy was signed by Tan Sri Dato' Seri Lee Oi Hian, Chief Executive Officer, dated 30 Aug 2018. The policy among others are stated;

- We are committed to keep our environment clean, safe and healthy
- We will continue to promote greater environmental awareness in our daily activities
- Preservation of the environment is the responsibility of everybody in the company

Sighted the SOP 10.0; Environmental Aspect & Impact Assessment Procedure; Issue/Rev: 3/2; Date on 1st January 2020. Mill has conducted Environmental Aspect & Impact Assessment (EAIA) for all its' activities as prepared by Mr. Ainol Asri (Mill Sr Assistant Manager) and approved by Mr. Mohd Fariez Mohd Radhi (Acting Mill Manager) on 01st January 2020.

The mill has identified 31 processes and determined the aspects and impacts of all these processes for example:

- Steam Generation
- Linesite/Office/Creche
- Raw Water Intake
- Scrap iron area
- Water Pump House
- Effluent treatment
- Tube well operation
- Power generation
- Purification
- Threshing & stripping

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.

Summary Sighted the environmental management plan for the year 2020 developed to mitigate the negative impacts and to promote the positive one and effectively implemented and monitored which includes:

Discharge of sludge
Impact: Water pollution

Management Control: To recover oil at separator and horizontal de-oiling tank before discharge into cooling pond

CPO spillage/leakage from tank

Impact: Land contamination

Management Control: To ensure bund at the CPO storage area is in good condition

Separation of shell from kernel

Impact land contamination

Management Control (positive) :Reuse as biomass for steam generation

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 4 A programme to promote the positive impacts should be included in the continual improvement plan.

Summary The continual improvement plan sighted for year 2020. Prepared by Mr Ainol Asri (Mill Assistant Manager) and approved by Mr Mohd Fariez Mohd Radhi (Acting Mill Manager). The CIP consist:

Environment

- i. Implementation of using LED bulb
- ii. Replacement of boiler superheated tubes
- iii. Noise pollution reduction
- iv. GHG Reduction
- v. Waste reduction

Social

- i. Hiring contract workers to upkeep the cleanliness of workers linesite
- ii. Road maintenance

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 5 An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives and management plans and are working towards achieving the objectives.

Summary Sighted the training programme on environmental for 2020 as follow;

- i. Supply chain training – critical control point operators (security guard)
- ii. Supply chain training – critical control point operators (weighbridge)
- iii. Supply chain training – critical control point operators (production unit)
- iv. Supply chain training – critical control point operators (storage tanks)
- v. Briefing on MAPA/NUPW Agreement 2019
- vi. Briefing on water sampling
- vii. Briefing on SW management
- viii. KLK Sustainability Briefing (Policy, RTE Awareness, Domestic Waste Management, Riparian Zone Management)

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 6 Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.

Summary Sighted the latest meeting regarding environmental conducted by Mr Mohd Fariez Mohd Radhi (Acting Mill Manager). Attended by staff and workers.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 2 Efficiency of energy use and use of renewable energy

Indicator 1 Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.

Summary Sighted the monitoring usage of Diesel and Electricity consumption for the operation of the mill. The audit team observed that the consumptions are monitored on a monthly basis.

Data compiled (2 years) for comparison and monitored to optimize the use of non-renewable energy. Records available were verified and showed satisfactory monitoring of the resources. As evidence:

Month	KWhr for Genset	Diesel used (Liter)	FFB Processed(MT)	kWhr/litre	Litre/MT
Oct '19	9122	5110	8536.54	1.79	0.60
Nov '19	8177	3890	7393.55	2.10	0.53
Dec'19	7537	3500	6336.48	2.15	0.55
Jan '20	6105	3180	6824.19	1.92	0.47
Feb '20	7820	3890	9155.18	2.01	0.42
Mar'20	9539	5060	8918.34	1.89	0.57
Apr'20	8386	4100	7930.50	2.05	0.52
May'20	9308	4700	6755.47	1.98	0.70

The baseline value set for 2.15 kWhr/litre and 0.50 litre/mt against 1.97 kWhr/litre and 0.54 litre/mt.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 2 Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.

Summary The projection consumption of diesel and electricity for mill has been documented on annual basis based on the financial year with the latest available is for FY2020/21.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 3 The use of renewable energy should be applied where possible.

Summary The mill uses by product of FFB production as renewable energy source where 100% of fibre and shell are extracted from FFB production.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 3 Waste management and disposal

Indicator 1 All waste products and sources of pollution shall be identified and documented.

Summary Sighted SOP 12.0; Waste Management & Energy Use; Issue/Rev: 3/2; Date on 1st January 2020. Mill's chemical wastes and other scheduled wastes are disposed through a DOE registered schedule waste disposal contractor as per DOE requirements.

The appointed contractor [Kualiti Alam Sdn Bhd] license as below;

- No: 003291; “..Tapak Pelupusan Selamat”,Expired 01/05/2020-30/04/2021
- No: 0032319; “..Pemindahan dan Pengangkutan Buangan Terjadual ”,Expired 01/05/2020-30/04/2021
- No: 003876; “..Penunu Buangan Terjadual ”,Expired 01/05/2020-30/04/2021

Sighted consignment note dated 21/02/2020.

- SW409, Disposed containers,bags or equipment contaminated with chemicals,pesticides,mineral oil or scheduled wastes (0.130 MT)
- SW109, Waste containing mercury or its compound (0.0025 MT)
- SW305, Spent lubricating oil, (0.0130MT)

Sighted the inventory record of schedule wastes generated from mill process well maintain by storekeeper and monitored by Mill Manager.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 2 A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:
a) Identifying and monitoring sources of waste and pollution.
b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.

Summary The mill has identified and documented the types of wastes that generated from its operation in Environmental Management Plan.

The plan has also identified source of pollution, impact, waste generated, management control, PIC and Status.

As evidence, used engine oil (SW305) from Vehicle and Machinery - Disposed by DOE approved Contractor.

The wastes identified in the plan includes spent lubricant oil, spent oil filter, spent batteries, used cotton rags, palm oil effluent, black smoke, dust, etc.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005.

Summary KLK has established SOP 6.0; Title "Safe used and Storage of Agrochemicals/Chemicals; Issue/Rev: 4/3; Date on 01st January 2020.

Handling of any used chemical produced in the mill is under controlled and carried out by qualified person which have attended certain training. Mill has specialized person in handling the chemical. The person must be trained before handling the chemicals.

Sighted the inventory of scheduled wastes generated from mill process which includes

- SW 305 – Spent Lubricating Oil
- SW 306 – Spent Hydraulic Oil
- SW 410 – Rags, plastics, papers or filters contaminated with scheduled wastes

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 4 Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.

Summary Domestic waste for linesite area is managed by Tuan Mee Estate. All domestic wastes are disposed at landfill @Field PM2002/C in the estate area. Based on Map sighted the area were far away (more than 4km) from Housing and Water course.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 4 Reduction of pollution and emission including greenhouse gas

Indicator 1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.

Summary The assessment of polluting activities has been identified and documented in the environmental impact assessment and management plan. From the EIA, it will be evaluated for the impact and any impact will be included in the management plan.

Data on the level of Greenhouse gases (GHG) emissions are monitored and compiled on yearly basis through the GHG calculation methodology accepted for RSPO and ISCC GHG calculations and certifications which are analyzed.

As evidence, sighted the GHG Calculation for Tuan Mee certification unit year 2019 using GHG Emissions Calculation Methods, RSPO PalmGHG Calculator, V.4.

Sighted summary emission for Tuan Mee complex for year 2019;

Total (Mill + Estate) :

CPO = 0.82 tCO₂e

PK = 0.82 tCO₂e

Mill = 0.10 tCO₂e/t FFB

Estate = 0.92 tCO₂e/ha

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 An action plan to reduce identified significant pollutants and emissions shall be established and implemented.

Summary Sighted Environmental Management Plan reviewed on 1st January 2020 by Mr. Ainol Asri (Mill Assistant Manager) and approved by Mr. Mohd Fariez Mohd Radhi (Acting Mill Manager) includes the following processes/ activities;

- i. Discharge of Effluent
- ii. Scheduled waste spillage
- iii. Chemical spillage

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 3 Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations

Summary The POM is treating POME in accordance to the DOE Limits for final discharge into the land application. Sighted the license (Jadual Pematuhan) from DOE: 003122; AS(B) 31/152/000/093; Dated 01/07/2020 to 30/06/2021.

DOE Limits for final discharge/Land application analyzed by Technology & Quality Control Centre, KLK Bhd Kota Damansara on 20/01/2020.

Parameter	Results	DOE Limits
pH	8.6 @ 26.0°C	5-9
COD (mg/l)	393	N/A
BOD (mg/l)	76	100 max
Total Nitrogen (mg/l)	34	200 max
Ammoniacal Nitrogen (mg/l)	12	150 max
Total Solid (mg/l)	-	N/A
Suspended Solid (mg/l)	103	400 max

Oil & Grease (mg/l)	24	50 max
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In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 5 Natural water resources

- Indicator 1** The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water).
The water management plan may include:
- Assessment of water usage and sources.
 - Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.
 - Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc).

Summary

Sighted Surface & Groundwater management SOP No. 5 Rev 2/11 dated 01/01/2020 was established for the mill to source from the following;

- River water and wetlands
- Water from hill/tube well/well/spring
- Raw/Treated Water – at water treatment plant
- Domestic wastewater
- Palm oil mill effluent

Source of water for mill processes and linesites are from 4 tubewells and water catchment pond pumped to clarifier and overhead storage tank. Sighted the license from "Lembaga Urus Air Selangor".

- Water catchment pond :License No: SWAL: (P5) 000589,Date: 01/07/20 - 30/06/2020. The mill has submitted application for license renewal on 25 June 2020.
- Tubewells;
 - TW1 , licence No: GWAL:(PL6) 000369, date 01/09/2019 – 31/08/2020
 - TW2 , licence No: GWAL:(PL6) 000370, date 01/09/2019 – 31/08/2020
 - TW3 , licence No: GWAL:(PL5) 000626, date 01/09/2019 – 31/08/2020
 - TW4 , licence No: GWAL:(PL5) 000626, date 01/09/2019 – 31/08/2020

Sighted treated water quality analysed by Organo (Asia) Sdn Bhd, Shah Alam on 22/01/2020.

Parameter	Results	MOH standard
pH	6.6	6.5 – 9.0
Turbidity (NTU)	0.46	< 5
Alum (as Al) mg/l	ND (<0.01)	< 0.20
Free Chlorine mg/l	0.30	> 0.20
E-Coli MPN/100ml	ND (<1.1)	ND/ 100ml

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**



Indicator 2 Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.

Summary Currently, the mills discharge effluent to main stream however the mills have a plan to install belt press for future improvement.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

2.6 Principle 6 : Best practices

Criterion 1 Mill management

Indicator 1 Standard operating procedures shall be appropriately documented and consistently implemented and monitored.

Summary Mill capacity 22 MT/Hr – Sterilization is by horizontal sterilizer.

The mill has implemented Good Milling Practice (GMP) as seen from visit to the mill and seen from the document and also interviewing the workers.

Palm Oil Mill has 4 types of Manuals-

- 1) Sustainability Standard Operating Procedure
- 2) Mill Standard Operation Procedure (SOP)
- 3) Group Policy Occupational Safety & Health - Guidelines
- 4) Group Policy Occupational Safety & Health – Manual

The document was well maintained and implemented.

- 1) Sustainability Standard Operating Procedure (20) includes:
 - i. SOP 1 – Stakeholders Engagement
 - ii. SOP 2 – Legal Compliance
 - iii. SOP 3 – Land Acquisition (OP Planting)
 - iv. SOP 4 – Soil Erosion & Fertility and Road Maintenance
 - v. SOP 5 – Surface Water & Groundwater Management
- 2) Mill Standard Operating Procedure includes:
 - i. Weighbridge
 - ii. Boiler
 - iii. Capstan
 - iv. Crude Oil Tank
 - v. Deoiling Tank
 - vi. Digester & Pressing
 - vii. Kernel Plant
- 3) Group Policy Occupational Safety & Health – Guidelines includes:
 - i. Safe Operating Procedure (SOP)
 - ii. Safety Guidelines

- iii. Safety Checklist
- iv. Training Material
- v. Safety Signages

4) Group Policy Occupational Safety & Health – Manual includes:

- i. GP/OSH 01 – Policy
- ii. GP/OSH 02 – OSH Management System (1-5)
- iii. GP/OSH 03 – SOP 1
- iv. GP/OSH 04 – Emergency Plan 1-2
- v. GP/OSH 05 – Health & Safety

Sighted the monitoring checklist done by KLK Tuan Mee POM. Among the documents verified during the audit such as:

- Press Station Check Sheet
- Kernel Plant Checklist
- Oil Room Checklist
- Shovel Checklist
- Water Treatment Plant

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Indicator 2 All palm oil mills shall implement best practices.

Summary Internal audit is being conducted on annual basis to check all mill implementation to MSPO and best practices. Latest internal audit was conducted on 12th to 13th February 2020. Audit report sighted prepared by En. Faruq Azman.

On top of that, the mill is also being visited by Mill Advisor on annual basis to check on mill best practices and mill performance such as FFB processed, CPO production, Kernel Production, Mill throughput, etc throughout the year. Latest report sighted dated 21.11.2019.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

Criterion 2 Economic and financial viability plan

Indicator 1 A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.

Summary Tuan Mee POM has an annual budget for the financial year 2019/2020. The palm oil mill budget includes the projected FFB to be processed, CPO and PK production for the period of three years from 2019/2020 until 2022/2022. It is also incorporated items such as general charges, mill maintenance, process shift labour, general services, processing cost, fixed assets, etc. Sighted documented Business and Management Plan prepared by Mr. Mohaaneesh (Mill Assistant Manager) and approved by Mohamad Fariez bin Mohamad Radhi (Mill Acting Manager). The 3 years business plan sighted as below:

No	Items	Units	2019/20	2020/21	2021/22
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1	FFB	MT	99221	93793	97617
2	OER	%	21	21	21
3	CPO	MT	20836.41	19696.53	20499.57
4	CPO Price	RM/MT	2100	2100	2100
5	Cost / Tonne	RM/MT	220.57	220.57	220.57
6	Net Profit	RM	39160574.05	37018249.38	38527506.85

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 3 Transparent and fair price dealing,

Indicator 1 Pricing mechanisms for the products and other services shall be documented and effectively implemented.

Summary KLK has developed SOP for FFB Pricing Mechanism, SOP No. 17 Issue/Rev 3/2 dated 01.01.2020. The PIC (Mill Manager) is to determine the daily OER and KER based on the quantity of FFB processed and the amount oil and kernel extracted. The FFB price is calculated based on CPO and PK price for the month set by KLK Marketing Department.

Sighted agreement of purchasing third party FFB:
Date: 01st April 2020
FFB Supplier: Landta Rasmi Sdn Bhd
Pricing Basis: Monthly MPOB Peninsular Average for both CPO and PK
Payment record sighted made to Landta Rasmi Sdn Bhd on 15.05.2010 for supplying of 140.64 MT FFB to the mill.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Indicator 2 All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.

Summary All contracts are kept in mill office. Sighted the contract Agreement signed by contractor and Tuan Mee POM. As evidence, sampled:

Date: 26th June 2020
Contractor: Heng Huat Logistics Sdn Bhd
Work: To provide transport for mill's products
Payment will be made within 60 days after the mill received the invoice from contractors.

Tax invoice dated 29.02.2020 (Invoice No: 000061) has been issued by the contractor (Heng Huat Logistics Sdn Bhd) totaling of RM 16,240.54 for transporting of CPO. Payment was made by the mill management as per payment voucher (LV03979) via cheque No. 3937865.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 4	Contractor
Indicator 1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.
Summary	<p>All the contractors aware that estate is certified under MSPO. Therefore, the contractor has been instructed by estate management to follow the MSPO standard requirement. As evidence, sighted "Supplier Code of Conduct" signed by contractor Heng Huat Logistics Sdn Bhd on 24.06.2020. The document includes:</p> <ol style="list-style-type: none"> 1. Regulations and compliance 2. Environmental 3. Social – Workplace and communities 4. Governance <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 2	The management shall provide evidence of agreed contracts with the contractor.
Summary	<p>All contracts are kept in mill office. Sighted the contract Agreement signed by contractor and Tuan Mee POM. As evidence, sampled:</p> <p>Date: 26th June 2020 Contractor: Heng Huat Logistics Sdn Bhd Work: To provide transport for mill's products Payment will be paid 60 days after the mill received the invoice from contractors.</p> <p>Tax invoice dated 29.02.2020 (Invoice No: 000061) has been issued by the contractor (Heng Huat Logistics Sdn Bhd) totalling of RM 16,240.54 for transporting of CPO. Payment was made by the mill management as per payment voucher (LV03979) via cheque No. 3937865.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.
Summary	<p>Estate was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 30th June 2020. Sighted audit plan dated 19th June 2020 (2nd Revised) which have been accepted address to Miss Lee Kuan Yee, the KLK Sustainability Sr. Manager. All the auditors are qualified MSPO auditor. As per agreed, the KLK Berhad accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>

2.7 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) The mill management has demonstrated fully commitment during the entire audit process.
- 2) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 3) Good relationship being maintained with surrounding smallholders and villages.
- 4) Good positive feedback received from internal and external stakeholders.
- 5) Interview with sampled workers revealed, the mill management impose strict control measure on safety compliances.
- 6) The storage facilities for schedule waste, chemical and POL well-constructed, proper signage clearly displayed, and emergency preparedness well implemented.
- 7) Signages throughout office, chemical area and in the field sites, effectively maintained and appropriate to the needs of the process.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
28 th June 2020	TBA	➤ Travelling to Sg. Buloh, Selangor	MFB	IBI/JS
29 th June 2020	08:00 – 09:00	➤ Centralize Opening Meeting at Tuan Mee Estate: <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation – where applicable). 	MFB	IBI/JS
	09:00 – 13:00	Tuan Mee Estate <ul style="list-style-type: none"> ➤ Document Audit: ➤ Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MFB	IBI/JS
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MFB	IBI/JS
	13:00 – 14:00	➤ Lunch	MFB	IBI/JS
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MFB	IBI/JS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	MFB	IBI/JS

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
30 th June 2020	08:00 – 13:00	Tuan Mee Palm Oil Mill <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MFB	IBI/JS
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Mill Inspection: <ul style="list-style-type: none"> Workshop, Laboratory, Environment, OHS, Chemical Stores, Workers Welfare and Interview, Clinic, Landfill, Mill Housing, Biogas System, WWTP, Schedule Waste, POME. 	MFB	IBI/JS
	13:00 – 14:00	➤ Lunch	MFB	IBI/JS
	14:00 – 15:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MFB	IBI/JS
	15:00 – 16:00	➤ Verify any outstanding issues and auditor discussion.	MFB	IBI/JS
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Centralize Closing Meeting at Tuan Mee POM: <ul style="list-style-type: none"> Chaired by the audit Lead Auditor Welcome and introduction by the Lead Auditor Presentation of findings by the audit team Questions & answers and Final summary by Lead Auditor ➤ End of assessment 	MFB	IBI/JS

Appendix B : Non-Conformity details

Non-Conformities Identified During This Audit

Major Nonconformities:	Non-were raised during this audit.
Minor Nonconformities:	Non-were raised during this audit.
Area of Concern:	Non-were raised during this audit.

Non-Conformities Identified During Previous Audit [ASA2]

Major Nonconformities:	Non-were raised during this audit.
Minor Nonconformities:	Non-were raised during this audit.
Area of Concern:	Non-were raised during this audit.

Appendix C: List of Stakeholders Contacted

Attendance List

Internal Stakeholders

- 1) KLK Tuan Mee POM management team and staff
- 2) Gender Committee Representatives
- 3) Male and Female workers
- 4) Workers Representatives
- 5) Foreign Workers Representatives

External Stakeholders

- 1) Contractors
- 2) Suppliers