

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

CERTIFICATION AUDIT REPORT

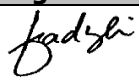
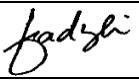
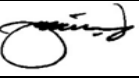
Part 3: General Principles for Oil Palm Plantations and Organized Smallholders


Kuala Lumpur Kepong Berhad
Kekayaan Complex [Estates]

-Group Certification-

ANNUAL SURVEILLANCE AUDIT 03

10th August 2020 – 11th August 2020 & 13th August 2020 – 14th August 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	15/09/2020	Issued as Draft Report	Mohd Fadzli Bin Bistamam	Lead Auditor	
B	28/09/2020	Issued as Final Report	Mohd Fadzli Bin Bistamam	Lead Auditor	
B	05/10/2020	Final Report Approved	Muhammad Syafiq bin Abd Razak	Certifier	

Acknowledgment by Kuala Kepong Kepong Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	05/10/2020	Acceptance of the contents	Ms. Lee Kuan Yee	Senior Manager (Sustainability)	

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



Confidentiality clause: This audit report is confidential and limited in distribution to Global Gateway Certifications Sdn. Bhd. and to the organisation audited. It remains the exclusive property of the certification body, therefore it is forbidden to reproduce either partially or in totality without the formal authorization of the certification body.

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	5
1.5 Production Area, Actual and Projected FFB Production (MT)	16
1.6 Certificate Details.....	17
1.7 Qualification of the Lead Assessor and Assessment Team.....	18
1.8 Audit Methodology	18
1.9 Audit Plan Information	19
1.10 Audit Result Summary Findings	19
1.11 Stakeholder Consultation.....	20
1.12 Recommendation	22
1.13 Date of Next Surveillance Audit.....	22
1.14 Confidentiality	22
1.15 Abbreviations Used	22
SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA.....	24
2.1 Principle 1 : Management commitment and responsibility	24
2.2 Principle 2 : Transparency	28
2.3 Principle 3 : Compliance to legal requirements.....	32
2.4 Principle 4 : Social responsibility, health, safety and employment condition	36
2.5 Principle 5 : Environment, natural resources, biodiversity, and ecosystem services	48
2.6 Principle 6 : Best practices.....	57
2.7 Principle 7 : Development of new planting.....	63
2.8 Details of Audit Findings.....	68

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. [hereafter known as GGC] has conducted the Certification Assessment of Kuala Lumpur Kepong Berhad, Kekayaan Complex [Mill & Estates]. During this Annual Surveillance Audit (ASA 3), the audit team has been briefed by sustainability member, of the supply base disposition. The source of FFB supplies to KLK Kekayaan POM are only from their own estates [Kekayaan Estate, Landak Estate, Paloh Estate, Fraser Estate, New Pogoh Estate, Ban Heng Estate, Sg Bekok Estate, See Sun Estate, Sg Penggeli Estate, and Voules Estate].

This assessment was conducted onsite on 10th August 2020 – 11th August 2020 & 13th August 2020 – 14th August 2020 to assess the compliance of the certification unit against the "MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholder". The scope of certification is "Management of Sustainable Oil Palm Plantations from Cultivation, Planting and Production of Fresh Fruit Bunches".

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 +6052408000

E-Mail kuanjee.lee@klk.com.my

1.3 Certification Unit**Name of the Certification Unit**

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Landak Estate	Mukim Paloh, 86600, Kluang, Johor.	103.28815	2.27125
2.	Kekayaan Estate	Mukim Paloh/ Niyor, 86600, Kluang, Johor.	103.28167	2.18361
3.	Paloh Estate	Mukim Paloh, 86600, Kluang, Johor.	103.19853	2.20118
4.	Voules Estate	Mukim Labis, 85300, Segamat, Johor.	102.95446	2.45884

5.	Fraser Estate	Mukim Senai/ Kulai, 81900, Johor Bahru, Johor.	103.60060	1.70966
6.	Ban Heng Estate	Mukim Lenga, Pagoh, 84000, Muar, Johor.	102.81813	2.22024
7.	New Pogoh Estate	Mukim Pogoh, 85000, Segamat, Johor.	102.90234	2.44285
8.	Sg. Bekok Estate	Mukim Bekok, 86500, Segamat, Johor.	103.12444	2.31972
9.	See Sun Estate	Mukim Rengam, 86200, Kluang, Johor.	103.39578	1.90244
10.	Sg. Penggeli Estate	Mukim Ulu Sungai Johor, 86300, Kota Tinggi, Johor	103.61014	1.87550

MPOB License Information

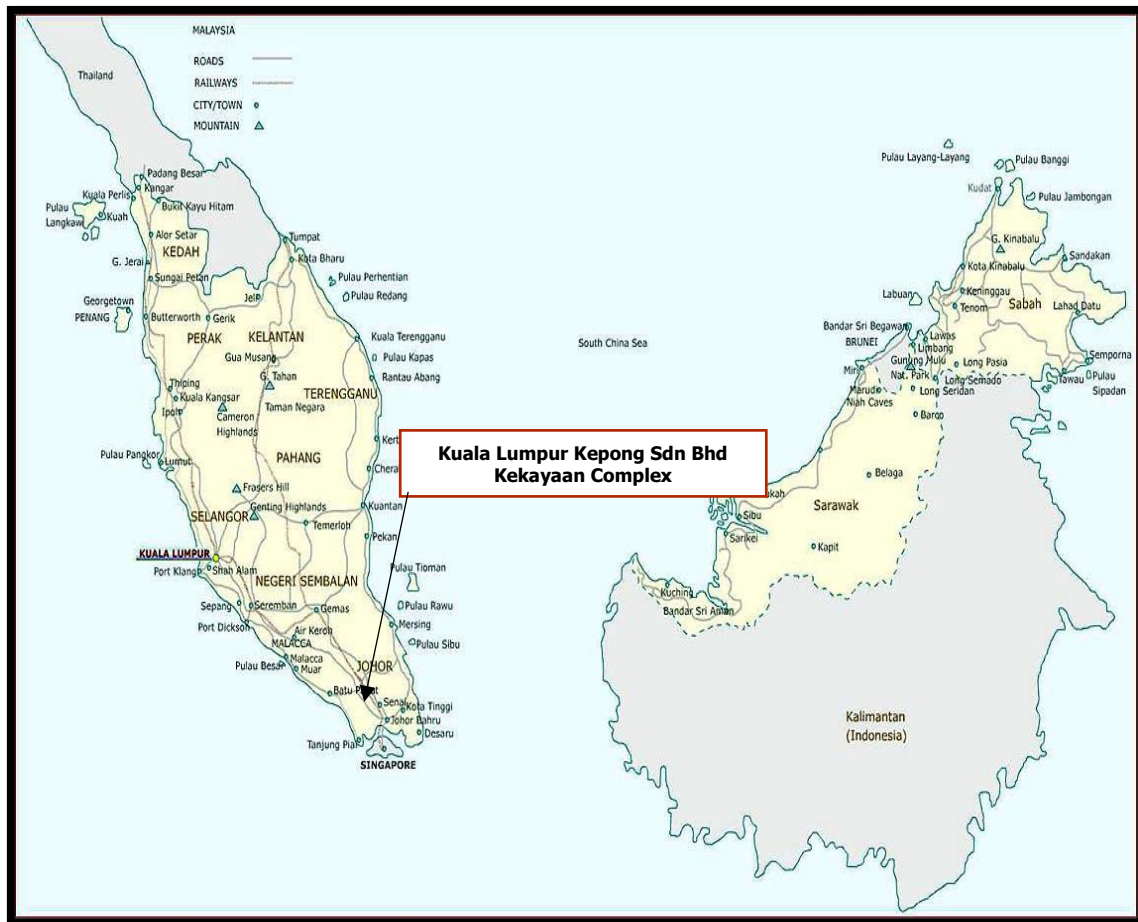
No	Name of the Site	Licence number	Expiry date	Scope activity
1.	Landak Estate	502139402000	31/08/2020	Menjual dan mengalih (FFB)
2.	Kekayaan Estate	502138602000	31/08/2020	Menjual dan mengalih (FFB)
3.	Paloh Estate	502141602000	31/08/2020	Menjual dan mengalih (FFB)
4.	Voules Estate	502137802000	31/08/2020	Menjual dan mengalih (FFB)
5.	Fraser Estate	502142402000	31/08/2020	Menjual dan mengalih (FFB)
6.	Ban Heng Estate	501404502000	31/03/2021	Menjual dan mengalih (FFB)
7.	New Pogoh Estate	502143202000	31/08/2020	Menjual dan mengalih (FFB)
8.	Sg. Bekok Estate	519277002000	31/03/2021	Menjual dan mengalih (FFB)
9.	See Sun Estate	501709502000	30/04/2021	Menjual dan mengalih (FFB)
10.	Sg. Penggeli Estate	502193902000	31/08/2020	Menjual dan mengalih (FFB)

Others Sustainability Certification

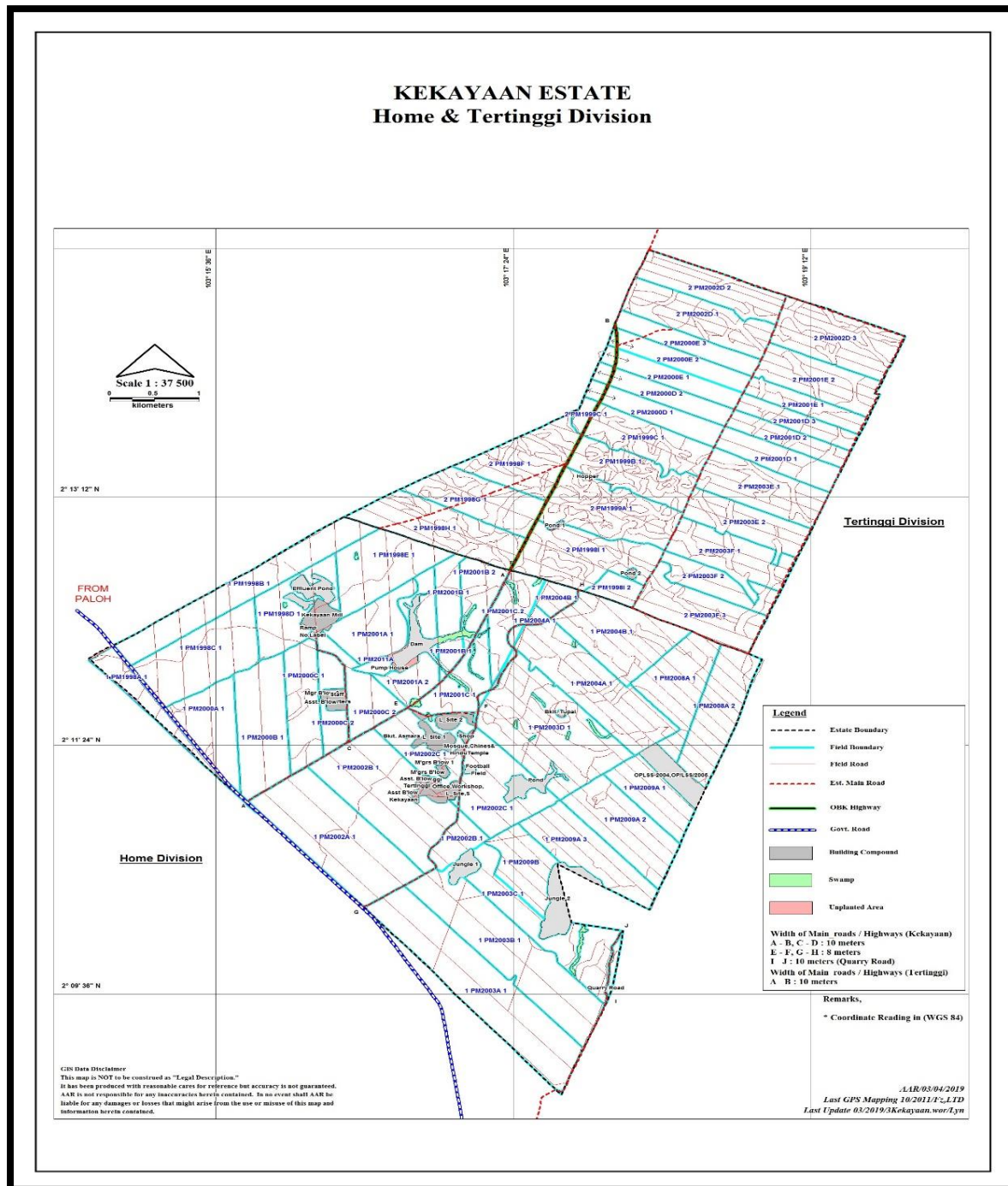
No	Name of the Site	Others Sustainability Certification
1.	Landak Estate	<ul style="list-style-type: none"> Roundtable on Sustainable Palm Oil (RSPO) International Sustainability and Carbon Certification (ISCC)
2.	Kekayaan Estate	
3.	Paloh Estate	
4.	Voules Estate	
5.	Fraser Estate	
6.	Ban Heng Estate	
7.	New Pogoh Estate	
8.	Sg. Bekok Estate	
9.	See Sun Estate	
10.	Sg. Penggeli Estate	

1.4 Map Showing Geographical Location

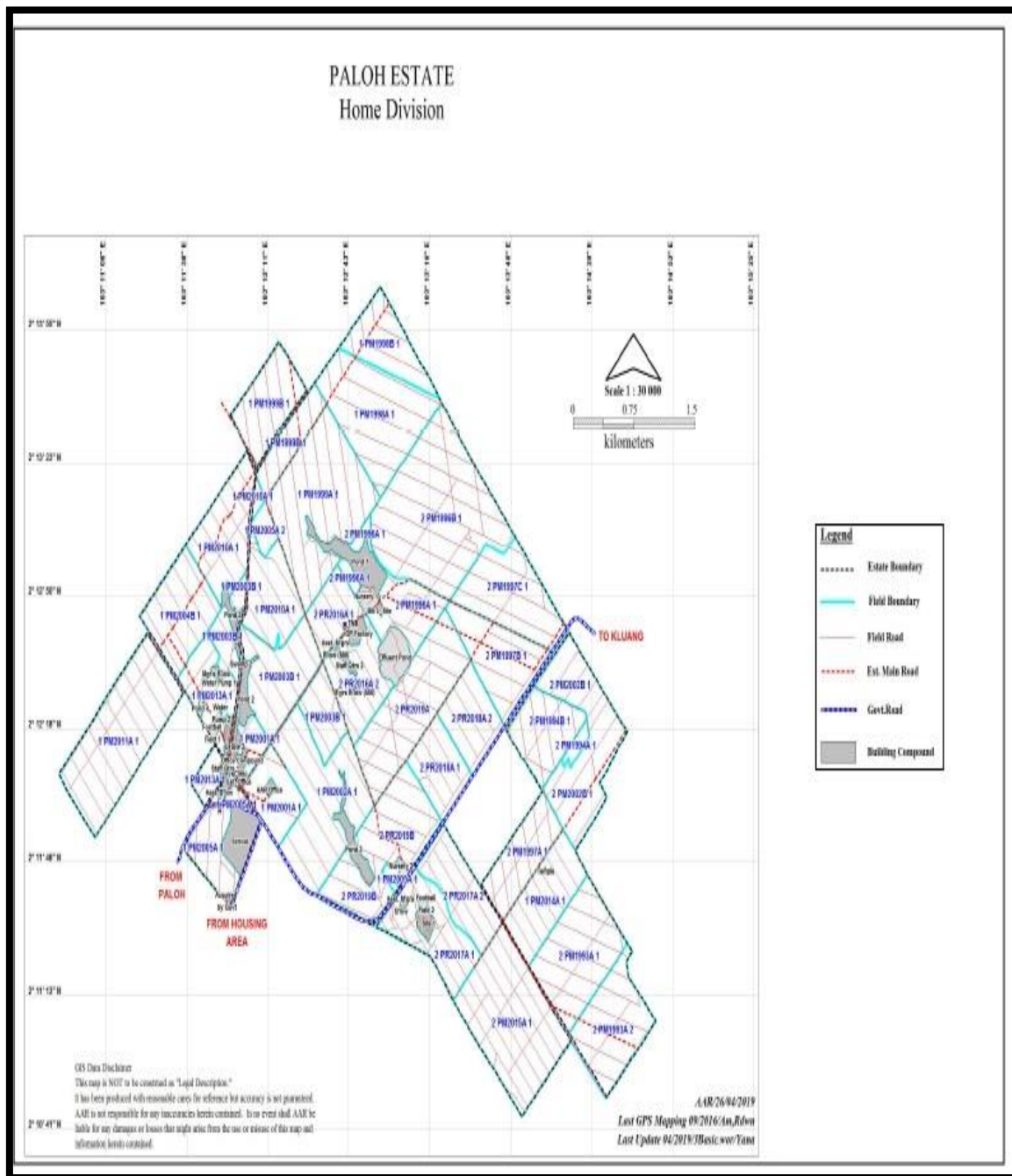
a) KLK Kekayaan Complex (Mill & Estates)



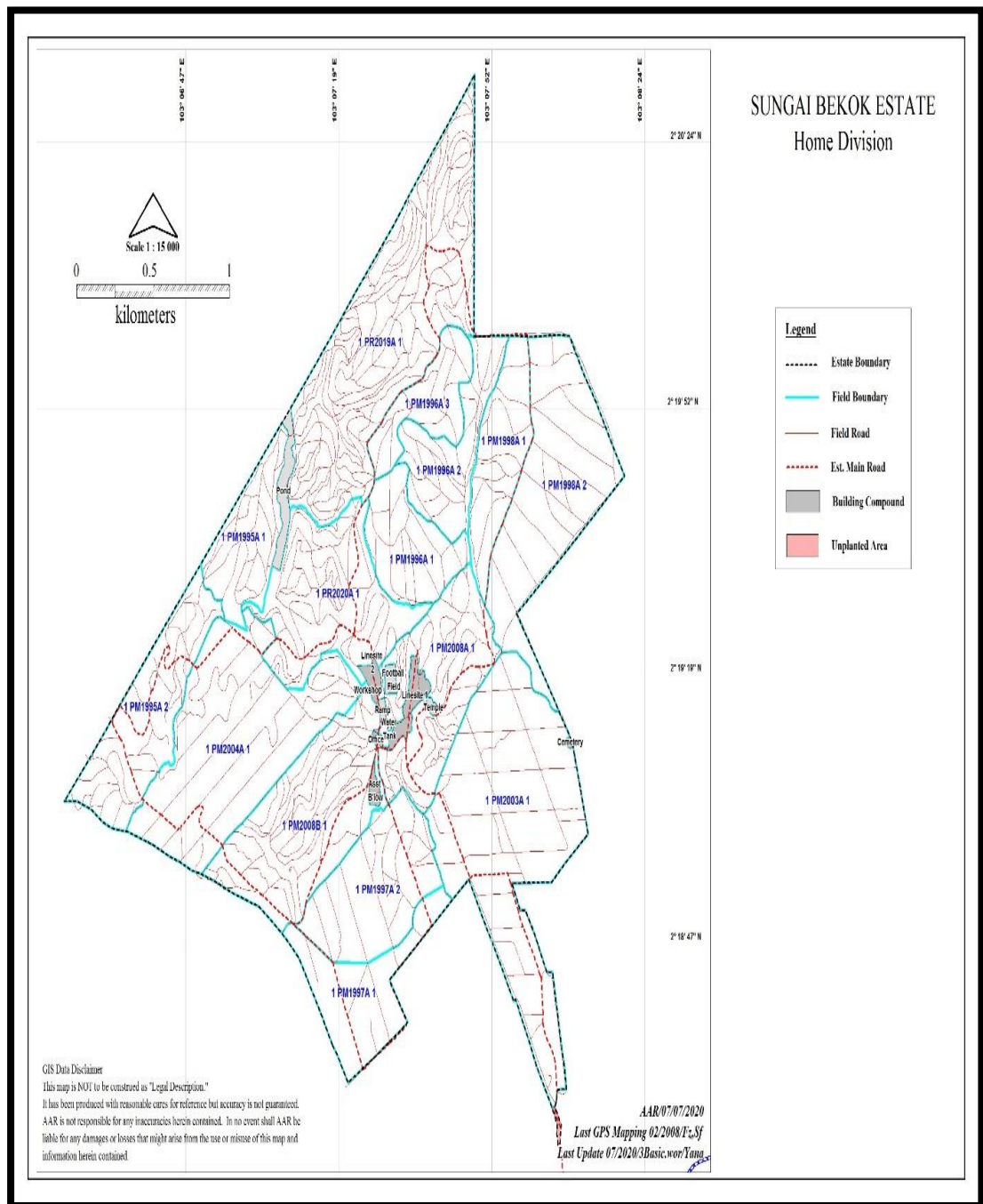
b) Kekayaan Estate



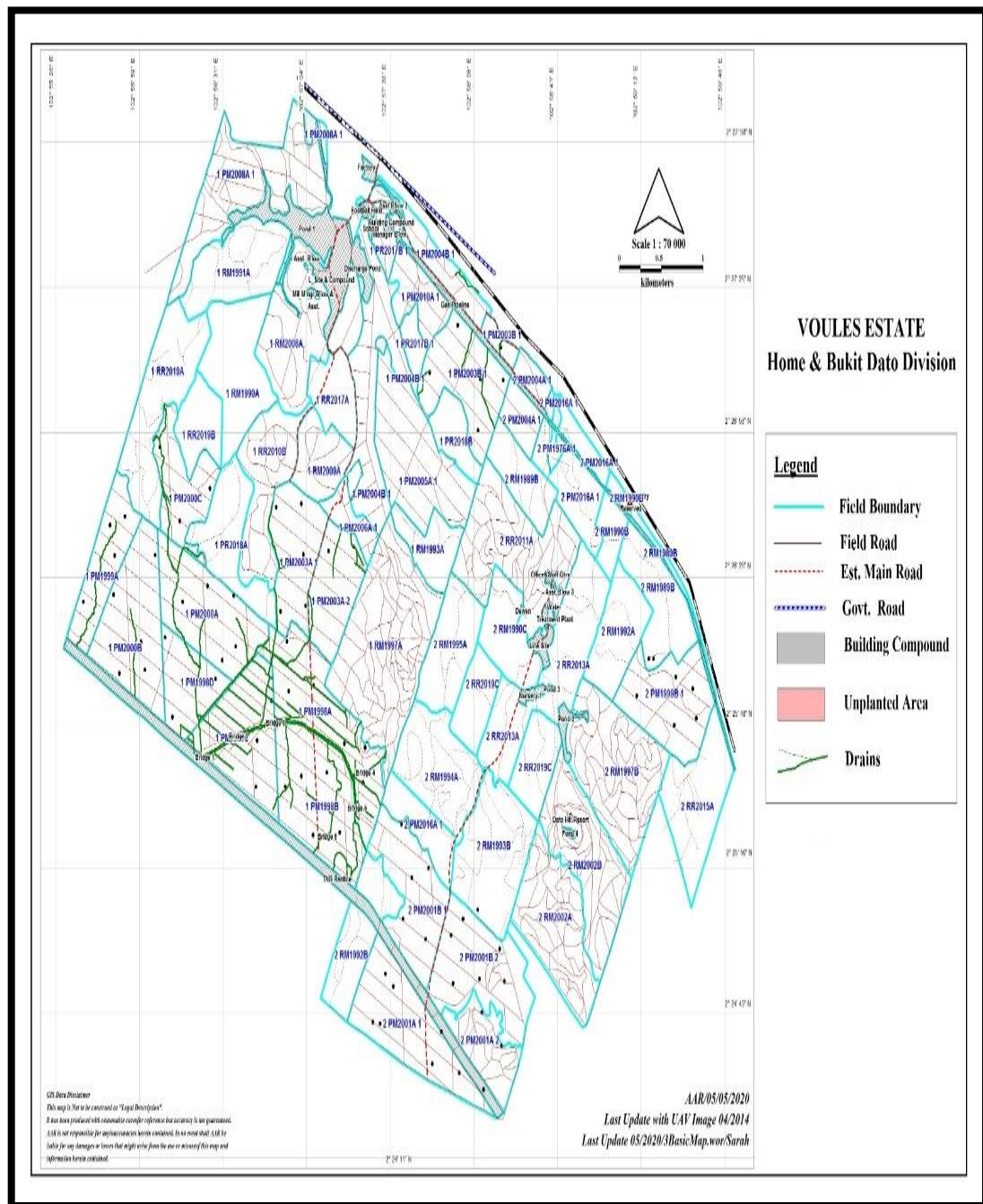
f) Paloh Estate (Parit Division)



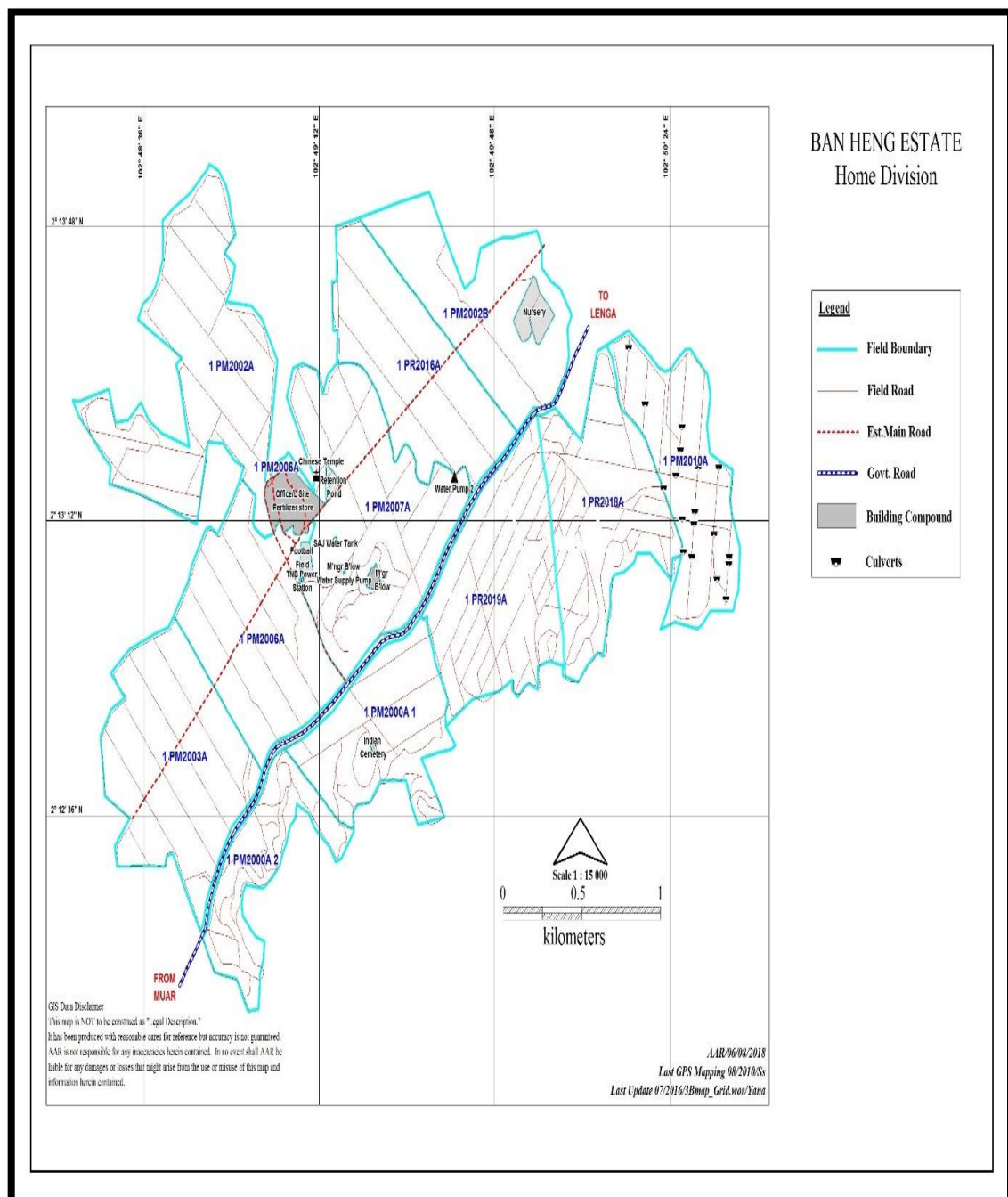
h) Sungai Bekok Estate



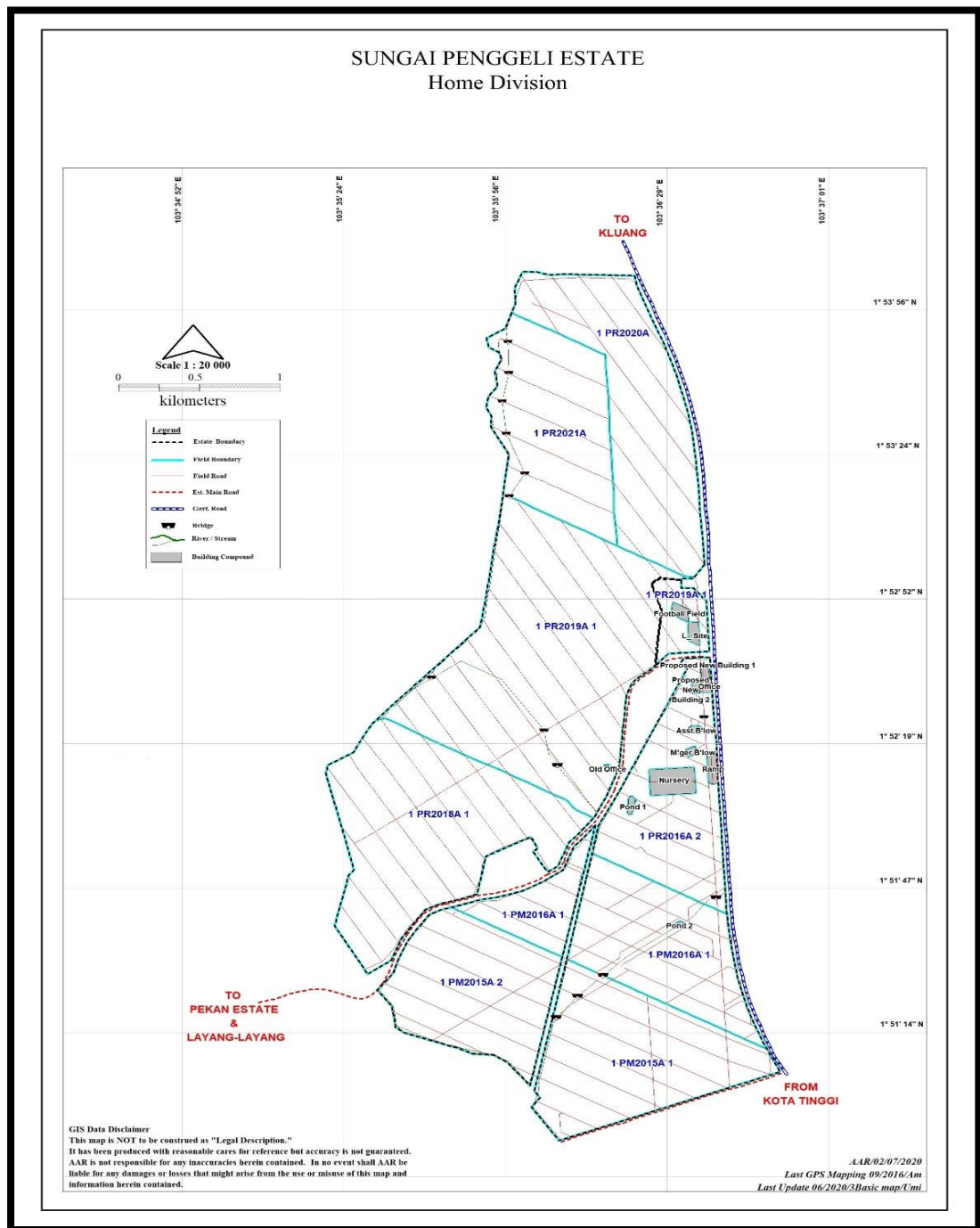
i) Voules Estate



j) Ban Heng Estate



k) Sungai Penggeli Estate



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

Name of the Certification Unit	Area Summary (HA)		
	Certified Area (per Land Title)	Planted	Mature
Landak Estate	4,451	4,316	4,316
Kekayaan Estate	4,436	4,276	4,276
Paloh Estate	2,029	1,874*	1,447
Voules Estate	2,969	1,403*	1,318
Fraser Estate	2,928	2,798	2,222
Ban Heng Estate	631	621	432
New Pogoh Estate	1,545	1,285	980
Sg. Bekok Estate	625	619*	491
See Sun Estate	589	577	459
Sg. Penggeli Estate	942	920	451
Total	21,145	18,689	16,392

*Remark:

Voules estate – Total titled hectarge is 2969ha. However, there are 15ha TOL land (license renew annually) managed by estate management. The 15ha is included in the 1403ha planted area.

In 2019, the estate has resurveyed its OP replanting hectare (17A) resulted in additional 4 ha for this field.

Paloh estate – Total titled hectarage is 2029ha. However, there are 10ha TOL land (license renew annually) managed by estate management. The 10ha is included in the 1874ha planted area.

Sg. Bekok estate – Total titled hectarage is 625ha. However, there are 4ha TOL land (license renew annually) managed by estate management. The 4ha is included in the 619ha planted area.

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Landak Estate	5	-	130
Kekayaan Estate	5	-	155
Paloh Estate	28	-	127
Voules Estate	24	-	1,542
Fraser Estate	21	-	109
Ban Heng Estate	1	-	9
New Pogoh Estate	2	-	258
Sg. Bekok Estate	3	-	3
See Sun Estate	2	-	10
Sg. Penggeli Estate	1	-	21
Total	92	0	2,364

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit [Jul 2019-Jun 2020]	Actual Production for 12 Months [Jul 2019-Jun 2020]	Projected Production for next 12 Months [Jul 2020-Jun 2021]
Landak Estate	118,522	88,257.01	114,712
Kekayaan Estate	121,846	102,753.23	121,093
Paloh Estate	37,945	30,721.24	37,900
Voules Estate	35,519	49,990.67	32,556



Fraser Estate	53,410	55,340.54	56,078
Ban Heng Estate	11,284	10,001.62	10,491
New Pogoh Estate	24,770	20,864.41	25,213
Sg. Bekok Estate	12,957	11,421.47	11,794
See Sun Estate	9,867	8,090.09	9,034
Sg. Penggeli Estate	8,662	9,688.42	9,407
Total	434,782	387,128.70	428,278

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 3: General Principles for Oil Palm Plantations and Organized Smallholders

Certificate number

GGC-KLK002-MSPO-02-2017

Initial certificate issued date

15th September 2017

Certificate expiry date

14th September 2022

Stage 1 assessment date

Not Applicable as client certified for RSPO, ISCC and SCCS

Stage 2 / Main Assessment

09th May 2017 to 13th May 2017
[by Control Union Certification (M) Sdn Bhd]

Annual Surveillance 1 [ASA 1]

06th August 2018 – 10th August 2018

Annual Surveillance 2 [ASA 2]

22nd July 2019 – 25th July 2019

Annual Surveillance 3 [ASA 3]

10th August 2020 – 11th August 2020 & 13th August 2020 – 14th August 2020

Annual Surveillance 4 [ASA 4]

August 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.

During this assessment, he assessed on the aspect of Transparency, Compliance to Legal Requirements, Stakeholder's Consultation and Workers Welfare, Best Practices and etc. He is able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Tuan Amirudin bin Tuan Sulaiman

Graduated from UiTM in Planting Industry Management. Have working experience several industries mostly on Plantation and consultancy services in sustainability such as MSPO and RSPO for more than two years. Attended and passed MSPO Auditor Training Course and MSPO Supply Chain Certification Auditor Training. HRDF Trainer Certified. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of compliance to Management Commitment and Responsibility, Social responsibility, health, safety and employment condition. He is 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.

During this assessment, he assessed on the aspect of Compliance to Legal Requirements, Environment, Natural Resources, Biodiversity and Ecosystem Services and Best Practices. Able to speak and understand Bahasa Malaysia and English.

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. Therefore, total numbers of supply based assessed in the audit are 4 estates out of 10 estates.

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.

The Prime Minister, Tan Sri Muhyiddin Yassin did announce that the Conditional Movement Control Order (CMCO) ended 9th June 2020 and replaced with the Recovery Movement Control Order (RMCO). The RMCO would take effect from 10th June 2020 until 31st August 2020 with more lenient restrictions.

With reference to the Federal Government Gazette (9th June 2020), Prevention and Control of Infectious Diseases (Measures Within Infected Local Areas) (No. 7) Regulations 2020, Certification for Agri Commodities was not included in prohibited activities.

Majlis Keselamatan Negara (MKN) had issued a Standard Operating Procedure for "Persijilan bagi Agrokomoditi" dated 12th June 2020 which need to be complied during the audit process by both parties, the Certification Body and clients.

1.9 Audit Plan Information

Audit Date	10 th August 2020 – 11 th August 2020 & 13 th August 2020 – 14 th August 2020
Name of site(s) visited	<ul style="list-style-type: none"> • Voules Estate • Sg. Bekok Estate • Sg. Penggeli Estate • Fraser Estate
Total number of man-days spent	12 man-days

1.10 Audit Result Summary Findings

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	6	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 estate 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 estate 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.	Stakeholders A (Harvesters)	<ul style="list-style-type: none"> Good understanding of MSPO They are very happy with management and hoping to continue their contract for a long time Salary paid on time. Company provide training Free water and electricity PPE provided by the company for free Good understanding of complaint and grievance mechanism Have awareness on Zero Burning Practice Good understanding of Covid-19 SOP 	No action requires	Positive findings
2.	Stakeholders B (Sprayers)	<ul style="list-style-type: none"> Good understanding of MSPO They are very happy with management and hoping to 	No action requires	Positive findings

		continue their contract for a long time <ul style="list-style-type: none"> • Salary paid on time. • Company provide training • Free water and electricity • PPE provided by the company for free • Good understanding of complaint and grievance mechanism • Have awareness on Zero Burning Practice • Good understanding of Covid-19 SOP 		
3.	Stakeholders C (Contractors)	<ul style="list-style-type: none"> • They have good understanding about MSPO. • They informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work. • They were aware that any complaints or suggestions could be forwarded to the mill/estate management. • The company has good relation with supplier and there is no issue with company's performance. 	No action requires	Positive findings
4.	Stakeholders D (Suppliers)	<ul style="list-style-type: none"> • Informed that the payment was made promptly. • The contract agreement with the management is fair and transparent. • The company has good relation with supplier and there is no issue with company's performance • He has good understanding about complaint and grievance mechanism. 	No action requires	Positive findings
5.	Stakeholders E (Estate - Gender Committee Representatives)	<ul style="list-style-type: none"> • There was no discrimination, sexual harassment or violence case reported thus far. • The Management is quite supportive on the Committee activities. 	No action requires	Positive findings

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 Kekayaan Complex [Estates]. All Estates' General Managers, Senior Managers, Estate Manager and Assistant Managers are in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual. Both sites also assist by Kuala Lumpur 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 3).

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 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders), there was no non-conformity raised to the facility that being audited.

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted with no major non-conformity findings. Therefore, the Lead Auditor recommends to continuing a certificate of compliance "MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders" to KLK Kekayaan Complex [Estates].

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
MPOCC	Malaysian Palm Oil Certification Council
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 Procedure
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** A 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; 01st October 2017

Communication and consultation process are also communicated through training programs and the records with attendance lists was sighted. Sighted training record on "KLK Sustainability Briefing (Policy, RTE Awareness, Domestic Waste Management, Riparian Zone Management)" done for all of the estates. Details as per below:

Estate	Date	Attendance
Voules	14/03/2020	122 workers
Sg Bekok	08/01/2020	55 workers
Sg Penggeli	06/01/2020, 19/02/2020, 28/05/2020	121 workers
Fraser	10/03/2020	272 workers

As per audit and interviewed with estate 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 commitment to continual improvement.

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. The estate has developed Continuous Improvement Plan for 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 all Estates. Sighted Internal Audit Plan as below:

Voules Estate	11 th -12 th May 2020
Sg Bekok Estate	17 th – 18 th June 2020
Sg Penggeli Estate	19 th – 20 th May 2020
Fraser Estate	17 th – 18 th May 2020

Internal Audit at Voules Estate was led by Mr. Poey Shao Jiann and assist by Miss Verna See Pik Kim and Mr. Daniel Chan Hon Foong on 11th – 12th May 2020 as evident in Sustainability Internal Audit Report.

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.

In Voules Estate, sighted 9 findings on Standard Operating Procedures, 0 on Interview Session and 9 on Site Visit. The response and action taken by Estate Manager for all the findings by the KLK Sustainability Department is available during the audit. In Sg. Bekok Estate, there were 5 findings on Standard Operating Procedures, 1 on Interview Session and 4 on Site Visit. The management has also responded and took action in response to this audit report.

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

Indicator 3 Report 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 the estate 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 Voules Estate was conducted on 12th December 2019, The Manager chaired the meeting and attended by 9 personnel.

Other than internal audit matter, 17 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, High Conservation Value and Optimization in Yield, Customer feedback, Process Performance and product conformity, Changes that could affect Management System and Recommendations for Improvement.

Latest management review done in Fraser estate was on 05/11/2019 attended by 6 people. Sighted Sustainability Management Review 2019/20 – Complex Basis date 28th July 2020 attended by 25 personnel

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

Criterion 4 Continual improvement

Indicator 1 The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of 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. Estate has developed Continuous Improvement Plan year 2020.
Example plan verified during the audit:

Sg. Bekok Estate

	ENVIRONMENTAL		Target
1	Chemical Reduction Usage	1. Spray pump calibration 2. Planting of beneficial plant	04/2020
2	GHG Reduction	1. Regular service of tractors 2. Briefing on energy saving (Grid Electricity)	As per serving schedule Monthly
3	FFB Yield Optimization	Desilting	02/2020
4	Waste reduction	1. Briefing on recycling programme 2. Frond stacking to reduce waste	01/2020 On going

Sg. Penggeli Estate

	ENVIRONMENTAL		Target
1	Chemical Usage Reduction	1. Spray pump calibration 2. Planting of beneficial plant	30/9/2020 1/4/2020
2	GHG Reduction	1. Regular service of tractors 2. Briefing on energy saving (Grid Electricity)	31/9/2020 6/1/2020
3	FFB Yield Optimization	Desilting	1/3//2020
4	Waste reduction	1. Briefing on 3R programme 2. Frond stacking to reduce waste	6/1/2020 On going
SOCIAL			
1	Impact on communities	Community welfare through donation to school	On going
2	Road Maintenance	Patching of road damage	On going
3	Linesite drainage	Repair Perimeter drain	On gong
4	Boundary stone marking	Continuous land survey	On going

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

Indicator 2 The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology, where applicable, that are available and feasible for adoption

Summary There is no new application of new technology implemented during the certification period. The current practices continued and guide by Estate General Manager.

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

Indicator 3 An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.

Summary The current practices continued and remain unchanged. However, estate management will implement and monitor any new technologies being implemented and training of other personnel. Currently, estate was carried out the training based on the estate current practices.

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 the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.

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 estates through stakeholder meeting which was conducted on 18.02.2020 in Voules Estate. The meeting was attended by 41 stakeholders. Among the agendas discussed to the stakeholders included:

- i. KLK Sustainability Policy
- ii. KLK Supplier Code of Conduct
- iii. Environmental Aspect & Impact
- iv. HCV or Management area
- v. Others (Requests from the stakeholders)

As per reported in the minute meeting, 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 "Stakeholder Logbook, SOP1.0 Appendix 2A" during the audit.

In Sungei Bekok Estate, Stakeholder meeting was conducted on 17.02.2020. During this meeting, company policies and other procedures related to stakeholders were explained to the participants. Attendance list sighted in the meeting minute. The meeting was attended by 27 persons. Among the attendees included:

- i. Police officer from Balai Polis Bekok
- ii. Nearby estate Boustead- Ladang Eldred
- iii. Supplier – Heng Agrosience
- iv. Bank officer – RHB Bank
- v. Supplier – BASF

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.

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 FFB pricing mechanism, Estate Capital Expenditure, HQ Accounts, HQ Administration and Cash Requisition. The publicly available documents are available upon request (Read Only) such as:

- 1.Sustainable Palm Oil Manual
- 2.Policies
- 3.SOPs (SOP 1 to SOP 20)
- 4.Social Impact Assessment
- 5.Chemical Register & CSDS
- 6.JKKP 6, 7, 8, 9 Statistics & Investigation Record
- 7.Training Program & Records
- 8.Emergency Response Procedures

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)

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

Indicator 2 A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.

Summary All estates have appointed a responsible person to handle issues related to the stakeholders. Management of Voules Estate estate has appointed Mr. Low Chee Kit (Assistant Manager) as the person in-charge for all issues related to Sustainability and stakeholders. Sighted appointment letter dated 01.06.2020 approved by the Estate Sr. Manager, Mr. K. Subramaniam). The roles and responsibilities as stated in the letter such as:

1. Responsible for all stakeholder's related matters
2. Ensure compliance with applicable laws and regulations
3. Ensure commitment to continuous improvement in key areas of activities

In Fraser Estate, the management has appointed Mr. Mohd Amizul Bin Zulkifli (Assistant Manager) as the person in-charge for all issues related to Sustainability and stakeholders. Sighted appointment letter dated 01.01.2020.

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

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

Summary List of stakeholders in all estates audited evidence during the audit. For example, the stakeholder list in Sg. Bekok Estate was updated on 01.01.2020 and verified by the Estate Manager. Latest stakeholder meeting was held on 17.02.2020 as per minute meeting sighted during the audit. During this meeting, one of the stakeholders has requested the estate to repair the road going into the estate compound. The request sighted in stakeholder logbook (SOP1.0, Appendix 2B) dated 17.02.2020. The estate management has taken prompt action and repair the road on 22.02.2020 as per reported in the same form and acknowledged by the complainant.

Other complaints are received from internal stakeholders where workers reported damaged to their houses or electrical issues. All the complains have been taken care and repairs have been made by the management.

The stakeholder list for Sg. Penggeli Estate is updated on 01.01.2020 and verified by the Estate Manager (Mr. Ravindran Kumar). Latest stakeholder meeting was held on 12.02.2020 together with Fraser Estate as per minute meeting sighted during the audit. As per reported in the minute meeting, there were 3 requests made by the stakeholders. Example requests sighted:

Stakeholder: IPD Kulai

Request: The officer requesting list of name for all Fraser Estate Workers for identification and security purpose

Action: Mr. Amizul (Fraser Estate Assistant Manager) will give the list ASAP to the police officer.

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

Criterion 3 Traceability

Indicator 1 The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).

Summary 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.

The SOP spells out all procedures in relation to the supply chain system at this operating system. Sighted all records done by estate management. Sighted all records done by estate management. From field to the mill. Estate will record all the bunch that harvest by the harvester. Estate is using barcode scanner to count all the bunch on FFB platform on roadside.

Estate will record all the bunch that harvest by the harvester. The daily FFB record sighted in "PORLA BOOK". As per reported in the book, the weight of FFB to-date in Voules Estate until 05.08.2020 is 323.93 MT. The records of delivery or transportation of FFB will be maintained and kept by the both site (estate and mill). The daily FFB record can also be generated daily as per document "Field info daily summary report".

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

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

Summary Estate has conducted the inspection on traceability system by daily. After the bunch counter/mandore check FFB at the platform. They will issue the bunch ticket. Then the supervisor/staff in charge will verify all the FFB record.

The field harvesting supervisor are responsible to on regular inspection. The effectiveness is tested and verified during internal audit conducted by KLK Sustainability Department. KLK Sustainability Department also do the internal audit-based SOP 18 – Supply Chain Procedure, (Issue/Rev: 4/3, Dated: 01.01.2020. Latest internal audit was conducted on 11th to 12th May 2020 by Miss Verna and Mr. Daniel Chan Hon Fong as per reported in "Sustainability Internal Audit Report".

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

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

Summary The Sg. Bekok Estate management has appointed:

1. Mr. Prakas A/L Pannerselvam
2. Mastura Binti Baharuddin

as the person in-charge for all issues related to Supply Chain Matters. Sighted appointment letter dated 01.01.2020 approved by the Estate Manager, Mr. Tariqy Mukhtar. In other estates audited, the persons in-charge have been appointed as per appointment letter sighted.

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

Indicator 4 Records of sales, delivery or transportation of FFB shall be maintained.

Summary FFB from the estate is directly send to KLK Kekayaan palm Oil Mill. Records are available during the audit. Sighted:

FFB Delivery Advice Internal/External
Date: 06.08.2020
S/N: 0492957
Field: 2000 A, 2006 B
Weight: 40,300 kg
MSPO Cert: GGC-KLK002-MSPO-01-2017 (15/09/2017 – 14/09/2022)

Weighbridge Ticket
Date: 07.08.2020
Sender: Voules Estate
Mill: Kilang Kelapa Sawit Kekayaan
W/B Ticket No: A506578
Material: FFB
Weight: 40,210 kg
Difference: -90 kg

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

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

Indicator 1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.

Summary

All the estates have established all applicable laws are recorded in the table name "List & Summary of Applicable Laws & Regulations" following SOP 2, Rev 2/1 Legal Compliance.

The lists were prepared on 2/01/2020 by Sustainability Team and acknowledge by the assistant managers for each estate.

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

- i. Occupational Safety and Health Act 1994 (Act 514)
- ii. Factories and Machinery Act with regulations (Act 139)
- iii. Kementerian Perdagangan Dalam Negeri
- iv. MPOB Act 1998 (Act 582)
- v. Road Transport Act 1987 (Act 333)
- vi. Employees Social Security Act 1969 (Act 4)
- vii. Industrial Relations Act 1967 (Act 177)
- viii. Trade Unions Act 1959 (Act 262)
- ix. Human Rights Commission of Malaysia Act 1999 (Act 597)
- x. Children and Young Persons (Employment) Act 1966 (Act 350)
- xi. Immigration Act 1959/63 (Act 155)
- xii. EQA Act 1974 (Act 127)
- xiii. Electricity Supply Act 1990 (Act 447)
- xiv. Weights and Measures Act 1972 (Act 71)

- xv. Industrial Relations Act and Regulations (Act 177)
- xvi. Employees Provident Fund Act 1991 (Act 452)
- xvii. Employment Act 1955 (Act 265)
- xviii. Workman Compensation Act 1952 (Act 273)
- xix. Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446)
- xx. Minimum Wages Order 2020

The estate also follows and practise the guidelines of COVID-19 Emergency Preparedness and Response provided by the KLK Corporate .

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

Indicator 2 The management shall list all laws applicable to their operations in a legal requirement register.

Summary List of all applicable laws are recorded in the table name "List & Summary of Applicable Laws & Regulations" following SOP 2, Legal Compliance.

Sighted example of legal lists is:

- Occupational Safety & Health Act 1994
- Environmental Mainstreaming Directive
- Factories and Machinery Act 1967 (Act 139)
- Pesticides Act 1974 (Act 149)
- Minimum order wages
- National land code
- International Labour Organization (ILO) Convention

Sighted lists of permits/licenses among others which has to be monitored and updated periodically in Voules Estate such as,

- MPOB license No. 502137802000 untuk Menjual dan Mengalih FFB expiry 31.08.2020
- MPOB license No. 601200011000 untuk Menghasilkan, Menjual dan Mengalih, Menyimpan SLGBIJI expiry 31.08.2020
- Pengandung Tekan Tak Berapi, Kelumpang, JH PMT 11649, expiry date 20/04/2021
- Ref. TK(NJ) U-24 ,dated 10 Jan2018 Potongan Upah Di Bawah Seksyen 24 Akta Kerja 1955 Bagi Tujuan Pembelian Kerbau

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 The legal requirements registered are updated annually or when they are new amendments by the officer in-charge in the estate.

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 All estates have appointed the responsible persons to be in-charged of tracking the changes in regulatory requirements. For example in Sg. Penggeli estate sighted appointment letter issued by Mr.Mohamad Azman Abdul Majid (Sr.General Manager HQ) to Mr.Ravindran Kumar (Acting Manager), dated 1/1/2019.

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

Criterion 2 Land use rights

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

Summary The copy of land title is kept in the estate's office and were sighted during the audit, while the original copy is kept at the KKK Bhd HQ, Ipoh, Perak.

Voules Estate

The current area in the estate is 2,969 Ha. Sighted latest payment of quit rent for year 2019. The estate perimeter demarcated with boundary stone and markers. Sighted boundary markers monitoring checklist verified by K.Subramaniam (Estate Manager).

Sg. Bekok Estate

Total land area presently is 625 Ha. Sighted latest payment of quit rent for year 2019. The estate perimeter demarcated with boundary stone and markers. Sighted boundary markers monitoring checklist done by Mr.Prakas a/l Pannerselvam on 12/07/2020.

Sg.Penggeli Estate

Total land titled presently is 942.0249 Ha. Sighted latest payment of quit rent for year 2019. Sighted in the map produce by Jurukur Generasi, 109 boundary stones progressively demarcated since year 2017. Sighted boundary markers monitoring checklist done by Puan Siti Nur Badariah and verified by Mr.Ravindran Kumar a/l Gnanaseygr on 6/07/2020.

Frazer Estate

Total land titled presently is 2926.601 Ha. Sighted latest payment of quit rent for year 2019. There were 253 boundary stones progressively demarcated by license surveyor since year 2010 .

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 use of the land.

Summary All the estates audited is having legal ownership documents, and have been verified by auditor during the audit. In Voules Estate, there are a total of 37 land titles available during the audit totalling of 2,968.7629 Ha. Sg. Penggeli estate acquired legal ownership of lands, under Uni-Agro Multi Plantations Sdn Bhd, 99 years lease-hold,

from 29 Dec 1992 to 28 Dec 2087. KLK has 51% share in Uni-Agro Multi Plantations company.

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 The boundary of all the estates audited are demarcated with concrete stone (fencing pole)

During the audit in Voules Estate, the auditor has sighted demarcation survey plan done by Jurukur Generasi dated 28th Dec 2014 and 28th March 2015 with 26 and 11 boundaries pegs (fencing pole) respectively. Boundary markers monitoring checklist done by Mohd Raihan (Staff) on 4/8/2020 and verified by Mr. Low Chee Kit on 8/8/2020. In Frazer Estate, there are 253 boundary stones progressively demarcated by license surveyor since year 2010.

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 No disputes have been recorded in all the estates. There is no evidence of conflict present in both estates. There is no violence on instigated violence in maintaining peace because company has a clear procedure for land conflict.

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

Criterion 3 Customary 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 There is no customary land in or surrounding the estates. There are also no land disputes or claims involving this estate. The company has proper legal land tile 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 There is no customary land in or surrounding estates. There are also no land disputes or claims involving this estate. The company has proper legal land tile for the land ownership. Therefore, no maps for recognized customary rights is available.

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

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

Summary There is no customary land in or surrounding estates. There are also no land disputes or claims involving this estate. The company has proper legal land tile for the land ownership.

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 are 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, Amenity, Employment, Human Rights and Food and Water Security.

The assessment in Voules Estate was conducted into two parts: -

1. External: 18/2/2020 involving 19 respondents
2. Internal: March & April 2020 involving 122 respondents

Seen in the review report, the mitigation plan and targeted date for completion. The Social Impact Assessment prepared by Mr. Yong Kuok Yuan Jordan, Sustainability Executive on 12/06/2020 (internal) & 20/04/2020 (external) and reviewed by Mr. Heng Chin Hong, the Assistant Manager on 15/06/2020 (internal) & 23/04/2020 (external).

The Social Impact Assessment for Sg. Penggeli Estate was prepared by Mr. Yong Kuok Yuan Jordan, Sustainability Executive on 28/07/2020 (internal) & 07/04/2020 (external) and reviewed by Mr. Ravindran Kumar A/L Gnanaseygren, Estate Manager on 30/07/2020 (internal) & 11/04/2020 (external).

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: 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

Complaint and Grievances uses the same form as Stakeholders Logbook, Appendix 2A but have to indicate in the column as stated in form.

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

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

Summary Sighted SOP No. 1: 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.

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 a complaint.

Summary Seen form named Stakeholder Logbook Appendix 2B, Rev 3/2 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 the surrounding communities should be made aware that complaints or suggestions can be made any time.

Summary External Stakeholder meeting done by each estate respectively. The details as below: -

Estate	Date
Voules	18/02/2020 (23 participants)
Sg Bekok	17/02/2020 (27 participants)
Sg Penggeli	12/02/2020
Fraser	(31 participants)

Sighted in the agenda No. 8/9 "Request & response / consultation & communication / complaint & grievance"

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

Indicator 5 Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.

Summary Sighted all internal complaints filled, responded and the records being maintained for the last 24 months in all the estates audited. In Sg. Penggeli Estate, 3 complaints recorded in 2020 as compared to 3 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 Growers should contribute to local development in consultation with the local communities.

Summary All estates are committed and have contributed to local development. The contribution made to the internal and external stakeholders. As evidence, the management contributions as follow: -

Sg. Penggeli & Fraser Estate

No.	Agenda	Remarks
1.	CSR for giving SOAP KLK for Covid 19	28/07/2020
2.	Contribution back to school Aid (bags/ uniform/ shoes etc) for estate's primary and secondary school students	17/12/2019
3.	Provide school bags and uniforms to Ladang Sg. Penggeli workers and staff Yr 2020	17/12/2019

During the audit, it is also sighted KLK Corporate Responsibility Report Date 08/01/2020 with Expenditure of RM 5,000.00 to Pertubuhan Kebajikan Anak-Anak Yatim Damo Kluang and Contribution Back to School Aid date 17/12/2019 with expenditure of RM 23,218.45.

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

Criterion 4 Employees safety and health

Indicator 1 An occupational safety and health policy and plan 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 Each Estate Manager for respective estates. Guidelines of Group Policy on Occupational Safety and Health dated 1st July 2010 by KLK OSH Department

OSH Plans 2020 for all estates are available with objective to reduce number of serious case and to ensure safety for all workers.

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 pesticides:
 - i) all employees involved shall be adequately trained on safe working practices; and
 - ii) all precautions attached to products shall 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 must 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 affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.
- h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.
- i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents 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 Each Estate Manager for respective estates. Guidelines of Group Policy on Occupational Safety and Health dated 1st July 2010 by KLK OSH Department.

Risk assessment was conducted through HIRARC based on the severity and the likelihood.

HIRARC is consist of hazard identification (type of work activity, hazard & effect), Risk analysis (Existing risk control, likelihood, severity & risk) & Risk Control (Recommended control measures & PIC appointed are Staff or Executive). HIRARC sighted for the followings work operation: -

1. Working during pregnancy
2. Chemical issue
3. Driving tractor
4. Nursery
5. Loading FFB at Ramp

Management of Voules Estate has established 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	Briefing on triple rinse and piercing	May	20/05/2020
2	KLK Sustainability Briefing (Policy, RTE Awareness, Domestic Waste Management, Riparian Zone Management)	March	14/03/2020
3	KLK Code of Conduct for Employees	March	14/03/2020
4	Briefing on Employment Contract, MAPA/NUPW Agreement 2019	March	14/03/2020

All Estate has provided appropriate PPE for all workers in their operations. PPE Issuance and replacement record. Sighted for: -

- ❖ Staff/AP
- ❖ Harvesters
- ❖ Field Workers
- ❖ General Workers

During field 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.

CHRA report available in all the estates audited. In Voules Estate, CHRA report dated 30th May 2018 (HQ/09/ASS/00/102-2018/008) reported by Lean Hock Leng – HQ/09/ASS/00/102 from Procoma Environmental (M) Sdn Bhd. Sighted, Estate 2020 Action Plan on CHRA Recommendations by Assessor.

A total of 48 workers have undergone medical surveillance. They were tested on Physical examination, Blood, Urine, Spirometry and Chest X-ray. The workers are from the categories of storekeeper, chemical pre mixer, sprayers, manurers, nursery operator, office and workshop.

Medical Surveillance Program was conducted for 48 estate workers from the 27th June to 1st July 2020 as per OSHA-USECHH 2000 requirements done by Klinik Segamat and the

report (070/OHD/2020) prepared by Dr Ling Kay Kwong (Doktor Kesihatan Pekerjaan – HQ/08/DOC/00/545)

All the estates have established an OSH committee as per OSH Organization Chart sighted during the audit. For Voules Estate, Person in charge of OSH is Mr. T. Xavier Navaratnam, The Estate Manager appointed on 01st June 2020 by Mohamad Azman bin Abdul Majid, Senior General Manager.

Safety Meetings are regularly conducted as per minute meeting sighted. The meetings were conducted on:

- a) 16th June 2020
- b) 16th March 2020
- c) 16th December 2019

The meetings are discussing all issues regarding worker's safety and health.

Sighted the emergency procedure for the Estate. 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. Seen ERP for Assembly point and Flowchart for emergencies. Assembly point included for Office, Chemical store, workshop, premix store and fertilizer store while Flowchart included for Kebakaran, Kemalangan, Serangan Haiwan, Serangan Tebuan, Tumpahan Bahan Kimia and Banjir. Emergency response plan includes 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.

In Sungai Bekok Estate, Sighted the certificate of achievement awarded to 2 first aider for the estate. The training was conducted on 26 & 27 July 2020 and the topic was Basic First Aid and CPR/AED programme. The name of first aider as below: -

No.	Name
1.	P.Prakashh A/L Pannerselvam
2.	Mastura binti Baharuddin

Another 7 workers have undergone training by Dr Bhagat Singh from Klinik Rajoo on 19/05/2020. Name of the participants as below:

No.	Name
1.	Duraisamy
2.	S.M Habibul
3.	Kasem Ali
4.	V. Gapallo
5.	Muhamad Agus
6.	Om Prakes
7.	Sumon

All estates have consistently submitted JKPP 8 (I & II)/(IV) on annually basis to the DOSH. Records of accident is available upon request by the auditor.

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

Criterion 5 Employment conditions

Indicator 1 The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.

Summary In KLK Sustainability Policy Issue/Rev 3/2 dated 01/01/2020, Page 4 of 20, VI) Freedom of Association and Right to collective Bargaining, 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.

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>

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

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 In KLK Sustainability Policy Issue/Rev 3/2 dated 01/01/2020, Page 4 of 20, X) Equal Employment Opportunities and Diversity stated ensure Equal Opportunities in the workplace.

No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the estate.

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

Indicator 3 Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.

Summary Pay and conditions are documented in the workers' Contract Agreement and wage 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.

Interview with both Estate 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' salary 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.

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

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 The contractors in all estates are complying to the legal requirement for minimum pay for their workers. Samples of salary slips for contractors' employees have been verified during the audit. It shown that an employee for Sangitah Logistic (M) Sdn Bhd in Fraser Estate has received a monthly payment of RM 1,387.75.

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

Indicator 5 The management shall establish records that provide an accurate account 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 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, Bangladesh and India.

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 though interview with workers from the Estate 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 Estate

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 is 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.

Sighted, Employment Contract between the Estate and the workers. The Agreement stated all the term and conditions according to Malaysian Law. The contract is in Bahasa Malaysia and their national language. This contract is signed by both employee and

employer and accompanied with respective witnesses. During the audit, samples of employment contract from all the estates have been verified by the auditor.

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 employees and employer.

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.

Barcode Scan time chit being use for the workers attendance record.

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

Indicator 8 The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.

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, Bangladesh and India

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.

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 to workers are 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 the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.

Summary All workers have been provided with medical and accident insurance.

With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations. Seen the evidence that the company paid to the insurance by monthly basis. For Indonesian workers, will be covered under SOCSO.

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 in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.

Summary All workers are provided with housing facilities at workers linesite. Welfare Amenities: Mosque, temple, football field and etc. Electricity bill will be borne by workers and water is free. Sighted linesite inspection checklist, whereby Hospital Assistant and appointed staff inspected the linesite on weekly basis. Details in the linesite inspection as below: -

1. Rubbish collection
2. Cleanliness
3. Open burning
4. Drain condition
5. Septic tank
6. Used chemical container/used ppe
7. Linesite condition

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

Indicator 12 The management shall establish a policy and provide guidelines 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.

All estates have established Women's Gender Committee to discuss and handle issues mainly related to female employees in the estates.

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

Indicator 13 The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to 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' Sri Lee Oi Hian (KLK Group CEO) dated 30.08.2018 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 Estate. Thus, their freedom is not restricted by Estate 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. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.

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 Estate.

Stated in 'KLK Sustainability Policy approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 30.08.2018 clause 2.1 (iii) '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 Estate and this was proven through checking the list of employees as well as their biodata and through Estate 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, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.

Summary In-house Training (SOP 8.0 Issue/Rev 3/2 dated 01-01-20). KLK has established Sustainability Manual. It is done by KLK Sustainability Department.

The objective to identify any new training needs annually based on evaluation on the competency level of existing and new personnel measured against their respective scope of work.

Training program for all the estates are available during the audit. Example training plan for 2020 in Voules Estate sighted as follow: -

NO	TOPIC	MONTH PROGRAMME	STATUS
----	-------	-----------------	--------

1	Briefing on triple rinse and piercing	May	20/05/2020
2	KLK Sustainability Briefing (Policy, RTE Awareness, Domestic Waste Management, Riparian Zone Management)	March	14/03/2020
3	KLK Code of Conduct for Employees	March	14/03/2020
4	Briefing on Employment Contract, MAPA/NUPW Agreement 2019	March	14/03/2020
5	Briefing on implementation of Integrated Pest Management (IPM)	March	14/03/2020
6	Briefing on water sampling procedure	July	
7	Briefing on schedule waste management	September	
8	Post arrival orientation training	On-going	4/3/2020

Sighted training record for IPM Training dated 14/03/2020 attended by 10 participants. Record of attendance seen being kept by the estate management.

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 should 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 estate has a comprehensive annual training plan for its staffs and workers, and this was sighted in the training records file for each staffs and workers. The training plan for 2020 was sighted.

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.

Environmental management plan for Sg. Bekok Estate is available in document Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan, prepared by Mr.Prakas a/l Pannerselvam (Staff) and verified by Mr.Mohd Tariqy B.Mukhtar(Acting Manager) dated 01/01/2020.

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 The management has established the environment Policy and Objectives in document "KLK Sustainability Policy". The environmental policy has covered the following:

- No deforestation
- Protection of peatlands
- No burning
- Protecting High Conservation Value Areas
- Reduce GHG

The company has established Environmental Impact Assessment Procedure titled "Environmental Aspect & Impact Assessment" SOP #10.0 dated 01/01/2020. As sighted the aspect impact covering all estate activities. For example:

- Diesel handling
- Intake and issue of pesticide from store
- Chemical mixing in premix store
- FFB collection
- Fertilizer application
- Road maintenance

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 As sighted, the management has conducting an environmental management plan in document Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan.

Sighted the aspect & impact analysis which was done by process/area :

- Land fill
- Installation of tubewell
- Fertilizer store
- Empty Chemical Container Store
- Diesel tank
- Clinic
- Chemical spillage

The mitigation is continuously implemented and monitored as per plan stated in the aspect impact table. Estate has identified "frond stacking" use to prevent soil erosion as positive impact.

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 reviewed Environmental Management Plan had considered the mitigation of negative impacts and promotion of positive ones and translated into estate programmes.

The audit team observed that the positive impact has been included into the continual improvement plan. The continual improvement plan sighted for year 2020. The CIP consist:

- 1) Improve safe and storage of chemical and waste
- 2) Chemical usage reduction
- 3) Reduction in GHG emission
- 4) Improve of social facilities
- 5) Optimization in yield of FFB

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 of the environmental management and improvement management plans and are working towards achieving the objectives.

Summary Training program for all the estates have been verified during the audit. In Voules Estate, sighted a training program dated 14/03/2020 covering topic "KLK Sustainability Briefing" done by Mr. Heng Chin Hong (Asst. Manager). The training was conducted and attended by; on 14th March 2020,

- Supervisor
- General workers
- Harvester
- Management Team

Individuals training records are available during the audit. It has been properly maintained by the management to track all the trainings given to their workers. Sampled training records in Sg. Bekok Estate available for:

- P.Rakash a/l Pannerselvam – Supervisor
- Ahmad Ahyar Rosidi - Harvester
- Ahmad Junaedi– Harvester
- Bulbul Ahemed– Harvester
- Amir Mahmut – Sprayer
- Duraisamy Sangu – Sprayer

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 Environmental meetings are being conducted by all the estate managements. Meetings are on yearly basis. Sg. Penggeli Estate has conducted environmental meeting for year 2018/19 and the latest meeting was conducted on 23th Dec 2019, chaired by Mr Ravindran Kumar (Acting Manager) and involved representatives from management and workers.

Environmental impacts resulted activities were identified and mitigation measures are continuously implemented.

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 The company has established Environmental Impact Assessment Procedure titled "Environmental Aspect & Impact Assessment" SOP #10.0 dated 01/01/2020. All the estates had identified diesel as non-renewable energy. Yearly diesel consumption is available in all the estates audited. As sighted, energy consumptions were recorded from October 2019 until June 2020.

Diesel used for transportation in Voules Estate from Oct'2019 to June 2020:

- Total diesel used = 19,508 litre
- Total FFB transportation = 23,098.74 Mt
- Average usage = 0.84 litre/mt
- Baseline value for 2020 set as 1.13

The actual baseline value for 2020 is 1.13, thus meeting the target.

In Sg. Penggeli Estate, the actual baseline value for 2020 is 3.97, not meeting the target (2.36 L/MT). The estate has evaluated the causes and made justification as follow: "High diesel usage (liter/Mt) due to low FFB production but the travelling distance remain the same."

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

Indicator 2 The oil palm premises shall estimate the direct usage of nonrenewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.

Summary As sighted the estimation and actual of energy use are continuously updated in the log-book. Fossil fuel usage was monitored by SOP 12.0 dated on 01/01/2020, the titled is "Waste Management & Energy Use" and record in sub section titled is "Energy Usage".

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

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

Summary All the estates are using solar energy as lighting for roads. Sighted 2019/20 program, for 10 units (RM2500).

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 All waste products and source of pollution are identified in document Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan , dated 5/01/2020 example;

- Biomass Fronds
- Waste water
- Smoke emission
- Used PPE
- Used rag
- Lubricant oil
- Oil filter
- Clinical waste
- Chemical spillage
- Empty fertilizer bags

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 All waste products and source of pollution are developed and implemented as per Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan. Sighted document dated 01.01.2020 in Sg. Penggeli estate:

POL Store:

Aspect = POL spillage

Impact = water & land pollution

Control:

- ensure bund and sump of POL store and in good condition
- prepare secondary containment
- dispose by license contractor
- monthly and periodically records

Schedule waste store

Aspect = schedule waste spillage

Impact = water pollution

Control:

- ensure bund and sump store in good condition
- dispose by license contractor
- monthly and periodically records

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

Indicator 3 The 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.

Summary As sighted, used chemical handling procedure is available in SOP 12 "Scheduled Waste Management", dated 01.01.2020. All the estates audited are disposing their SW as per SOP. In Fraser Estate, empty chemical containers are collected by licensed contractor, Kualiti Alam Sdn Bhd. Sighted license for transporting and storing of waste issued by DOE dated 30th April 2021.

Latest disposal in Fraser estate as per consignment note dated 22.07.2020:

- 1 bag of SW305 waste oil
- 2 bags, SW410 oil filter, rag and PPE
- 1 wooden crate, SW102 waste of lead acid batteries.
- 2 bags, SW409 contaminated containers

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

Indicator 4 Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.

Summary During site visit it was seen that the chemical containers are been triple rinse and punctured to prevent contamination of water source or to human health. Empty pesticide containers are disposed "triple rinse and puncture accordingly as per procedure SOP 12 Waste Management and Energy Use.

The other empty containers generated from estate are send to DOE approved contractor for disposed. Scheduled waste was disposed in accordance with scheduled waste requirements and regulation.

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

Indicator 5 Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.

Summary Land fill area is identified in the estate map. Domestic wastes are disposed by land fill and was physically verified during the site visit. 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 GHG management plan is also identified in the document Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan following the procedure of SOP10 Environmental Aspect & Impact Assessment.

Identification of pollution activity are sighted available as document:

1. GHG Emission release by Nitrogen
2. From the Transportation.
3. FFB to Mill
4. Open Burning.

The estate utilized RSPO GHG Calculation Tools Ver. 4.0. Sighted summary emission for Kekayaan complex for year 2019;

Total (Mill + Estate):

CPO = 0.42 tCOe2

PK = 0.42 tCOe2

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

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

Summary Action plan has been sighted as Environmental management plan. Open burning is prohibited.
No peat area sighted in the estate.

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

Criterion 5 Natural water resources

Indicator 1 The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water).
The water management plan may include:

- a) Assessment of water usage and sources of supply.
- b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.
- c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).
- d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.
- e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.
- f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Summary The estate has established procedure SOP 5.0, Water Management Plan, dated 01/01/2020. Domestic water supply in Sg. Bekok estate is from treated water from pond (water catchment). Sighted water test analysis report on 14/07/2020 done by Organo (Asia) Sdn Bhd. Sample of water analysis result drawn in July 2020 as below:

Parameter	Result	Spec.
pH	8.9	6.5-9.0
Turbidity (NTU)	0.5	<5
Aluminium(as Al) (mg/l)	0.12	<0.2
Free Chlorine (mg/l)	1.47	>0.2
E-Coli (MPN/100ml)	ND(<1.1)	ND/100ml

In Sungai Penggeli estate, the workers' water supply is from government water (Ranhil SAJ).

There is Sg.Skudai river crossing boundary of Fraser estate. Sighted water test analysis report on 7/12/2019 done by TOCC -KLK. Sample of water analysis drawn on 19/11/2019 as per table below:

Parameter	E069/11/19	E070/11/19	E071/11/19
	Incoming	Middle	Outgoing
DO % Sat	75	86	85

pH	5.4	5.4	5.4
BOD ppm	7	6	6
COD ppm	25	23	23
NH3-N ppm	1	1	1
SS ppm	35	36	13
WQI	72	75	77
Class	III	III	III
Remarks	Slightly Polluted		Slightly Polluted

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

Indicator 2 No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

Summary No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

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

Indicator 3 Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).

Summary Water harvesting is implemented in various ways such as retention of water in the field such as road side drains.

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

Criterion 6 Status of rare, threatened, or endangered species and high biodiversity value area

Indicator 1 Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:

- a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.
- b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.

Summary KLK has established SOP 11.0; High Conservation Value (HCV) Management; Issue/Rev: 4/3; Date on 1st January 2020.

Sighted "In-house High Conservation (HCV) Assessment" done by In House HCV Assessor (Ms Lee Kuan Yee and Mr Koo Wai Kit), dated 7/02/2018. The HCV assessment is carried out based on SOP 11.0 which using guidance from HCV Toolkit for Malaysia, edition October 2009.

KLK Sustainability Team using methodology as field observation, stakeholder's consultation. I.e. estate management, workers, local communities and other external stakeholders and questionnaire on species identification.

As summary, there is no status of rare, threatened, or endangered species and high biodiversity value area in the estate. However, under same approach, the management has declared water catchment ponds, river, temple, surau and cemetery as management areas. Appropriate signages as below were erected as observed during the site visit, such as:

- No Hunting
- No Fishing
- No Swimming

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

Indicator 2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:
a) Ensuring that any legal requirements relating to the protection of the species are met.
b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.

Summary There is no status of rare, threatened, or endangered species and high biodiversity value area in the estate. Thus, no management plan has been established by estate management. However, estate conducted briefing regarding the Sustainability Policy that includes RTE species.

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

Indicator 3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.

Summary There is no status of rare, threatened, or endangered species and high biodiversity value area in the estate. Thus, no management plan has been established by estate management.

However, estate conducted briefing regarding the Sustainability Policy that includes RTE species.

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

Criterion 7 Zero burning practices

Indicator 1 Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.

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 30 Aug 2018.

During site visit, no evidence of open burning in estate area either in the plantation or in linesite area. Sighted signage of zero burning being erected by the estate at the strategic locations.

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

Indicator 2 A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.

Summary No significant risk of diseased palm was reported in the estate. Open burning during new plantings and re-plantings is not allowed.

Estate replanting programme is based on KLK Group Policy – Agriculture (Oil Palm) Policy No. GP/AGRI/OP 7 and agronomic practices.

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

Indicator 3 Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.

Summary No controlled burning being sought by the estate. During replanting process, the old palm to be felled, chipped and shredded and the remains will be pulverised and left in the field for self-decomposed.

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

Indicator 4 Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.

Summary Estate has adopted Policy of Zero burning dated 30th August 2018 (Revised) by Tan Sri Dato' Seri Lee Oi Hian (CEO) well implemented. There is no open burning noticed during the plant visit.

Open burning in relation to new planting, re-planting or other development is not allowed and this was communicated to all employee and stakeholder. During replanting process, the old palm to be felled, chipped and pulverised and been remained in the field for self-composed.

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

2.6 Principle 6 : Best practices

Criterion 1 Site management

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

Summary The estate has implemented Good Agriculture Practice (GAP) as seen from visit to the estate and seen from the document and also interviewing the workers.

Estate have 4 types of Manuals-

- 1) Sustainability Standard Operating Procedure
- 2) Group Policy Agriculture Oil Palm
- 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) Group Policy Agriculture Oil Palm includes:
 - i. GP/AGRIC/OP1 – Harvesting
 - ii. GP/AGRIC/OP2 – Field Upkeep
 - iii. GP/AGRIC/OP3 – Nutrition
 - iv. GP/AGRIC/OP4 – Pest & Diseases
 - v. GP/AGRIC/OP5 – Conservation
 - vi. GP/AGRIC/OP6 – By product
 - vii. GP/AGRIC/OP7 – By replanting
 - viii. GP/AGRIC/OP8 – Nursery
 - ix. GP/AGRIC/OP9 – Field identification
 - x. GP/AGRIC/OP10 – Road & Drains
- 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

As evidence in Voules Estate and other estates audited, regular inspection and supervision are conducted by Mandore, Supervisor, Executives as well as HQ Department. On top of that, regular visit / inspection is being done by:

1. Estate General Manager

2. Agronomist (AAR Sdn Bhd)
3. Operational Director
4. Internal Audit by KLK Sustainability Team

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

Indicator 2 Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.

Summary Sighted SOP 4.0 dated on 01.01.2020 for "Soil Erosion & Fertility and Road Maintenance". In addition, soil maps for the estate are evident that there are no fragile soils exist in the estate.

During replanting, the below practices are adhered:

1. Minimize use of heavy machineries during wet season to avoid soil compaction
2. Construct contour terraces for slopes >15 degrees (especially in steep terrain areas) and platform in undulating areas.
3. To ensure leguminous cover crops are established promptly after the land preparation has been completed.

Sighted estate map – Scale: 1:20,000. During site visit observed there is no steep planting on areas more than 20° angle.

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

Indicator 3 A visual identification or reference system shall be established for each field.

Summary Estate has a visual reference system to identify each field or block. Each field has the signboard with block number, year of planting & hectare only. Task marking for harvester was painted on the palm trunk.

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 Estate had an annual budget for the financial year 2019/2020 – 2021/2022. The estate budget includes the projected FFB, OER, PK and etc. It also incorporated item such as general charges, estate maintenance, fixed assets and etc. Sighted documented Business and Management Plan.

As evidence sighted in Voules Estate, the business plan prepared by Mr. Heng Chin Hong (Estate Assistant Manager) and approved by Mr. K. Subramaniam (Estate Sr. Manager), dated 04.04.2020.

No	Units	2019/20	2020/21	2021/22
Planting Material	Clone type	AA	AA	AA
FFB Projection	MT	35160	32075	33080
FFB Price/MT	RM/MT	440	440	440
Ex-Estate Cost/MT	RM/MT	245	250	250

Sg. Penggeli estate's business plan prepared by estate 2nd Clerk and approved by the Manager, Mr. Ravindran Kumar. The business plan has included details such as Planting material, FFB Projection, MPOB FFB Price/MT forecast and estate net profit. Data has been verified by auditor during the audit.

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

Indicator 2 Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.

Summary Replanting programs are available in all the estates audited. 5 years replanting program in Sg. Bekok Estate is available during the audit. The plan documented program from 2019/20 until 2023/24 involving 291 hectares of land. In year 2020/21 replanting program, the reason for this replanting as stated in this document:

1. Low stand per hectare at 103
2. Ganoderma infection at 14.63%
3. Low yield at 16.78 mt/ha (estimate 2018/19: 22mt/ha)

Replanting program for Sg. Penggeli estate has been prepared by the estate manager. In year 2020/21, there is total of 38.00 hectares to be replanted in field 90E and 90F.

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

Indicator 3 The business or management plan may contain:
a) Attention to quality of planting materials and FFB.
b) Crop projection: site yield potential, age profile, FFB yield trends.
c) Cost of production: cost per tonne of FFB.
d) Price forecast.
e) Financial indicators: cost benefit, discounted cash flow, return on investment.

Summary Estate had an annual budget for the financial year 2019/2020 – 2021/2022. The estate budget includes the projected FFB, OER, PK and etc. It also incorporated item such as general charges, estate maintenance, fixed assets and etc. Sighted documented Business and Management Plan.

As evidence sighted in Voules Estate, the business plan prepared by Mr. Heng Chin Hong (Estate Assistant Manager) and approved by Mr. K. Subramaniam (Estate Sr. Manager), dated 04.04.2020.

No	Units	2019/20	2020/21	2021/22
Planting Material	Clone type	AA	AA	AA
FFB Projection	MT	35160	32075	33080
FFB Price/MT	RM/MT	440	440	440
Ex-Estate Cost/MT	RM/MT	245	250	250

Sg. Penggeli estate's business plan prepared by estate 2nd Clerk and approved by the Manager, Mr. Ravindran Kumar. The business plan has included details such as Planting material, FFB Projection, MPOB FFB Price/MT forecast and estate net profit. Data has been verified by auditor during the audit.

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

Indicator 4 The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.

Summary The cost and crop monitoring is through estate monthly report – July 2020 and Crop estimate vs actual. Sighted the Todate account (9 months) which included detail expenditure, todate cost, estimate cost, variance and remark for over expenditure. This report is submitted to the GM in KLK HQ on monthly basis.

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. Stated:

- To compute FFB based price for the month
- Any agreements made should be fair legal and transparent.
- Generally, payment is made in a timely manner within agreed timeframe.

There is no existing mechanism of determining FFB pricing for the estate as the crops being processed by its own mill. The company will make an announcement for tender for other services like FFB transportation, replanting, hiring excavator/backhoe and etc.

Contract Agreement sighted between Sg. Bekok estate management and contractor Juara Bebas Sdn Bhd. The revised contract was signed by the contractor on 01st August 2020. The rates agreed for FFB Transportation from estate to mill as per Schedule A in the contact agreement where the base rate is RM21.80/MT and can be increased according to diesel price.

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

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

Summary All contracts are safely kept in estate office. Several contract agreements with estate management and the contractors have been sighted during the audit. Example sighted in Voules Estate:

- i. (Contract No: HM 17-19/20) between the estate and Cher Keng Earth Works. The agreed price for hiring of machinery as per stated in this document is RM 30.10/Hour.
- ii. (Contract No.: HM 25-19/20) between the estate management and Chinna Swami A/L Kluanday Velu for repairing electricity at Voules estate buildings

Payment will be made within 30 days after the estate received the invoice from contractors or upon satisfactory completion of the work stated in the contract. Proof of payment made to this contractor as per document "Transaction Status Inquiry" for the Month of August 2020" sighted during the audit. Payment was made via Maybank2e.

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

Criterion 4 Contractor

Indicator 1 Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.

Summary 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 K. Chinna Swami in Voules Estate on 05.12.2019. The document includes: Regulations and compliance

- 1. Environmental
- 2. Social – Workplace and communities
- 3. Governance

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

Indicator 2 The management shall provide evidence of agreed contracts with the contractor.

Summary All contracts are safely kept in estate office. Several contract agreements with estate management and the contractors have been sighted during the audit. Example sighted in Voules Estate:

- i. (Contract No: HM 17-19/20) between the estate and Cher Keng Earth Works. The agreed price for hiring of machinery as per stated in this document is RM 30.10/Hour.
- ii. (Contract No.: HM 25-19/20) between the estate management and Chinna Swami A/L Kluanday Velu for repairing electricity at Voules estate buildings

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

Indicator 3 The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.

Summary Estate was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 10th – 14th August 2020. Sighted audit plan dated 29th July 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.

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

Indicator 4 The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.

Summary Estate verified the work done by the contractors before all the payment paid to the contractors. Estate also inspect the contractor's workers. For electrical repairs by contractor Mr. Chinna Swami, verification of the work done is through Stakeholder Logbook Form which will be signed by house owners when the repair work is done.

As per interviewed and during site visit, the workers aware with OSH requirement. As example, the workers wear the PPE during the work task that given to them.

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

2.7 Principle 7 : Development of new planting

Criterion 1 Oil palm shall not be planted on land with a high biodiversity value

Indicator 1 Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.

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

Indicator 2 No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.

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

Criterion 2	Peat land
Indicator 1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.
Summary	At this moment, there were no new plantings involving peat area. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Criterion 3	Social and Environmental Impact Assessment (SEIA)
Indicator 1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 4	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Criterion 4	Soil and topographic information
Indicator 1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.

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

Indicator 2 Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.

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

Criterion 5 Planting on steep terrain, marginal and fragile soils

Indicator 1 Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.

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

Indicator 2 Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.

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

Indicator 3 Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.

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

Criterion 6 Customary land

Indicator 1 No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.

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

Indicator 2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 4	The owner of recognized customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 5	Identification and assessment of legal and recognised customary rights shall be documented.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 7	The process and outcome of any compensation claims shall be documented and made publicly available.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Kekayaan Complex.
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable

Indicator 8 Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KKK Kekayaan Complex.

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

2.8 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 estate 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) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 4) Signages throughout office, chemical area and in the field sites, effectively maintained and appropriate to the needs of the process.
- 5) Good relationship being maintained with surrounding smallholders and villages.
- 6) Good positive feedback received from internal and external stakeholders.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
09 th August 2020	TBA	➤ Travelling to Kekayaan Complex.	MFB	JS TA
10 th August 2020	08:00 – 09:00	➤ Centralize Opening Meeting at Voules 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	JS TA
	09:00 – 13:00	Voules Estate <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. • Verification on "Complaint Case from Stakeholders". 	MFB	JS TA
	10:30 – 12:30	➤ Estate inspection: <ul style="list-style-type: none"> • 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	JS TA
	13:00 – 14:00	➤ Lunch/Rest	MFB	JS TA
	14:00 – 16:00	➤ 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	JS TA
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	MFB	JS TA

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor



11 th August 2020	08:00 – 13:00	Sg. Bekok Estate <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	JS TA
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> 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	JS TA
	13:00 – 14:00	➤ Lunch/Rest	MFB	JS TA
	14:00 – 16:00	<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	JS TA
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	MFB	JS TA

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
12 th August 2020	08:00 – 13:00	Kekayaan 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	JS TA
	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	JS TA
	13:00 – 14:00	➤ Lunch/Rest	MFB	JS TA
	14:00 – 16:00	<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 	MFB	JS TA



		pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.		
	16:00 – 17:00	➤ Verify any outstanding issues and auditor discussion.	MFB	JS TA
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 3.	MFB	JS TA

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
13 th August 2020	08:00 – 13:00	Sg. Penggeli Estate <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	JS TA
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> 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	JS TA
	13:00 – 14:00	➤ Lunch/Rest	MFB	JS TA
	14:00 – 16:00	<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	JS TA
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 4.	MFB	JS TA

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
14 th August 2020	08:00 – 13:00	Fraser Estate <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 	MFB	JS TA



		records, payment records, complaint records, workers records, training records, permits, CIP, etc.		
	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	JS TA
	13:00 – 14:00	➤ Lunch/Rest	MFB	JS TA
	14:00 – 15:30	<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	JS TA
	15:30 – 16:00	➤ Verify any outstanding issues, auditor discussion.	MFB	JS TA
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Centralize Closing Meeting at Fraser Estate: ➤ 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	JS TA

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 Kekayaan Estate 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