

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

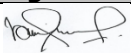
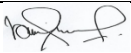

CERTIFICATION AUDIT REPORT


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

Kuala Lumpur Kepong Berhad
Tanjong Malim Complex [Estates]

-Group Certification-

ANNUAL SURVEILLANCE AUDIT 3
24th August 2020 - 26th August 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	14/9/2020	Issued as Draft Report	Ismadi bin Ismail	Lead Auditor	
B	17/11/2020	Issued as Final Report	Ismadi bin Ismail	Lead Auditor	
B	10/12/2020	Final Report Approved	Muhd Jamalul Arif bin Hamid	Certifier	

Acknowledgment by Kuala Kepong Kepong Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	18/11/2020	Acceptance of the contents	Ms. Lee Kuan Yee	Assistant General 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



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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. [thereafter known as GGC] has conducted the Certification Assessment of KLK Tanjong Malim Complex (Estates). During this Annual Surveillance 3 Audit, the audit team briefed by sustainability member, of the supply base disposition. The source of FFB supplies to KLK Tanjong Malim POM are from their own estates namely Changkat Asa Estate, Sungai Gapi Estate, Kerling Estate and Bukit Katho Estate.

This assessment was conducted onsite on 24th August 2020 - 26th August 2020 by 3 auditors 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 Smallholders.

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	Mr. Sin Chuan Eng
Office Telephone	+05 2417844
E-Mail	ce.sin@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.	Changkat Asa Estate	Ladang Changkat Asa, 35900, Hulu Bernam, Selangor, Malaysia.	E 101°29'28.6"	N 3°41'4.62"
2.	Sungai Gapi Estate	Ladang Sg Gapi, 48209, Serendah, Selangor, Malaysia.	E 101°37'26.61"	N 3°23'56.45"
3.	Bukit Katho Estate	Ladang Bukit Katho, 35500 Bidor, Perak, Malaysia.	E 101°20'11.6"	N 4°04'51.3"
4.	Kerling Estate	Ladang Kerling Peti Surat 202, 44109 Kerling, Selangor, Malaysia.	E 101°34'48.72"	N 3°34'46.12"

MPOB License Information

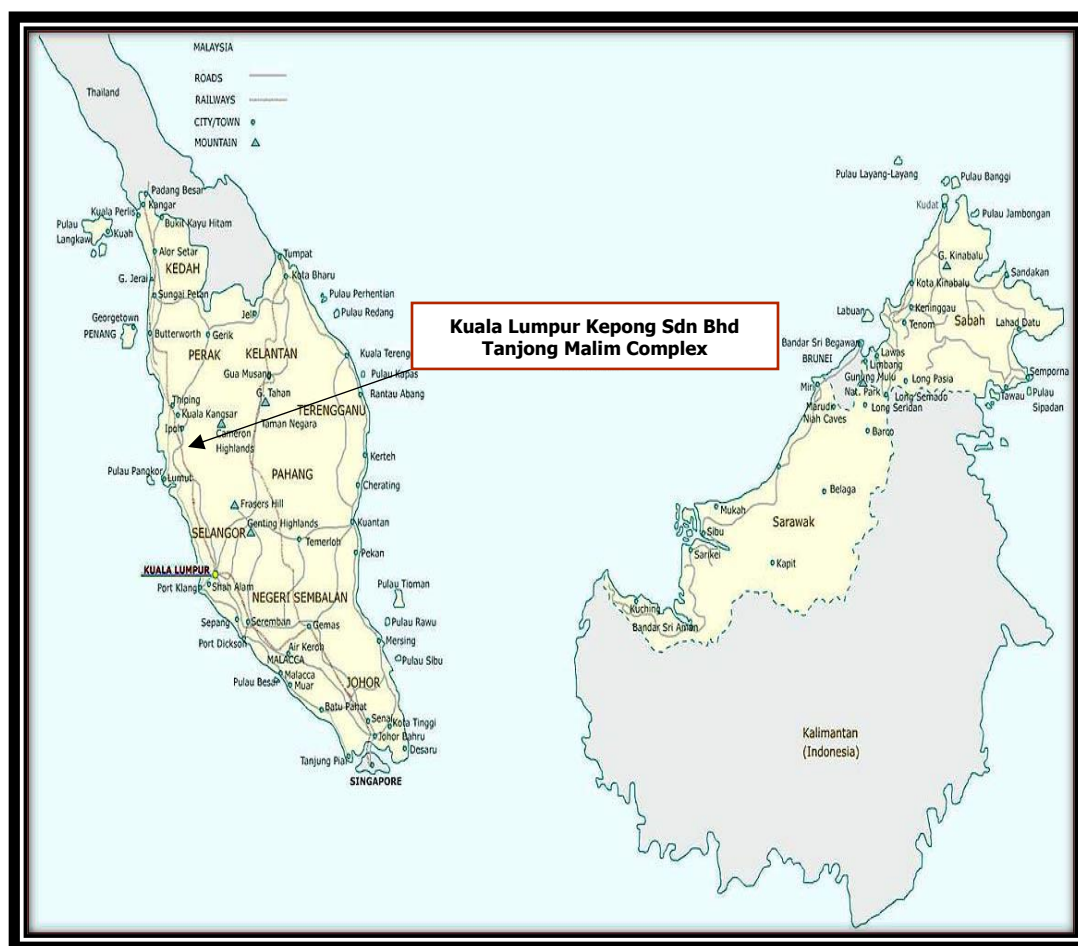
No	Name of the Site	Licence number	Expiry date	Scope activity
1.	Changkat Asa Estate	501402902000	31/03/2021	Menjual dan Mengalih FFB
		501487802000	31/03/2021	
2.	Sungai Gapi Estate	503863712000	28/02/2021	Menjual dan Mengalih FFB
3.	Bukit Katho Estate	501857102000	31/10/2021	Menjual dan Mengalih FFB
4.	Kerling Estate	570822002000	31/03/2021	Menjual dan Mengalih FFB

Others Sustainability Certification

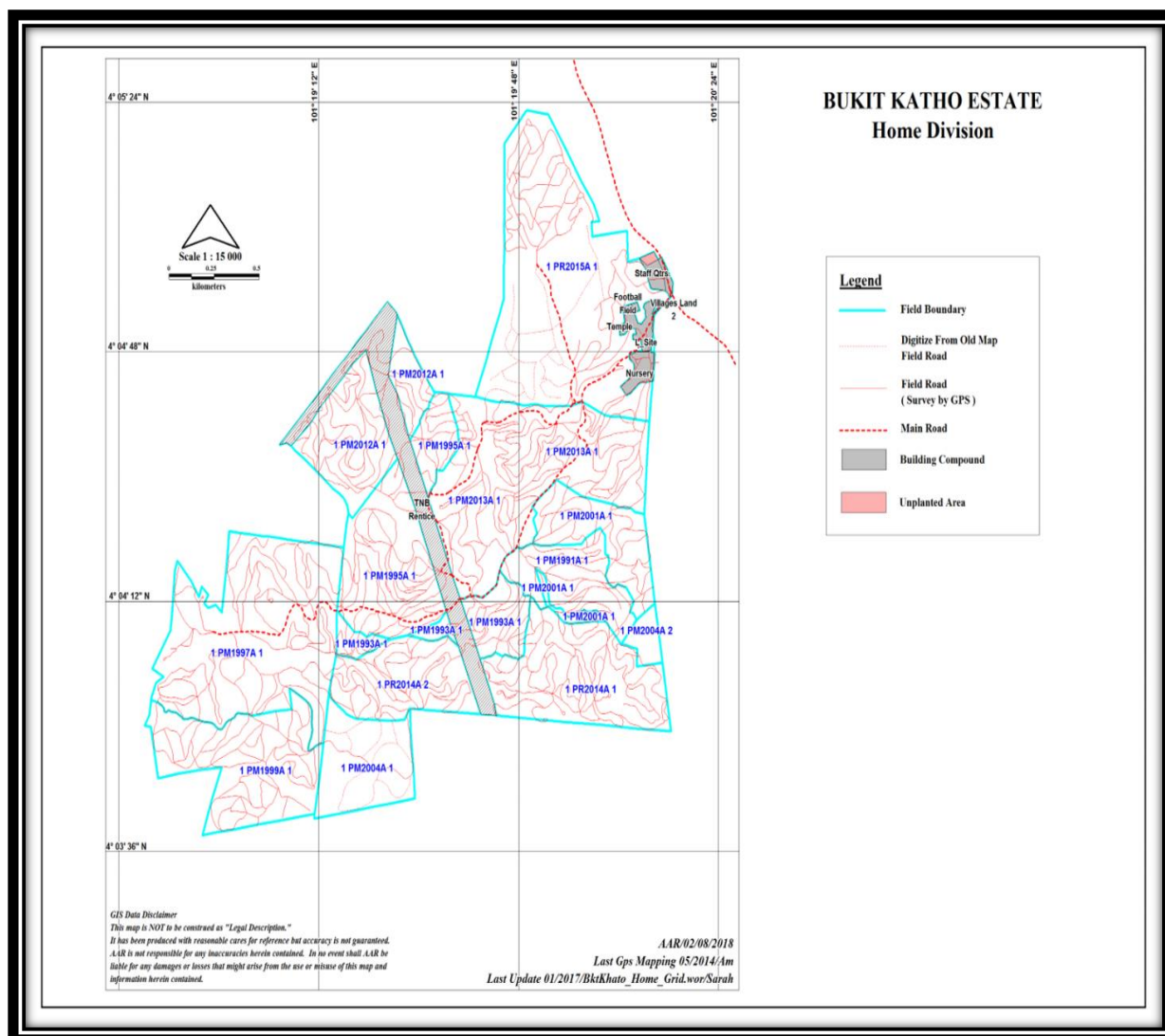
No	Name of the Site	Others Sustainability Certification
1.	Changkat Asa Estate	<ul style="list-style-type: none"> Roundtable on Sustainable Palm Oil (RSPO) International Sustainability & Carbon Certification (ISCC)
2.	Sungai Gapi Estate	
3.	Bukit Katho Estate	
4.	Kerling Estate	

1.4 Map Showing Geographical Location

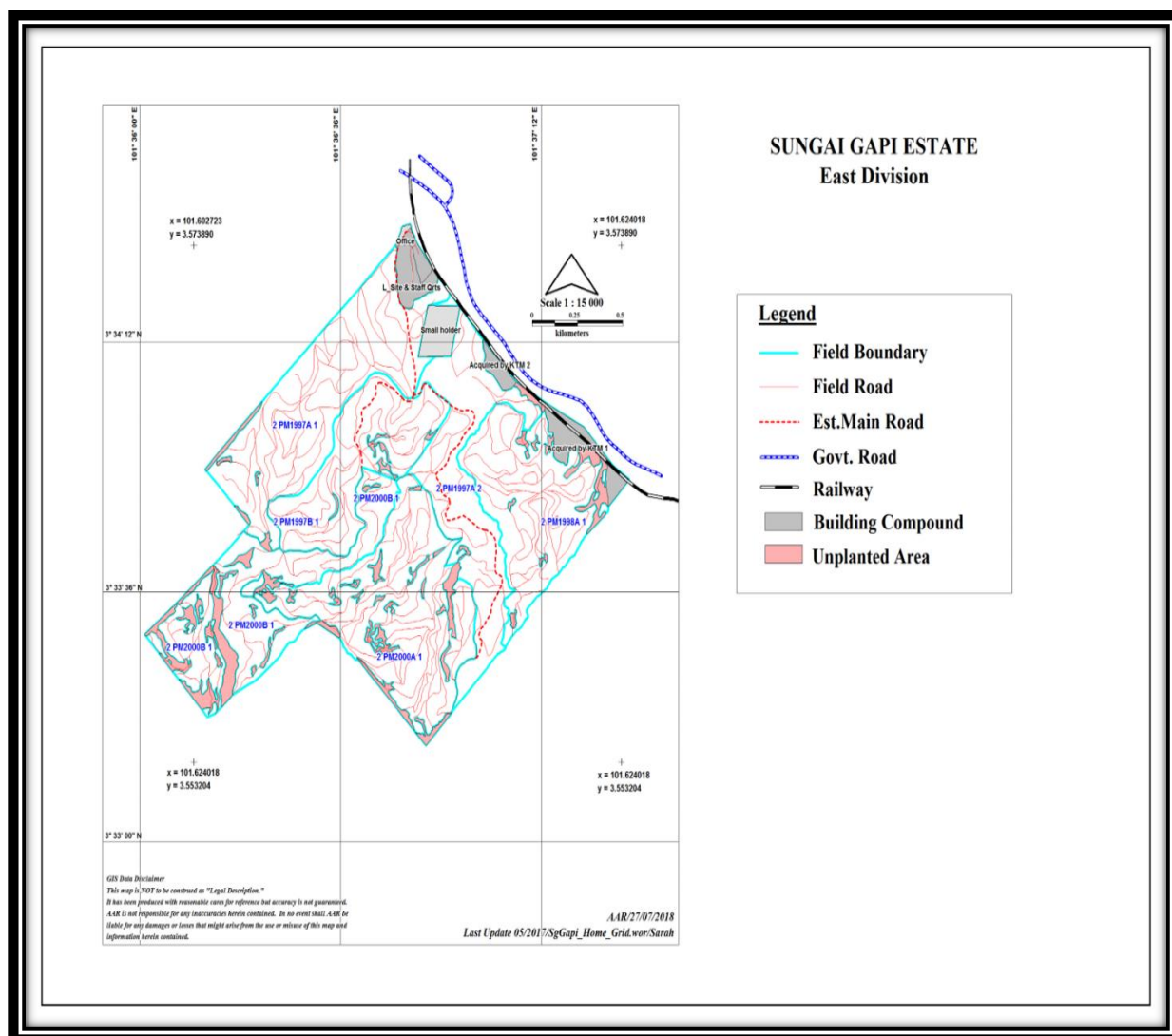
1) KLK Tg. Malim Complex (Mill & Estates)



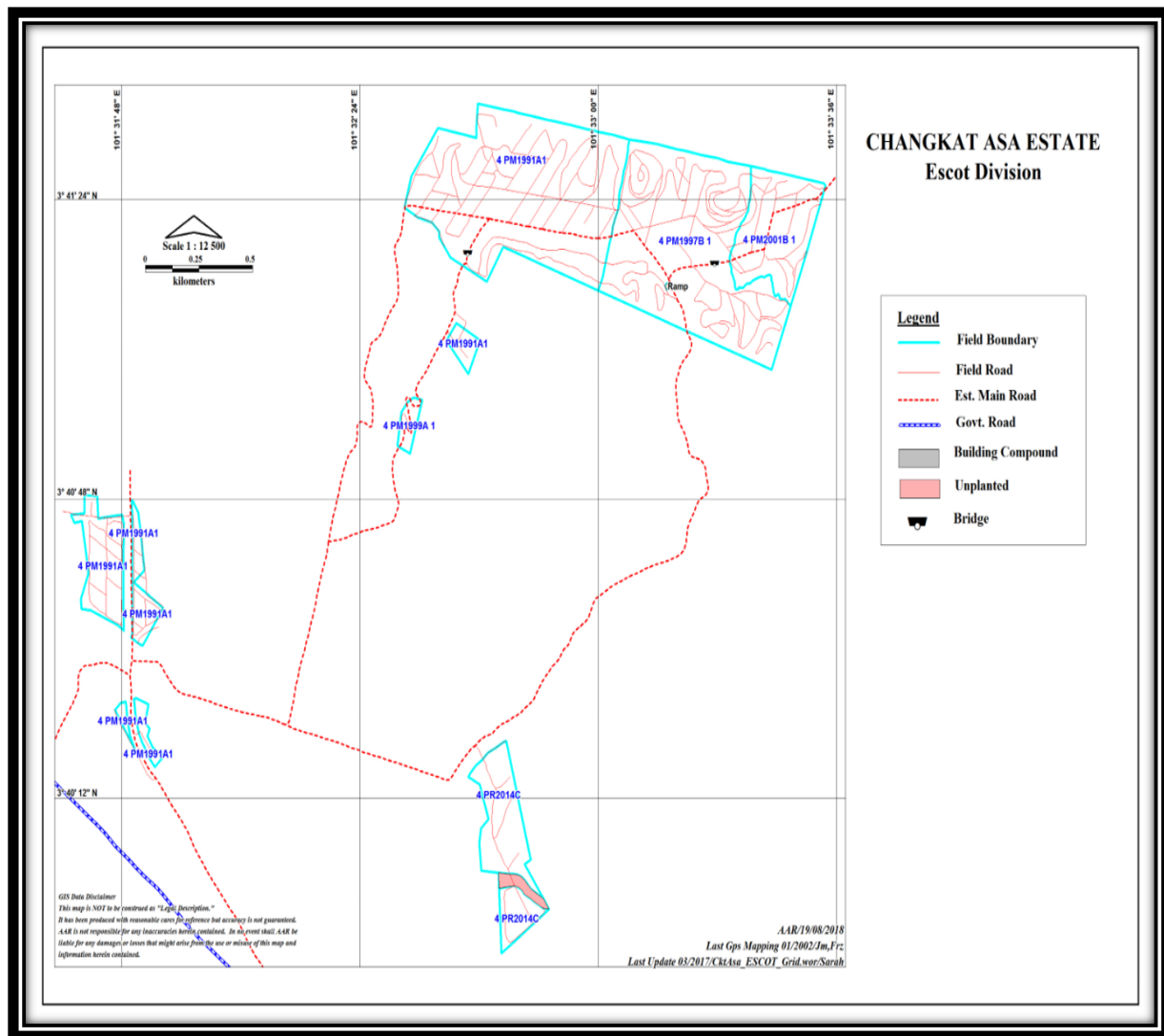
3) Bukit Katho Estate



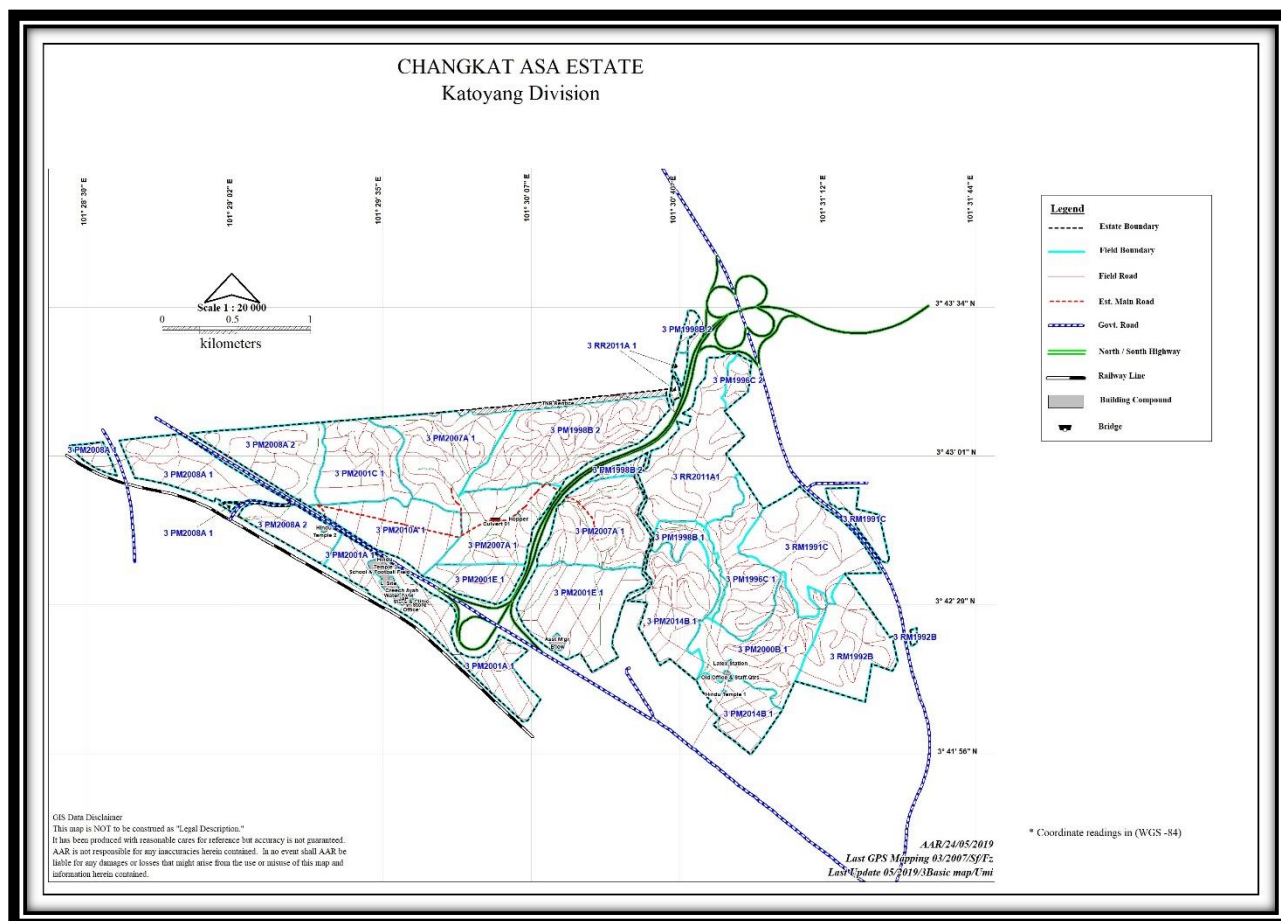
5) Sungai Gapi Estate (East Division)



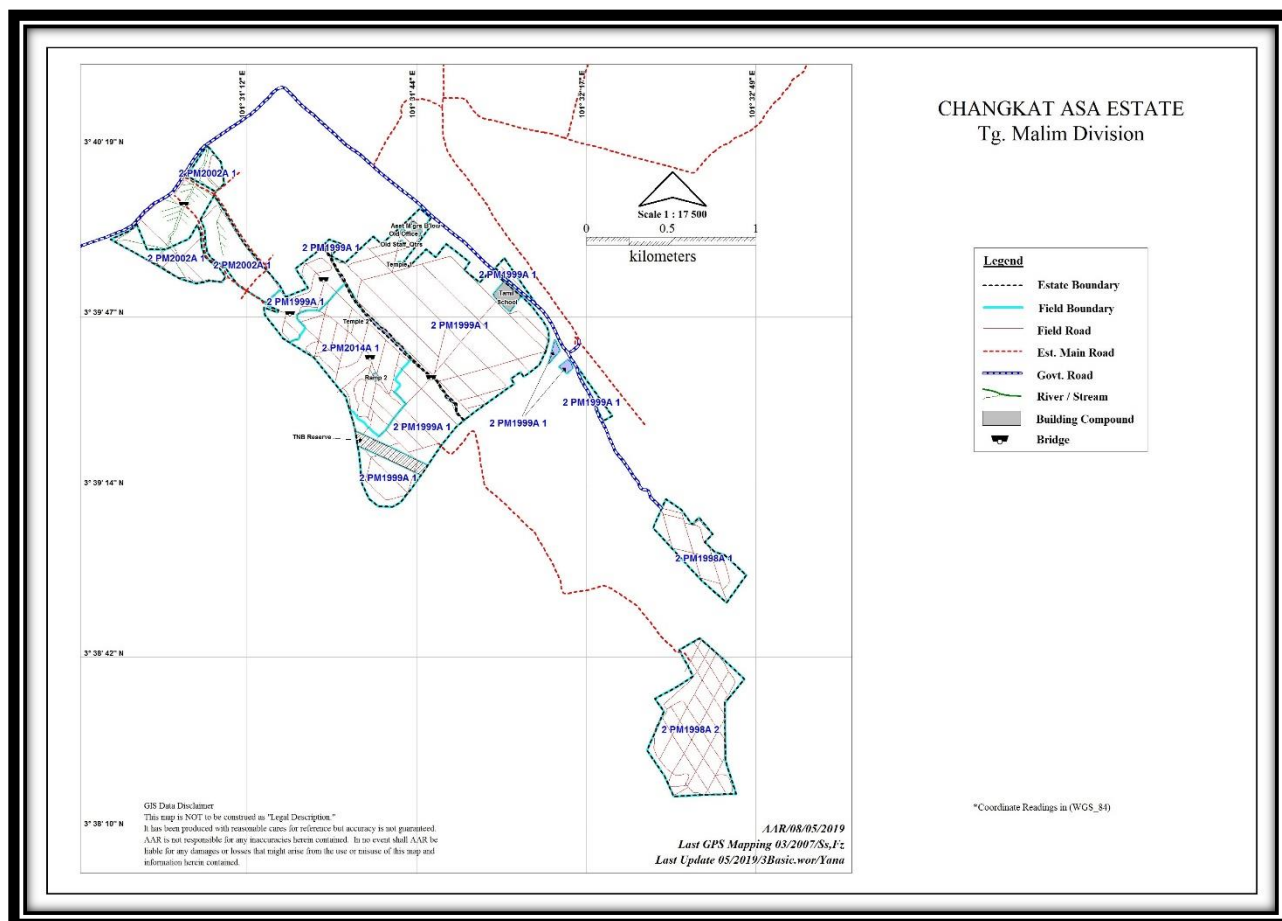
7) Changkat Asa Estate (Escot Div)



8) Changkat Asa Estate (Katoyang Div)



9) Changkat Asa Estate (Tg.Malim Div)



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
Changkat Asa Estate	1714	1438	1137
Sungai Gapi Estate	603	570	570
Bukit Katho Estate	480	457	383
Kerling Estate	619	221	221
Total	3416	2686	2311

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Changkat Asa Estate	16	0	260
Sungai Gapi Estate	0.5	0	32.5
Bukit Katho Estate	0	0	23
Kerling Estate	1	0	397
Total	17.5	0	712.5

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit [Aug 2019-Jul 2020]	Actual Production for 12 Months [Aug 2019-July 2020]	Projected from last audit [Aug 2020-Jul 2021]
Changkat Asa Estate	29,249.00	26,588.63	29,725.00
Sungai Gapi Estate	5,602.00	10,240.35	12,786.00
Bukit Katho Estate	9,135.00	8,291.80	9,439.00
Kerling Estate	5,655.00	5,104.73	5,620.00
Total	49,641.00	50,225.51	57,570.00

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-KLK011-MSPO-01-2017
Initial certificate issued date	22 nd December 2017
Certificate expiry date	21 st December 2022
Stage 1 assessment date	Not applicable as client certified for RSPO & ISCC
Stage 2 / Main Assessment	03 rd October 2017 to 05 th October 2017
Annual Surveillance 1 [ASA 1]	02 nd October 2018 to 04 th October 2018
Annual Surveillance 2 [ASA 2]	06 th August 2019 to 7 th August 2019
Annual Surveillance 3 [ASA 3]	24 TH August 2020 to 26 th August 2020
Annual Surveillance 4 [ASA 4]	October 2021

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Ismadi bin Ismail

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

Auditor

Name: 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. Able to speak and understand Bahasa Malaysia and English.

Auditor**Name:** Mohd Razib bin Mohd Noor

Competent Marine Engineer with more than 30 years of working experiences in a various plantation company in Malaysia, Papua New Guinea and Indonesia. Having a skill in Good Milling Practices (GMP) including the crop quality control. Qualified as Auditor for MSPO certification by SIRIM since 2018. Completed the ISO 9001:2015 Quality Management System Lead Auditor course by TOMC in May 2018 and MSPO SCCS Auditor by SIRIM in July 2019 respectively. Experienced in both palm oil mill and kernel crusher plant management, specifically boiler and process control. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

1.8 Audit Methodology

The methodology for collecting of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, officers, review of documentation and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also taken into account in the assessment.

1.9 Audit Plan Information

Audit Date	24 th August 2020 - 26 th August 2020
Name of site(s) visited	1. Kerling Estate 2. Bukit Katho Estate
Total number of man-days spent	6 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	2	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.

Thus, the meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSPO requirements and aspects where they considered that improvements could be made. 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 estates 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. Details as per tabulated 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 (Estate Workers-Harvesting gang)	<ul style="list-style-type: none"> • Good understanding about MSPO. • They are very happy with the management and hopes to extend their contract. • PPE given by company – free. • They have good understanding about complaint and grievance mechanism. 	No action requires	Positive findings
2.	Stakeholders B (Estate Workers-Spraying gang)	<ul style="list-style-type: none"> • They have good understanding about MSPO. • They have good understanding about complaint and grievance mechanism. • PPE given by company – free. • They reported that no sexual harassment and violence case was happened in the workplace. • They were treated equally with no discrimination based on gender. • They claimed that the management provides good living quarters with proper domestic waste collection and 	No action requires	Positive findings

		<p>promptly attend to quarters repairs.</p> <ul style="list-style-type: none"> • They confirmed wages are being paid more than the Minimum Wage Order 2020 of RM1,200.00 per month and understand all the deductions being made if any. 		
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1.12 Recommendation

The company has established sustainability policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of KLK Tanjong Malim Complex (Estates). All Estate Senior Manager/Estate Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual. Both sites also assist by KLK 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 3 Audit.

This report will be internally reviewed prior to certification decision by GGC. During this Annual Surveillance 3 Audit [based on MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 3: General Principles for Oil Palm Plantations and Organized Smallholders, no major non conformity being raised to KLK Tanjong Malim Complex (Estates) during this assessment.

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted of no major non-conformity by the KLK Tanjong Malim Complex (Estates). Therefore, the lead auditor recommends to continue the 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 Tanjong Malim Complex (Estates).

1.13 Date of Next Surveillance Audit

The next annual surveillance assessment visit will be scheduled after 12 months of the MSPO Certificate being issued.

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

CHRA	Chemical Health & Risk Assessment
CoP	Code of Practise
CPO	Crude Palm Oil
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
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
KLK	KL Kepong
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

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 on Policy, Issue / Rev: 3/2 dated 1st Jan 2020 by KLK Sustainability Department. A written policy on commitment towards sustainable palm oil production sighted and duly filed. Signed by KLK Berhad Chief Executive Director, Tan Sri Dato' Seri Lee Oi Hian, dated on 30th August 2018.

A policy of MSPO signed by Group Plantation Director dated 01st October 2017 was sighted and well documented. A commitment towards;

- 1) Corporate Quality Policy
- 2) Corporate Environmental Policy
- 3) Corporate Occupational Safety and Health
- 4) ISCC policy
- 5) MSPO Policy

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

Indicator 2 The policy shall also emphasize commitment to continual improvement.

Summary Sighted Group Policies dated 01st October 2017 signed by Group Plantation Director 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); Rev 01; Date 01/01/2020. Estate has developed Continuous Improvement Plan year 2020

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

Criterion 2 Internal audit

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

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

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

Kerling Estate	6 th – 7 th July 2020
Bukit Katho Estate	24 th June 2020

Internal Audit at Kerling Estate was led by Mr. Poey Shao Jiann and assist by Miss Verna See Pik Kim as evident in Sustainability Internal Audit Summary.

As for Bukit Katho Estate, the internal audit led by Mr. Tong Wing Chuen and assist by Miss Verna See Pik Kim as evident in Sustainability Internal Audit Summary.

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

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

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

Seen at Kerling Estate, 21 findings on Standard Operating Procedures, 3 on Interview Session and 4 on Site Visit. The response and action taken by Estate Manager for all the findings by the KLK Sustainability Department being reply on 3rd August 2020. All details well documented by estate management.

In Bukit Katho Estate, 6 findings on Standard Operating Procedures, 4 on Interview Session and 4 on Site Visit. The response and action taken by Estate Manager for all the findings by the KLK Sustainability Department being reply on 22nd July 2020. All details well documented by Estate Management.

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 all estate's 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 Jan 2020. As evidence, last management review for Kerling Estate was conducted on 15th December FY2018/2019, The Manager chaired the meeting and attended by 5 personnel.

In Bukit Katho Estate, the Management Review Meeting being conducted on 20th December 2019. The Manager chaired the meeting and attended by 5 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.

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. Estate has developed Continuous Improvement Plan year 2020. The plans are:

Environmental		
1	Chemical Usage Reduction	1. Spray pump calibration 2. Planting of beneficial plant
2	GHG Reduction	1. Regular service of tractors 2. Briefing on energy saving (Grid Electricity)
3	FFB Yield Optimization	1. EFB Mulching 2. Mechanization
4	Waste reduction	1. Briefing on recycling programme 2. Frond stacking to reduce agriculture waste.
5	Road Maintenance	Patching of damaged road
Social		
1	Impact on communities	Community welfare through donation to the school / temple

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
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Summary As to the date of audit, there is no new technology identified or implemented in Kerling Estate. The current practices continued followed by their own Good Agriculture Practice (GAP). However, KLK Berhad has indicates their commitment to continuously improve or create new innovation to optimize field operation.

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.
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Summary Training to workers in various aspects of plantation management were conducted throughout the year. As evidence, sighted the training programme for year 2020.

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 policy has identified mechanism for Request and Respond, Consultation & Meeting and Complaint & Grievances. Communication and consultation process is also communicated through stakeholder meeting and the records with attendance lists was sighted as below: -

- a. In Kerling Estate, the stakeholder meeting was conducted on 4th March 2020. The meeting was attended by 19 stakeholders.
- b. As for Bukit Katho Estate, the stakeholder meeting was conducted on 25th February 2020. The meeting was attended by 9 stakeholders.

Among those Request & Response sighted in FY2020 were:

- a. Kerling Estate
 1. Tharmaraj A/L Makenthiran on Kajian Kawasan from Maktab PDRM Kuala Kubu Bharu dated 4/3/2020.
 2. Muhamad Nizamudin bin Mohamad Sofee on Permohonan untuk melalui jalan ladang ke talian TNB dated 24/9/2019.

Both requests being approved by the management on the same date of the request being made. No Request & Response at Bukit Katho Estate.

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 listed all the 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. JKPP 6, 7, 8, 9 Statistics & Investigation Record
7. Training Program & Records
8. ETC

All the documents are available in the Estate Office. Requests for official documents through the estate office will have to go through the estate manager/assistant in charge, whom will make the decision as to whether the information can be shared to or viewed by the person requesting the information or document. The available document can also be retrieved from company as a website www.klk.com.my

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

Criterion 2 Transparent method of communication and consultation

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

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

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

Interview with the stakeholders confirmed they are aware of the above process. Flow chart has been established on the consultation and communication process. The flow chart is available at both Estates notice board.

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 Person in charge for consultation and communication is available. Kerling Estate has appointed Mr. Amirul Bayaan bin Abd Razak, Assistant Manager as the person in-charge for all issues related to Sustainability and stakeholders through appointment letter dated 06.03.2020 approved by the Estate Manager, Mr. Mohd Azizan bin Roslan.

In Bukit Katho Estate, Mr. Mohd Faizul Ahmad, Staff as the person in-charge for all issues related to Sustainability and stakeholders through an appointment letter dated 01.01.2020 approved by the Estate Manager, Mr. Aimisahriman bin Abdullah.

They also being trained by KLK Sustainability Department to maintain all the requirements in compliance to MSPO.

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

- a) Government / Statutory Bodies
- b) Non-Governmental Organisation
- c) Neighbouring Communities
- d) Estate Communities
- e) Service Provider/ Contractors/ Suppliers

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).

Sighted all records done by estate management. From field to the mill. Estate will record all the bunch that harvest by the harvester. Estate has used barcode scanner to count all the bunch.

Then the record will transfer to FFB Bunch Payment Record Book and FFB Crop Summary. Bunch count data summary is automatically generated for eCheckroll computation at month end for yield statistic.

Then from field, the FFB will be weighed by weighbridge operator and will key in the data as per procedure. The weighbridge operator will print the weighbridge ticket and give to the driver.

The records of delivery or transportation of FFB will be maintained and kept by the both site (estate and mill).

Verified bunch chit and weighbridge tickets that effectively carries the information of harvested Fresh Fruit Bunches (FFB).

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

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

Summary The Management team on harvesting holds the responsibility on regular inspection of traceability system. Periodical inspections also being conducted through Plantation Controller, Internal Audit and Agronomist visit.

The effectiveness of the monitoring will evidence in the internal audit and visit report findings.

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 person in charge for the traceability system is available. Kerling Estate has appointed Mr. Amirul Bayaan bin Abd Razak, Assistant Manager as the person in-charge for all issues related to Sustainability and stakeholders through appointment letter dated 06.03.2020 approved by the Estate Manager, Mr. Mohd Azizan bin Roslan.

In Bukit Katho Estate, Mr. Mohd Faizul Ahmad, Staff as the person in-charge for all issues related to Sustainability and stakeholders through an appointment letter dated 01.01.2020 approved by the Estate Manager, Mr. Aimisahriman bin Abdullah.

They also being trained by KLK Sustainability Department to maintain all the requirements in compliance to MSPO.

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

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

Summary FFB being sell to Tanjung Malim POM, own mill and being monitored by Marketing Department. Sighted the records of sales, delivery or transportation of FFB. This record being maintained and the documents are kept by the both site, Estate and mill.

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 The company has established and updated list of applicable laws and regulations that are applicable for the Estate as per SOP No. 2.0 titled "Legal Compliance"; Issue 2/1 dated 1st January 2020.

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

The legal compliance lists of permits/licences available for both Estate and being monitored and updated periodically by person in- charge of Legal Requirements.

Sighted lists of permits/licenses which have been monitored and updated periodically as follows at Bukit Katho Estate: -

1. Permohonan Permit untuk membeli Barang kawalan berjadual (Peraturan-peraturan bekalan kawalan bekalan 1974), Serial No 001282 (8,100 liters) untuk tempoh 26.11.2019 till 25.11.2020
2. Lesen MPOB (menjual dan mengalih FFB) for 457 ha. No lesen 501857102000 expires 31.10.2020
3. Weighbridge Stamping carried out by Metrology Corporation Malaysia Sdn Bhd on 3/8/2020 for Serial Number B 1670760, 60 Mt
4. Perakuan Kelayakan Penngandung Tekanan Tak Berapi for Air Compressor Permit No. Pendaftaran PK PMT 2047, expires 13.02.2021.
5. Sighted latest updated Record Fire Extinguisher for 10 unit – still valid until 07/2/2021
6. Lesen memiliki senjata dan peluru No 258591.Serial Number TPH 724 under En. Aimishahriman Abdullah

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

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

Summary KLK have established Standard Operating Procedure No 2.0, Appendix 1, Issue / Rev : 2/1 dated 1/1/2020. The list & summary of applicable laws & regulations has column/title for identifying legal document, regulatory authority/summary, requirements, current status and remarks. The legal register was last reviewed on 24/3/2020 at Kerling Estate.

The legal register is prepared by KLK Sustainability Department for Peninsular Malaysia Estates. There are laws and regulations identified in the legal register. Some of applicable laws sighted includes:

1. Environmental Quality Act (Scheduled Waste Regulations) 2005
2. OSHA Act 1994 (Act 514)
3. Factories and Machinery Act with regulations 1967 (Act 139)
4. Pesticides Act 1974 (Act 149)
5. MPOB Act 1998 (Act 582)
6. Road Transport Act 1987 (Act 333)

7. Employees Social Security Act 1969 (Act 4)
8. ETC

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 Standard Operating Procedure 2.0, Legal Compliance has specified any changes to legal requirements are tracked by means of periodic review and evaluation on the Laws & regulations list to ensure that any new/addition as well as changes and amendment are captured and update, through the following manner:

- i) Enquiring the laws books publisher
- ii) Communication with law/enforcement officers
- iii) Website

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 The person in charge to monitor compliance and to track and update the changes in regulatory requirements in Kerling Estate is Mr. Amirul Bayaan bin Abd Razak, Assistant Manager through appointment letter dated 06.03.2020 approved by the Estate Manager, Mr. Mohd Azizan bin Roslan.

In Bukit Katho Estate, Mr. Mohd Faizul Ahmad, Staff as the person in-charge for all issues related to Sustainability and stakeholders through an appointment letter dated 01.01.2020 approved by the Estate Manager, Mr. Aimisahriman bin Abdullah

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 Both estate's land title is available and maintained. Bukit Katho Estate having 55 land titles covering 480.7078 hectare and 457.00 hectare planted area with Oil Palm whereas for Kerling Estate having 29 land titles with a total of 618.8844 hectare. Merely, 221.00 hectare being planted with Oil Palm and remaining 336.00 hectare under Rubber.

Both estate able to demonstrate legal ownership of their land by having legal land titles to the land. During field visit sighted no overplanting nor encroachment within surrounding boundaries. The copy of land titles are kept in the estates office and were sighted during the audit. The original copies were kept at the KLK Bhd HQ, Ipoh, Perak.

As evidence, sighted the annual payment of land cess and quit rent for 2020 to the state government in the form of receipts kept by both estates.

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 Bukit Katho Estate and Kerling Estate able to demonstrate legal ownership of its land by having legal land title to the land. All the land titles under the ownership of Kuala Lumpur Kepong Berhad During field visit sighted no overplanting nor encroachment within surrounding boundaries. The land title for each estate has spell clearly on utilization of land according to Syarat – Syarat Nyata.

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

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 estate boundary is well demarcated with boundary markers surrounding the land. The boundary markers clearly states the GPS coordinate of that particular point. Maps clearly showing the estate boundary were also sighted during the audit.

During field visit, auditors also check a few physical boundary stones and verify it with company's GPS coordinate and GGC own GPS coordinate. The coordinate checked by GGC unit are matched to the data that prepared by staff of the Estate. Verified samples of boundary markers at Kerling Estate as per tabulated below;

Boundary Marker ID No	Kerling Estate
110	101°34'33.2085" E, 3°34'27.5496" N
123	101°34'56.8048" E, 3°34'47.8092" N
130	101°34'1.1265" E, 3°34'54.7238" N
139	101°34'59.8807"E, 3°34'42.9970"N

Total number of peg boundary markers on the Bukit Katho map is 186 boundary markers/pegs and at Kerling Estate 43 boundary markers/pegs.

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 There is no evidence of conflict and disputes recorded in both Estates. In addition, there is no violence on instigated violence in maintaining peace because company has a clear procedure for land conflict. The company has proper legal land title for the land ownership.

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

Criterion 3 Customary land rights

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

Summary There is no customary land within or surrounding the estates. There are also no land disputes or claims involving the estates. The company has proper legal land titles for the land ownership. Estate land fully owned by KLK.

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 within or surrounding the estates. There are also no land disputes or claims involving the estates. The company has proper legal land titles for the land ownership. Estate land fully owned by KLK.

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 land conflict or disputes recorded by the estate. The estate land titles and ownerships are legally identified and documented. Estate land fully owned by KLK.

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.

A Social Impact Assessment (SIA) and records of meetings maintained by the Estate. All data has been gathered with the participation of external and internal stakeholders. The assessment is base on Access & Use rights, Economic Livelihoods & Working conditions, Cultural & Religious Values, Health and Education Facilities, Subsistence Activities, Amenity, Employment, Human Rights, Food and Water Security and Other Community Value.

Seen in the review report, the mitigation plan and targeted date for completion. The Social Impact Assessment prepared by Mr. Khairul Ikhwan Abu Khairi, Sustainability Executive and reviewed by Estate Manager.

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.
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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.
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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 As per Interviewed with employees and stakeholder they are aware that the estate has Procedures to complaint, and both estates also displayed the procedure on the estate notice board nearing the muster ground. Estate also has developed the form and book to keep the records of complaint.

As per interviewed, both estates regularly brief the workers during morning Muster Call the process to make complaints or suggestion to mill management.

For external stakeholders, similar briefing was conducted during External Stakeholder Meeting.

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 at Kerling and Bukit Katho Estate.

Estate	No of Complaints		No of Request & Response	
	2019	2020	2019	2020
Kerling	5	16	6	2
Bukit Katho	2	0	0	0

No external stakeholder complaints recorded to date.

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 Estate is committed and have contributed to local development. The contribution made to the internal and external stakeholders. Details as below: -

a. Kerling Estate

No	Category	Activities	Status
1.	Social Community	Support local farmers by buying their leftover vegetables due to MCO impact	30/4/2020
2.	Employee	Jamuan Raya Year 2020 Ladang Kerling	13/5/2020
		Donation of disposable Mask and recycle mask during MCO period	18/3/2020 25/3/2020

		Provide Basic household needs during MCO period	27/3/2020 30/4/2020
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b. Bukit Katho Estate

	Agenda	Proposed Allocation (RM)	Remarks
1.	SOAP Donation to school and clinic	432.00	17/8/2020
2.	CSR Project to workers (Soap Donation)	442.50	17/8/2020

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 every respective Estate Manager dated 1st January 2020. The policy was prepared in Bahasa Malaysia and English for easily understood by all level of its employees.

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 every respective Estate Manager dated 1st January 2020. The policy was prepared in Bahasa Malaysia and English for easily understood by all level of its employees. This policy both in English and Bahasa Malaysia is displayed at notice boards. OSH Plan for 2019/20 is available including objectives.

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: -

- a. Mulching
- b. Applying ECOMAT
- c. Applying Fertilizers in Field
- d. Bunch Counter
- e. Chemical Preparation
- f. Diesel Tank
- g. Harvesting using Cantas & Wheelbarrow
- h. Loading FFB at RAMP
- i. Manual Harvesting
- j. Nursery Upkeep
- k. ETC

For both estates have 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. Sample taken at Kerling Estate as follows: -

Month Programme	Topic	Status
February	Training for First Aider	08/07/2020
March	Taklimat Keselamatan untuk penunggang motorsikal Latihan untuk pemandu traktor	16/06/2020 06/05/2020
April	Pemeriksaan perubatan bagi pekerja bahan kimia	22/04/2020

May	Latihan semula bagi semua pekerja	25/05/2020
July	Fire drill	
August	Latihan keselamatan bagi semua pekerja racun	24/07/2020

Sighted training record for Training for Chemical sprayers dated 24/07/2020 attended by 6 workers by Mr. Syahfiz lutfi bin Shamsul Akhyar. Record of attendance seen being kept by the estate management.

Both estates have issued PPE to its employees for their protection at workplace. Records of PPE issued are maintained individually for all employees. Sighted the records of issuance made to employees on selective basis. During the site visit the staff/workers were noted to be equipped with their proper attire & PPE.

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

CHRA report dated 2nd April 2018 (HQ/09/ASS/00/102-2018/003) 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 8 workers (6 oil palms, 2 rubber) have undergone medical surveillance. They were tested on Physical examination, Glycosuria, Hematuria, BUSE, Renal Profile, Liver function test & S. Cholinesterase. The workers are from the categories of mandore sprayers, manurers, and workshop.

Medical Surveillance Program was conducted for 8 estate workers on 10th February by Kerling Estate as per OSHA-USECHH 2000 requirements done by Klinik Segamat and the report (070/OHD/2020) prepared by Dr Sathia Prakash Nadarajan MMC No: 43804 DOSH REG No: HQ/19/DOC/00/00469.

As for Bukit Katho Estate, Medical Surveillance Program was conducted for 8 estate workers from the 4th June 2020 as per OSHA-USECHH 2000 requirements done by Cheah & Lim Medical Associates Sdn Bhd and the medical examiner is Dr V.P.P. Subramaniam (Doktor Kesihatan Pekerjaan – HQ/08/DOC/00/481)

Kerling Estate has appointed Mr. Amirul Bayaan bin Abd Razak (Assistant Manager) as the person in-charge for all issues related to Sustainability and occupational safety & health. Sighted appointment letter dated 01.06.2020 approved by the Estate Manager, Mr. Mohd Azizan bin Roslan.

At Bukit Katho Estate, person in charge of OSH is Mr. Aimisahriman Abdullah, he is also appointed as chairman for OSH Committee on 01st January 2020 by Mr. Tee Ming Chong, General Manager.

OSH Committee Chart 2020 sighted. Seen, letter of appointment for committee members in the file. Estate Manager is the Chairman of OSH Committee and he is person in-charge

for OSH. He will assist by KKK OSH Department. The committee meeting has been conducted as follows: -

Estate	1 st Meeting	2 nd Meeting	3 rd Meeting
Kerling	26/9/2019	26/12/2019	18/6/2020
Bukit Katho	13/12/2019	13/3/2020	12/6/2020

No meeting being conducted at Kerling Estate for 1st Quarter 2020 due to COVID 19 pandemic outbreak. The meeting to discuss 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, Tumpahan Bahan Kimia and Banjir.

Emergency response plan include the emergency contact number, and also have Guidelines on Accident, Emergency Procedures and Exit routes as well as assembly point in file and pasted on notice board.

There are two person from Kerling Estate who had undergone first aid training conducted on 13/8/2020 for Tanjung Malim Complex by Malaysian Red Crescent attended by 17 participants. Seen the email by Malaysian Red Crescent dated 17/8/2020 stated that all the participants have passed their theory and practical exams and the certificate are still in process. Representative from Kerling Estate are Sethumaran A/L Suppermani and Shahari Amin b Mohd Arshad.

Estate has submitted JKPP 8 (I & II)/(IV) on annually basis to the DOSH on 17/01/2020 by Kerling Estate and 9/1/2020 by Bukit Katho Estate.

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 KKK Sustainability Policy Issue/Rev 3/2 dated 01/01/2020, Page 9 of 20, Responsible consideration of employees and of individuals and communities affected by plantation and mills stated under clause (h) recognize and respect the rights of all its employees to form and join trade unions of their choice and to bargain collectively subject to the provisions of relevant national legislation.

Communication of all the policies to workforce is through training / Morning briefing and to External Stakeholders through the Stakeholder Meeting.

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 9 of 20, Responsible consideration of employees and of individuals and communities affected by plantation and mills stated under clause (k) Ensure Equal Opportunities in the workplace.

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 mill payment records / pay slip. The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. Order 2020 Malaysian minimum salary is RM1200.00 as stated in the guidelines.

Interview with both Estate staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment.

Sampled of worker salary taken for Bukit Katho Estate, Edy Saputra – Emp No 2406J for July 2020.

	Rate	Unit/Day	RM
Pemotong	0.1125	9198	1034.62
Pengangkat	0.1188	753	89.48
Bonus Harga	4.3000	23	98.90
Production Incentive			38.46
Ko	1.00	363.30	363.30
Sgp	7.6904	24	184.57
Bayaran Cuti Sakit			64.61
Bayaran Cuti Am			64.61
Deduction			
Advance			300.00
Nett Pay			1638.55

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 Pay and conditions are documented by the Contractor for his workers and confirmed that they understand the terms and conditions of their employment. 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. Sample taken on Chop Hup Hin Sdn Bhd at Kerling Estate. Two employees's pay slips sampled namely: -

1. Rahisam Shah bin Ros – 810308-01-5917, 2120.75 amounting RM 4,798.60
2. Nordin bin Busu – 711020-10-5565 amounting RM 2120.75

Seen their Contract Agreement and Pay slip. Payment is according to the Minimum Wages Act.

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 KLK has established system "e-check roll" for all database of their workers. Also, management has compiled in LRC (Labour Registration Card). Sample taken on Subramaniam A/L Mukiah amounting RM 3,294.52 and Micheal A/L Masiasoosai dated 30/07/2020 amounting RM 2,476.08 of Bukit Katho 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 and their Nationality language and it is easy to be understood by workers. This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local, Indonesian and India. Sample taken on the following Contract Agreement:

1. Kerling Estate
 - a. Sahrul Efendi – 2305B
 - b. MD Jahangir Alam – 2256C
 - c. Muthukumara Arunachalam – 2315E
2. Bukit Katho Estate
 - a. Edy Sputra – 2406J
 - b. Abdul Razak Khan – 2389D
 - c. Raja Thurai Thangaya Nadar – 2300G
 - d. Ismail bin Abdullah – 2289C

e. Yanuar Aryadi – 2410A

This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of Malaysian and Indonesian.

All workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed through interview with workers from the mill and also through verification of contracts of service and pay slips of workers.

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 Saturday to Thursday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to Malaysian Law.

Seen the working hours being displayed at the notice board. The office working time from Monday to Friday is 8.00 am to 5.00pm and on Saturday from 8.00 to 1.00 pm.

During site visit, sighted above data displayed at notice board. 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 The working hour and break time has been clearly stated in the Employment Contract. Sighted in the Contract Agreement the rate of overtime which agreed by both parties. There is no complaint received regarding payment or are forced to work overtime during site interview.

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

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

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

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

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

Indicator 10 Other forms of social benefits should be offered by the employer to employees, their families or 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 free legalization cost, PERKESO, annual leave, sick leave and etc. Since 1st Jan 2020 foreign worker are cover under PERKESO.

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

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

Indicator 11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities 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. Water and electricity is provided free Sanitary and waste disposal is prepared by mill.

Welfare Amenities: Mosque, football field and sundry shop.

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 dated 30th August 2018 approved by KLK CEO Tan Sri Dato' Seri Lee Oi Hian clause 3.2 (xi) Harassment and violence stated the group and its supplier/contractor shall not tolerate any type of harassment or violence. The gender committee is formed at both 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 30th August 2018 which under

clause 2.1 (vi) indicates Freedom of Association and Right to Collective Bargaining where workers are allowed to join collective association.

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

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

Indicator 14

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

Stated in 'KLK Sustainability Policy approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 30/8/2018 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 mill and this was proven through checking the list of employees as well as their biodata and through mill visits. The workers were clear that no one below 18 years old should be employed.

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

Criterion 6 Training and competency

Indicator 1 All employees, 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

The Estate has a comprehensive annual training plan for its staff and workers and this was sighted in the training records file for each staffs and workers. The training plan for 2020 was sighted as follow, sample of Bukit Katho Estate: -

No	Topic	Month Program	Status
1	Briefing on implementation of Integrated Pest Management (IPM)	Feb '20	
2	KLK Sustainability Briefing (Policy, RTE Awareness, Domestic Waste Management, Riparian Zone Management)	Mar '20	28/7/2020 29/7/2020

3	KLK Code of Conduct for Employees	Mar '20	28/7/2020 29/7/2020
4	Briefing on Employment Contract, MAPA/NUPW Agreement 2019	Mar '20	28/7/2020 29/7/2020
5.	Briefing on OSH Committee, OSH Policy, OSH related issue	Mar '20	28/7/2020 29/7/2020
6	Briefing on Union Representative and Women's Committee and Emergency Respond Team Committee and Plan	Mar '20	28/7/2020 29/7/2020
7	Briefing on Logbook Request and respond, Consultation & Communication, Complain & Grievance	Mar '20	28/7/2020 29/7/2020

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 mill has a comprehensive Training Needs Analysis for staffs and workers and this was sighted in the training records file.

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

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

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

Criterion 1 Environmental management plan

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

Summary Kuala Lumpur Kepong (KLK) Berhad has revised its policy on Environmental in the KLK Sustainability Policy, which applies to all its subsidiaries signed by Chief Executive Officer, Tan Sri Dato' Seri Lee Oi Hian on 30th August 2018.

Based on the Environmental Policy, the Company is committed towards the implementation of the following practices:

1. No Deforestation
2. Protection of Peatlands
3. No Burning - Practice a strict No Burning policy in all KLK operations including new plantings and re-plantings.
4. Protecting High Conservation Value Areas
5. Reduce Net Emissions of Greenhouse Gas ("GHG")

Both Estates have conducted Environmental Aspect and Impact Assessment for all its activities in year 2019. The EAIA assessment findings are recorded in document titled "Environmental Aspect and Impact Assessment (EAIA)". EAIA is being reviewed on annual basis.

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

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

Summary KLK Berhad has established the SOP 10.0 - "Environmental Aspect & Impact Assessment" Issue/Rev 3/2 dated 01.01.2020 prepared by the Sustainability Department with the objective to identify all activities or aspects of the estate/ palm oil mill that have impact to the environment

The environmental Management Plan (EMP) incorporated with Environmental Aspect & Impact Assessment (EAIA) & Waste Management Plan (WMP), prepared by the respective Person in-charge at Both Estates. Mr Amirul Bayaan, Assistant Manager for Kerling Estate and Mr Faizul Ahmad the field supervisor for Bukit Katho Estate.

The environmental impact assessment has covered the following key Process/Area such as;

1. Mature maintenance
2. Harvesting
3. FFB collection
4. Chemical pre-mix area
5. Chemical store
6. Diesel tank
7. Empty fertilizer bags store
8. POL store
9. Scrap iron area
10. Tractor parking and washing bay

11. Landfill
12. Office/linesite/Creche
13. Grass cutting activity
14. Road maintenance
15. Mechanization – Power Barrow
16. Etc

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

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

Summary

Sighted the environmental management plan for the year 2020 developed to mitigate the negative impacts and to promote the positive one. Sample taken at Kerling Estate as listed herein:-

No	Major Activity/Aspect	Impact	Impact Management Control
1	Oil leakage from tractor	Land pollution	To ensure drip tray is used for the spillages from tractor
2	Chemicals spillage	Water & Land pollution	To ensure bund and sump are in good condition, regular monitoring for spillage, to provide chemical handling training to premix operator.
3	Chemical spillage from dosing pump	Water pollution	Immediately recover and repaired the leakage part
4	Lubricant oil spillage	Water pollution	To collect back the schedule waste and store in schedule store

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 Kerling Estate and Bukit Katho Estate Continual Improvement Plan for year 2020 as follows;

1. Chemical usage reduction – spraying nozzle calibration, planting of beneficial plant, IPM
2. Environmental Impacts/ Pollution and GHG reduction – regular service of tractors, briefing on energy saving (Grid electricity), EFB/BPS application
3. FFB yield optimization – EFB mulching, desilting
4. Waste reduction – Briefing on 3R programme, frond stacking to reduce agriculture waste
5. Road maintenance – patching of damaged road
6. Impacts on communities/ smallholders – Community welfare through donation to the school

7. Impacts on workers – Upgrading of worker quarters by repainting of external wall
8. Integrated management of HCV/HCS, peatlands and other conservation area
- 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 Both Estates have established training program for environmental management and improvement plan. Sighted the training programme on environmental for 2020 at Bukit Katho Estate as follow;

	Workers Attended	Programme	Completed
Waste reduction 3R programme	55	January	2.1.2020
KLK sustainability Briefing	57	March	28 & 29.07.2020
Briefing on the triple rinse and piercing	55	August	04.08.2020
Briefing on scheduled waste management		September	
Briefing on water sampling procedure		October	

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 meeting to Internal and External Stakeholders have been conducted simultaneously with Sustainability Training and External Stakeholder Meeting at Both Estates.

The topic covers were the Policy, RTE Awareness, Domestic Waste Management and Riparian Zone Management, GHG, open burning.

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 Monitoring of Diesel Usage is conducted based on SOP 12.0, Appendix 4, Rev 3/2 of Waste Management & Energy Use dated 01.01.2020 in terms of litre/mt FFB transported.

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

Data compiled (3 years) for comparison and monitored to optimize the use of non-renewable energy. Records available were verified and showed satisfactory monitoring of the resources.

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 The projection consumption of diesel and electricity for estate has been documented on annual basis. As evidence, sighted the actual for diesel consumption by both Estate Management for year 2019/2020 as per tabulated below;

Estate	January to December 2020	
	Kerling Estate	Bukit Katho Estate
FFB, mt	4,971.28	9,391.00
Diesel, liter	13,641.00	12,800.00
Average, Liter/mt FFB	2.74	1.36
Base line litre/mt	2.36	1.81

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

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

Summary At the moment, there is no usage of renewable energy been practices in estate.

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

Criterion 3 Waste management and disposal

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

Summary Sighted SOP 12.0 on Sustainability – Waste Management and Energy Use Rev 3/2 dated 01.01.2020 established by the KLK Sustainability Department HQ.

Environmental Management Plan has been established by both estate as a management tool to identify all waste product and sources of pollution. As evidence, A systematic inventory of schedule wastes was properly maintaining to record movement of wastes in the estate.

Both estates have identified waste products produce from the estate activities such as spent lubricant oil, spent oil filter, spent batteries, empty chemical containers, empty fertilizer bags, scrap iron, used tires, papers, glass, plastic, spraying pump, rags and etc which updated annually.

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

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

Summary

The Waste Management Plan (WMP) has been incorporated in the Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan (WMP) were documented based on the SOP 10.0 Appendix 1, Rev. 3/2 dated 01.01.2020. The Waste Management Plan at Kerling Estate as below: -

No	Major Activity/Aspect	Impact	Impact Management Control
1	Oil leakage from tractor	Land pollution	To ensure drip tray is used for the spillages from tractor
2	Chemicals spillage	Water & Land pollution	To ensure bund and sump are in good condition, regular monitoring for spillage, to provide chemical handling training to premix operator.
3	Chemical spillage from dosing pump	Water pollution	Immediately recover and repaired the leakage part
4	Lubricant oil spillage	Water pollution	To collect back the schedule waste and store in schedule store To dispose the schedule waste through the SW collector Primochem Sdn Bhd /Kenep Waste management Sdn Bhd.

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

The estate has SOP 6.0, Issue/Rev 4/3 dated 01.01.2020 with a title "Safe Use and Storage of Agrochemicals/Chemicals" to ensure proper handling, storage and disposal of agrochemicals/ chemicals

Handling of used chemical produced in the estate is under controlled and strictly handle by qualified person which have attended the safe handling, storage and disposal training. There is a clear procedure of disposal waste material that includes management of waste disposal, notification of waste disposal, labeling of waste disposal, storage of waste disposal, inventory of waste disposal, collection and transportation of scheduled waste and recycling and disposal of scheduled waste.

Evidence in Both Estates, the inventory at Scheduled Waste Store and e-Swis is in accordance with the Inventory of Scheduled Wastes, Fifth Schedule (Regulation 11). Scheduled Waste being disposed to the appropriate licensed Contractor with Department of Environmental.

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.

In Kerling Estate, the empty containers generated from estate was disposed through to DOE approved contractor. Scheduled waste was disposed in accordance with scheduled waste requirements and regulation.

In Bukit Katho Estate, the empty containers are disposed to G-Planter, a chemical supplier and the container is not under Schedule Waste Inventory.

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 Sighted SOP 12.0 on Sustainability – Waste Management and Energy Use Rev 3/2 dated 01.01.2020 established by the KLK Sustainability Department HQ.

Domestic waste for housing area is managed by the estate. For Kerling Estate, all domestic wastes are disposed at landfill @Field PM 2006 whereas for Bukit Katho Estate at @Field PM 2001

Seen the landfill area well maintained and manage by the Estate Management with signage. Collected twice a week (Monday and Thursday).

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 polluting activities has been assessed during environmental aspect and impact assessment. The EAIA assessment findings including list of polluting sources are recorded in document titled "Environmental Aspect & Impact Assessment (EAIA) & Environmental Management Plan (EMP) & Waste Management plan (WMP). The EAIA was reviewed by the Assistant Manager on 01st January 2020. The mitigation measures

have identified the aspect & impact registers to prevent or minimize pollution through impact management control and monitoring control.

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

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

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

Summary The action plan has been established and implementation is ongoing. As evidence, sighted the environmental management plan for the year 2020 developed to prevent or minimize the pollution.

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 water courses and wetlands protection is covered in SOP 5.0 Issue/Rev 2/1dated 01.01.2020: Surface & Groundwater Management

Sighted Water Management Plan established by the estates. The estates outlined it water management plan as follow;

1. Water for Consumption - Tube well has been identified as a main water source for domestic consumption. One point of tube well (195m depth) has been constructed at Home Division. Estimated consumption is 40 m3 /day
2. Water for Operation i.e. field drain, river/stream.
3. Wastewater from line site.

Among the management and monitoring plan outlined by the management on water for consumption such as;

1. Water sampling programme

2. Management plan on water facilities
3. Water analysis result and action plan
4. Monitoring plan on daily usage and rainfall record.
5. Training on water sampling

Sighted water sampling point location map of Kerling and Bukit Katho Estate, furnished with legend of water sampling point and its description.

Sighted treated water quality analysis report for drinking water at Kerling Estate, analyzed by Organo (Asia) Sdn Bhd, Shah Alam, Selangor reported on 10.08.2020. The test result is under threshold level and within the MOH's standard.

Parameter	Raw Water (tube well)	Treated Water	M.O.H Standard
pH	6.2	8.00@ 25°C	6.5 – 9.0
Turbidity (NTU)		1.40	< 5
Free Chlorine (mg/l)		1.0	> 0.20
Al (mg/l)		ND(<0.01)	< 0.20
E-Coli (MPN/100ml)		ND(<1.1)	ND/ 100ml
Total Solids (ppm)	-	-	N/A
Suspended Solids (Alt.) (ppm)	-	-	N/A

Note: ND means Not Detected. Test on E-Coli was subcontracted to another lab and not under the scope of SAMM accreditation.

Sighted Wastewater samples analysis results for linesite, analyzed by Technology & Q.C. Centre, Kuala Lumpur Kepong Bhd, Kota Damansara tested on 02.06.2020 to 03.06.2020. The result BOD result is passed the DOE's limit.

Parameter	Linesite Outlet #point 1	Linesite Outlet # point 2	DOE's Limit
BOD (ppm)	4	6	50

Note: BOD results passed the DOE's limit

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 For Sungai Kerling and Bukit Katho Estate, no river is passing through. No bunds or dams being constructed across the river.

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 There were road side drains constructed along the main roads to divert and conserve water at designated points.

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

Criterion 6	Status of rare, threatened, or endangered species and high biodiversity value area
Indicator 1	<p>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:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>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.</p>

Summary

The HCV assessment is carried out based on SOP 11.0 Rev 4/3 - In-House High Conservation Value (HCV) Assessment which was established by KLK Sustainability Department using guidance from Malaysian Red Lists, IUCN Red List, consultation with conservationist, or other relevant parties e.g. Wildlife and Forestry Department.

Sighted "In-house High Conservation (HCV) Assessment" conducted by In House HCV Assessor (Ms Lee Kuan Yee, Mr Tong Wing Chuen and Mr Koo Wai Kit) by KLK Sustainability Team by using methodology as field observation, stakeholder's consultation. I.e. estate management, workers, local communities and other external stakeholders and questionnaire on species identification. For Changkat Asa Estate, assessment was carried out on 1st January 2018 whereas Bukit Katho Estate on 9th March 2018.

In summary there was no status of rare and threatened or endangered species and high biodiversity value area in the estate. As a precautionary management approach, the management has declared temple, surau and water catchment as management area

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

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

As the result of the assessment, there is no requirement to have a management plan. An appropriate measure has been taken by the management such as:

1. Displaying of proper signage (No Fishing and No Hunting) at estate boundary with jungle and other strategic locations.
2. Briefing to workers on the Sustainability Policy that cover RTE species in the estate.

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.

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 Zero burning policy was established by KLK Sustainability Department under its Sustainability Manual Item No. 1.3: No Burning – Practice a strict Zero Burning policy in all KLK operations including new plantings and re-plantings signed by CEO, Tan Sri Dato’ Seri Lee Oi Hian, dated 30th August 2018.

During site visit there is no evidence of open burning in estate area and line site also during interviews.

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 prohibited.

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 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 Zero burning policy signed by CEO, Tan Sri Dato’ Seri Lee Oi Hian, dated 30th August 2018.

Open burning in relation to new planting, re-planting or other development is prohibited and this was communicated to all employee and stakeholder.

The following practices has been implemented by the management during replanting in accordance to its Policy No. GP/AGRIC/OP7: Replanting-3, Classification: Shredding of Palms:

1. Excavate all old timber stumps, utility poles, boulders, etc. and place these in clearly marked stacks for subsequent removal.
2. Palms are felled and the entire palm bole and root mass are excavated.
3. Trunks are chipped at 45° to the grain and the chips must be less than 7.5cm (3 inches) thick and should be spread thinly into 1 to 2 layers thick.
4. Fronds should be chopped into 3 equal parts and stacks along the side of chips.
5. Palm chips and cut fronds are stacked in the interrows and old planting rows.
6. It is important not to spread the chips or cut fronds on to the hole in order that inspection can be carried out.

Pulverizing is carried out using tractor >90hp fitted with a creeper gear and rear mounted pulverizer. Ensure that the pulverized palm biomass do not accumulate in thick layers in the depressions.

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 KLK Berhad has developed SOPs for estate. Seen the Good Agricultural Practices (GAP) Policy, Standard Operation Procedure On Sustainability and Standard Operating Procedures and Safety Operation Procedure. All the SOPs are established and controlled by Head Quarters.

GAP manual is covering operations from:

- GP/AGRIC/OP1 Harvesting
- GP/AGRIC/OP2 Field Upkeep
- GP/AGRIC/OP3 Nutrition
- GP/AGRIC/OP4 Pest & Diseases
- GP/AGRIC/OP5 Conservation
- GP/AGRIC/OP6 By Products
- GP/AGRIC/OP7 Replanting
- GP/AGRIC/OP8 Nursery
- GP/AGRIC/OP9 Field Identification
- GP/AGRIC/OP10 Roads & Drains

Standard Operation Procedure includes:

- SOP 1 – Stakeholders Engagement / Negotiation
- SOP 2 – Legal Compliance
- SOP 3A – Land Acquisition (For OP Planting)
- SOP 3B – Responsible Development on New Planting
- SOP 3C – Land Conflict Resolution Mechanism
- SOP 4 – Soil Erosion & Fertility and Road Maintenance

- SOP 5 – Surface & Ground Water Management
- SOP 6 – Safe use & storage of agrochemicals/chemicals
- SOP 7 – Integrated Pest Management
- SOP 8 – Training
- SOP 9 – Controls of documents and records
- SOP 10 – Environment Impact Assessment
- SOP 11 – High Conservation Value (HCV) Management
- SOP 12 – Water Management & Energy Use
- SOP 13 – In-house Social Impact Assessment
- SOP 14 – Employment of Worker / Staffs
- SOP 15 – Amenities
- SOP 16 – Management Review
- SOP 17 – FFB Pricing Mechanism
- SOP 18 – Supply Chain Procedure
- SOP 19 – Internal Audit Procedures
- SOP 20 – Trade and Shipping

Safety Operation Procedure includes:

- OSH 01 – KLK Group Policy (OSHA)
- OSH 02 – OSH Management System
- OSH 03 – Hazard Prevention & Control Measure
- OSH 04 – Emergency Plan
- OSH 05 – Health & Safety
- OSH 06 – Protective Personal Equipment
- OSH 07 – Investigation & Notification
- OSH 08 – Inspection & Audit
- OSH 09 – Training
- OSH 10 – Communication
- OSH 11 – Improvement
- OSH 12 – Women's Committee
- OSH 13 – Scheduled Waste Management

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 1st January 2020 for "Soil Erosion & Fertility and Road Maintenance". In addition, soil maps for the estate are evident that there is no fragile soils exist in the estate.

A management strategy for purpose of planting on slopes above a certain limit is evident in Soil Erosion & Fertility and Road Maintenance (SOP: 4.0). Slightly slopes area which is exceeding the 25 degrees slopes as according to the company SOP. During site visit observed there is no terracing above 25 Degrees.

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

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



Summary The estate has a visual reference system to identify each field or block. During site visit, each field has the signboard with block number/year of planting, stand per hectare, hectareage and oil palm clone. 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 2020. The budget includes the projected FFB production, general charges, upkeep & cultivation, Collection and mature areas. Sighted the budget estate as follows:-

	Kerling Estate			Bukit Katho Estate		
	2020	2021	2022	2020	2021	2022
Mature (Ha)	221	221	221	383	383	383
Yield (MT/Ha)	25.48	25.88	25.04	24.50	24.30	24.50
FFB Production (MT)	5,630	5,720	5,534	9,391	9,310	9,383
FFB Price (RM/MT)	450.00	450.00	450.00	450.00	450.00	450.00
Ex-Estate Cost (RM/MT)	268	251	259	244.35	245.00	245.00
Net profit	1,035,920	1,149,720	1,068,062	1,930,977	1,908,550	1,923,515

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 No replanting programme in the next 5 years at Both Estates.

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 has an annual budget for the financial year 2020. Details of Business Plan for both Estates as listed herein: -

	Kerling Estate	Bukit Katho Estate
Progeny/clone	DXP AAR	DXP AAR
Yield / Ha	25.48	24.50
Cost of Production (RM/MT)	250.00	250.00
FFB price forecast (RM/MT)	450.00	450.00
Revenue (RM)	1,035,920.00	1,878,200.00

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 estates performance is recorded in the monthly progress report. Details on the actual vs budget i.e. Upkeep maintenance, FFB Production, capital expenditure are shown therein. The management also provides variance report on the performance and reviewed on a monthly basis. The supervisory personnel maintained a daily cost for the field operations.

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. For the estate, the pricing of FFB is from MPOB Website every month and given by KLK HQ in Ipoh.

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 the contracts in the sample estate are kept in Agreement file for further reference. Sighted the contract agreement made between Bukit Katho Estate and Tan Man Kong Transport Sdn Bhd. The contract signed on 1.10.2018 for transport of FFB from the Estate to Tanjong Malim Palm Oil Mill or other mills. The contract expiry is on 30.9.2020

Seen Date submission of Invoiced on 30/5/2020 amounting RM 8,738.80 through Invoice no: 00011423. The payment being made within 30 days of the invoice submission. Payment initiated on 3.6.2020 base on Payment Voucher PY LV 02670 through chequ No 732214 amounting RM 8,738.80

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. Sighted all contract includes an agreement signed by contractor and estate manager with term and condition which includes; contractor must adhere to KLK Sustainability policy and all estate standard certifications includes MSPO

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

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

Summary All the contractors are aware that estate will be certified under MSPO. Therefore, the contractor has been informed by estate management to follow the MSPO standard requirement. Sighted all contract includes an agreement signed by contractor and estate manager.

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 Sighted Contract Agreement Terms and Conditions on Sustainability Requirement – The Management and the Contractor agree that;

1. The Contractor shall comply with KLK Sustainability Policy while working in the premise.
2. The Contractor shall be subjected to the management system audits by auditors assigned by the Management as and when deemed necessary. It is understood that the Contractor has obligation to comply with the certification standards along with the Management. Respective contractors shall be given a written notice prior to each of the audit.
3. As per agreed, the KLK Plantation Berhad accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purpose

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 The completion of work will be monitored by the estate management. Upon completion of the work, the estate management will verify the quality of work. Payment will only be made upon approval by the Management and satisfactory work by the contractor

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 all estates.

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 all estates.

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 There were no new plantings involving peat area. Thus, it is not applicable for all estates.

In Compliance ☐ **Yes** ☐ **No** ☒ **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 all estates.

In Compliance ☐ **Yes** ☐ **No** ☒ **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.
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Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance ☐ Yes ☐ No ☒ **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.
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Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance ☐ Yes ☐ No ☒ **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.
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Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

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

Criterion 4	Soil and topographic information
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Indicator 1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.
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Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

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

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

Criterion 5	Planting on steep terrain, marginal and fragile soils
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Indicator 1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.
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Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

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 all estates.

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 all estates

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 recognized customary land. Thus, it is not applicable for all estates

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 recognized customary land. Thus, it is not applicable for all estates

In Compliance ☐ Yes ☐ No ☒ **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 recognized customary land. Thus, it is not applicable for all estate

In Compliance ☐ Yes ☐ No ☒ **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 recognized customary land. Thus, it is not applicable for all estates
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 recognized customary land. Thus, it is not applicable for all estates
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 recognized customary land. Thus, it is not applicable for all estates
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 recognized customary land. Thus, it is not applicable for all estates
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 recognized customary land. Thus, it is not applicable for all estates
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> 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. Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
2. The management is highly committed to comply the MSPO system by adopting continuous improvement programs.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
23 rd August 2020	TBA	➤ Travelling to Tg. Malim, Perak.	IBI	RMN/TA
24 th August 2020	08:00 – 09:00	➤ Centralize Opening Meeting at at Kerling 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). 	IBI	RMN/TA
	09:00 – 13:00	Kerling 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. 	IBI	RMN/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. 	IBI	RMN/TA
	13:00 – 14:00	➤ Lunch	IBI	RMN/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. 	IBI	RMN/TA
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	IBI	RMN/TA

AGENDA

Date	Time	Subjects	Lead Auditor	Auditor
25 th August 2020	08:00 – 13:00	Tg Malim POM <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. 	IBI	RMN/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. 	IBI	RMN/TA
	13:00 – 14:00	➤ Lunch	IBI	RMN/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 	IBI	RMN/TA
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	IBI	RMN/TA

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
26 th August 2020	08:00 – 13:00	Bukit Katho 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. 	IBI	RMN/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. 	IBI	RMN/TA
	13:00 – 14:00	➤ Lunch	IBI	RMN/TA
	14:00 – 15:30	<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. 	IBI	RMN/TA
	15:30 – 16:30	➤ Verify any outstanding issues and auditor discussion.	IBI	RMN/TA
	16:30 – 17:00	➤ Centralize Closing Meeting at Bukit Katho Estate:	IBI	RMN/TA



		<ul style="list-style-type: none">➤ Chaired by the audit Lead Auditor• Welcome and introduction by the Lead Auditor• Presentation of findings by the audit team• Questions & answers and Final summary by Lead Auditor➤ End of assessment		
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Appendix B: Non-Conformity details

Non-Conformities Identified During 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 Previous Audit

Major Nonconformities:	Non-were raised during previous Audit.
Minor Nonconformities:	Non-were raised during previous Audit.
Area of Concern:	Non-were raised during previous Audit

Appendix C: List of Stakeholders Contacted

List of stakeholders

Internal Stakeholders

- 1) Estates Management team and staff
- 2) Gender Committee Representatives
- 3) Local Workers Representatives
- 4) Foreign Workers Representatives