

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

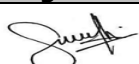

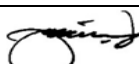
CERTIFICATION AUDIT REPORT


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

Kuala Lumpur Kepong Berhad
Changkat Chermin Complex [Estates]

-Group Certification-

ANNUAL SURVEILLANCE AUDIT 3 13th July 2020 – 17th July 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	03/08/2020	Issued as Draft Report	Surenthiran Panneerselvam	Lead Auditor	
B	09/09/2020	Issued as Final Report	Surenthiran Panneerselvam	Lead Auditor	
B	15/09/2020	Final Report Approved	Muhammad Syafiq bin Abd Razak	Certifier	

Acknowledgment by Kuala Lumpur Kepong Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	15/09/2020	Acceptance of the contents	Ms. Lee Kuan Yee	Senior Manager (Sustainability)	

Declaration

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

WITH INTEGRITY WE SERVE



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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. [hereafter known as GGC] has conducted the Certification Assessment of Kuala Lumpur Kepong Berhad, Changkat Chermin Complex [Mill & Estates]. During this Annual Surveillance Audit, the audit team briefed by sustainability member, of the supply base disposition. The source of FFB supplies to KLK Changkat Chermin POM are only from their own estates [Changkat Chermin Estate, Lekir Estate, Raja Hitam Estate, Glenealy Estate, Allagar Estate, Serapoh Estate, Kuala Kangsar Estate, Pinji Estate, Batu Dua Estate, Menglembu Estate and Kampar Estate].

This assessment was conducted onsite on 13th July 2020 to 17th July 2020 to assess the compliance of the certification unit against the "MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholder". The scope of certification is "Management of Sustainable Oil Palm Plantations from Cultivation, Planting and Production of Fresh Fruit Bunches".

1.2 Company details and Contact information

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

1.3 Certification Unit

Name of the Certification Unit

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Changkat Chermin Estate	Batu 13 ½, 32400 Ayer Tawar, Perak	E 100.796'	N 4.304'
2.	Lekir Estate	Batu 12, 32020 Sitiawan, Perak	E 100.807'	N 4.105'
3.	Raja Hitam Estate	Batu 18, Kg. Jering, 32400 Ayer Tawar, Perak	E 100.773'	N 4.350'
4.	Glenealy Estate	Jalan Siputih – Batu Hampar, 32800 Parit, Perak	E 100.930'	N 4.459'
5.	Allagar Estate	Ladang Allagar, 34800 Trong, Perak	E 100.734'	N 4.600'
6.	Serapoh Estate	Ladang Serapoh, 32800 Parit, Perak	E 100.891'	N 4.520'
7.	Kuala Kangsar Estate	Ladang Kuala Kangsar, 33700 Padang Rengas, Perak	E 100.850'	N 4.767'
8.	Pinji Estate	Ladang Pinji, P.O. Box 1027, 30820 Ipoh, Perak	E 101.088'	N 4.503'
9.	Batu Dua Estate	Ladang Batu Dua, P.O. Box 1027, 30820 Ipoh, Perak	E 101.074'	N 4.478'
10.	Menglembu Estate	Ladang Menglembu d/k No. 1, Hala Kledang 4, Taman Kledang, 31450 Menglembu, Perak	E 101.039'	N 4.562'
11.	Kampar Estate	Ladang Kampar, Peti Surat 20, 31907 Kampar, Perak	E 101.109'	N 4.269'

MPOB License Information

No	Name of the Site	Licence number	Expiry date	Scope activity
1.	Changkat Chermin Estate	566207002000	31/10/2020	Menjual dan mengalih (FFB)
2.	Lekir Estate	566208002000	31/10/2020	Menjual dan mengalih (FFB)
		566061011000	31/10/2020	Menghasilkan, Menjual & mengalih, Menyimpan (Nursery)
3.	Raja Hitam Estate	566206002000	31/10/2020	Menjual dan mengalih (FFB)
4.	Glenealy Estate	502294302000	30/11/2020	Menjual dan mengalih (FFB)
5.	Allagar Estate	556508002000	31/12/2020	Menjual dan mengalih (FFB)
6.	Serapoh Estate	503171302000	30/04/2021	Menjual dan mengalih (FFB)
		600313111000	31/07/2020	Menghasilkan, menjual & mengalih, Menyimpan (Nursery)

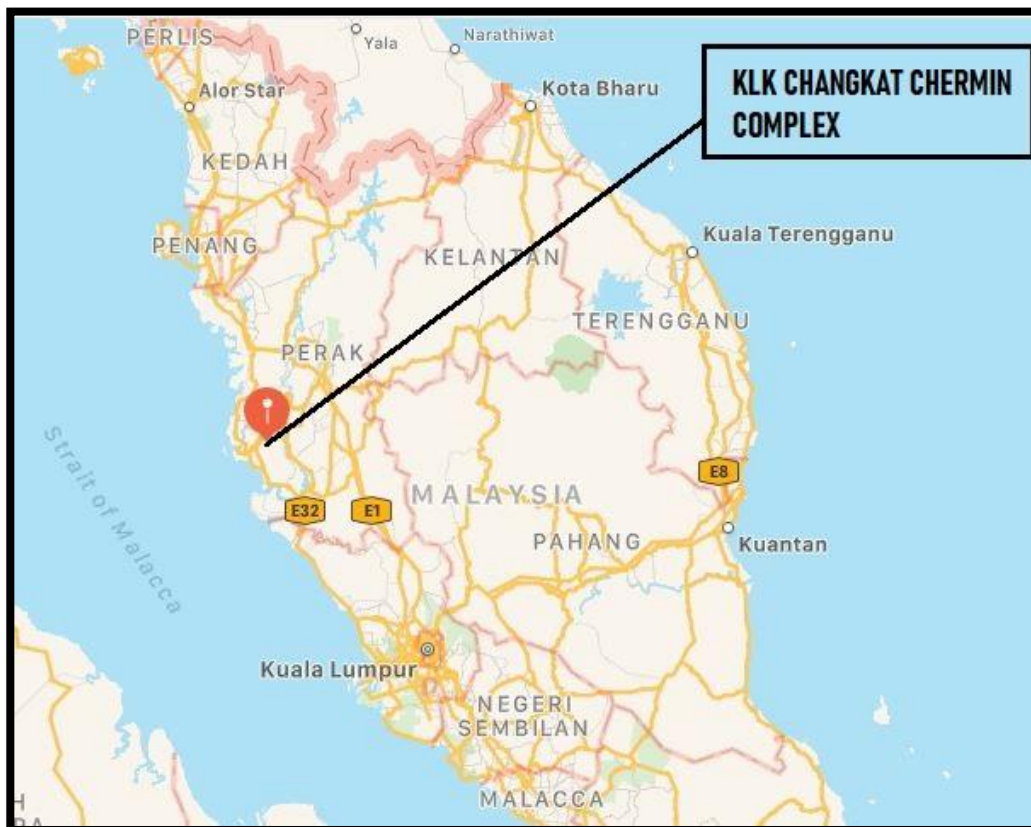
7.	Kuala Kangsar Estate (Home Division)	504654102000	31/01/2021	Menjual dan mengalih (FFB)
	Kuala Kangsar Estate (Selinsing Division)	615950002000	31/10/2020	Menjual dan mengalih (FFB)
8.	Pinji Estate	501616102000	30/09/2020	Menjual dan mengalih (FFB)
		616610011000	31/07/2020	Menghasilkan, Menjual & mengalih, Menyimpan (Nursery)
9.	Batu Dua Estate	504079802000	30/11/2020	Menjual dan mengalih (FFB)
10.	Menglembu Estate	522824002000	31/07/2020	Menjual dan mengalih (FFB)
11.	Kampar Estate	501893802000	30/9/2020	Menjual dan mengalih (FFB)
		615177011000	30/9/2020	Menghasilkan, Menjual & mengalih, Menyimpan (Nursery)

Others Sustainability Certification

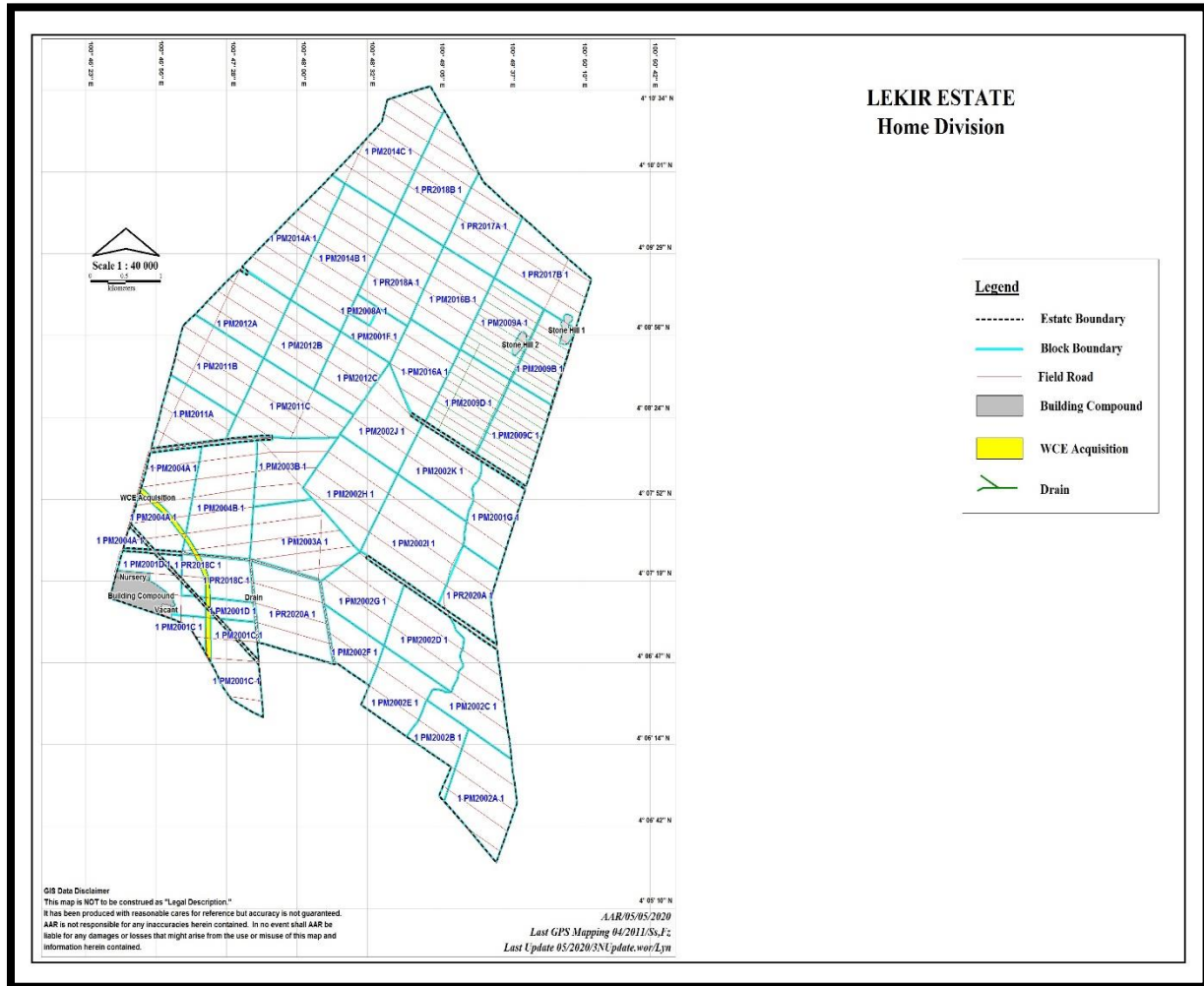
No	Name of the Site	Others Sustainability Certification
1.	Changkat Chermin Estate	<ul style="list-style-type: none"> Roundtable on Sustainable Palm Oil (RSPO) Malaysian Sustainable Palm Oil (MSPO) International Sustainability and Carbon Certification (ISCC)
2.	Lekir Estate	
3.	Raja Hitam Estate	
4.	Glenealy Estate	
5.	Allagar Estate	
6.	Serapoh Estate	
7.	Kuala Kangsar Estate	
8.	Pinji Estate	
9.	Batu Dua Estate	
10.	Menglembu Estate	
11.	Kampar Estate	

1.4 Map Showing Geographical Location

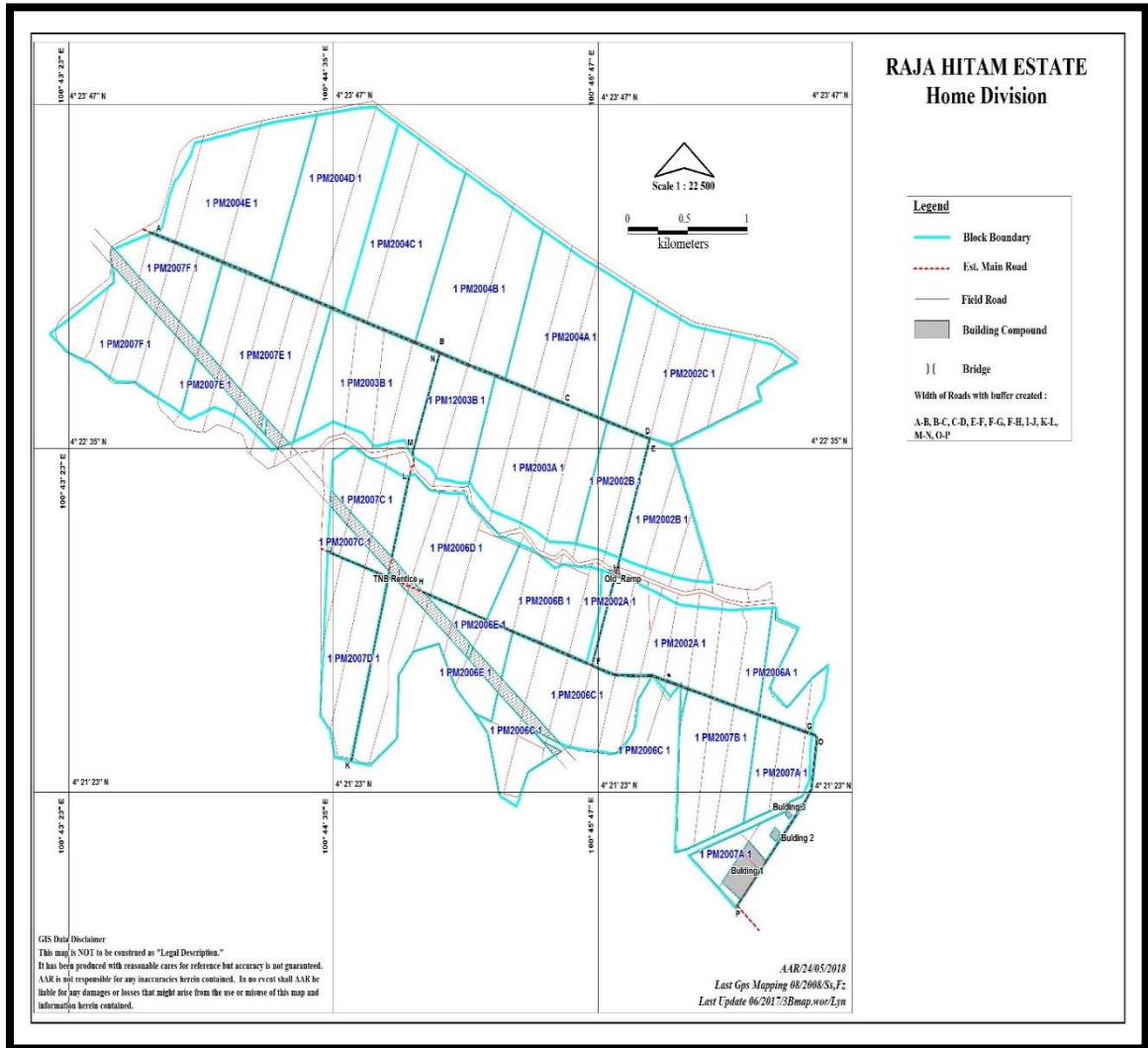
a) KLK Changkat Chermin Complex (Mill & Estates)



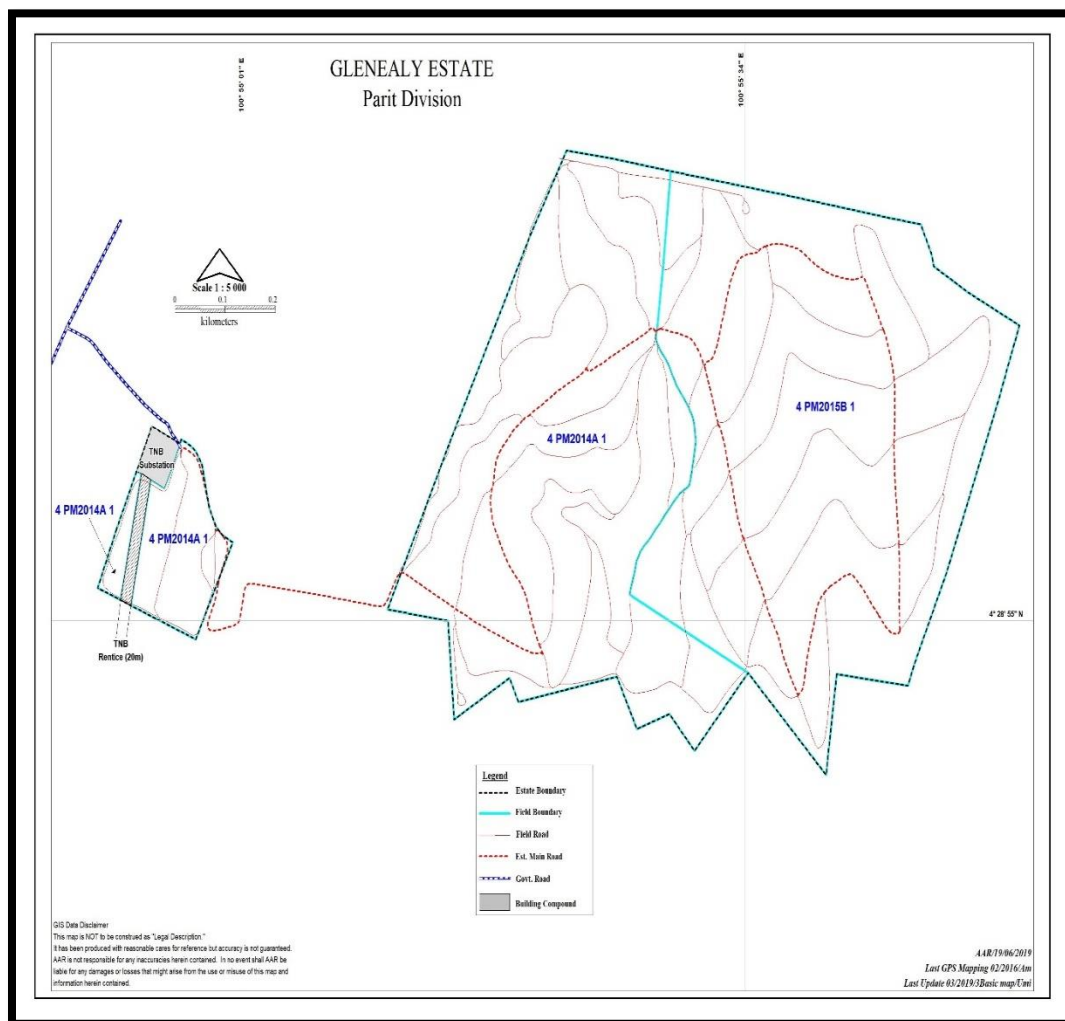
b) Lekir Estate



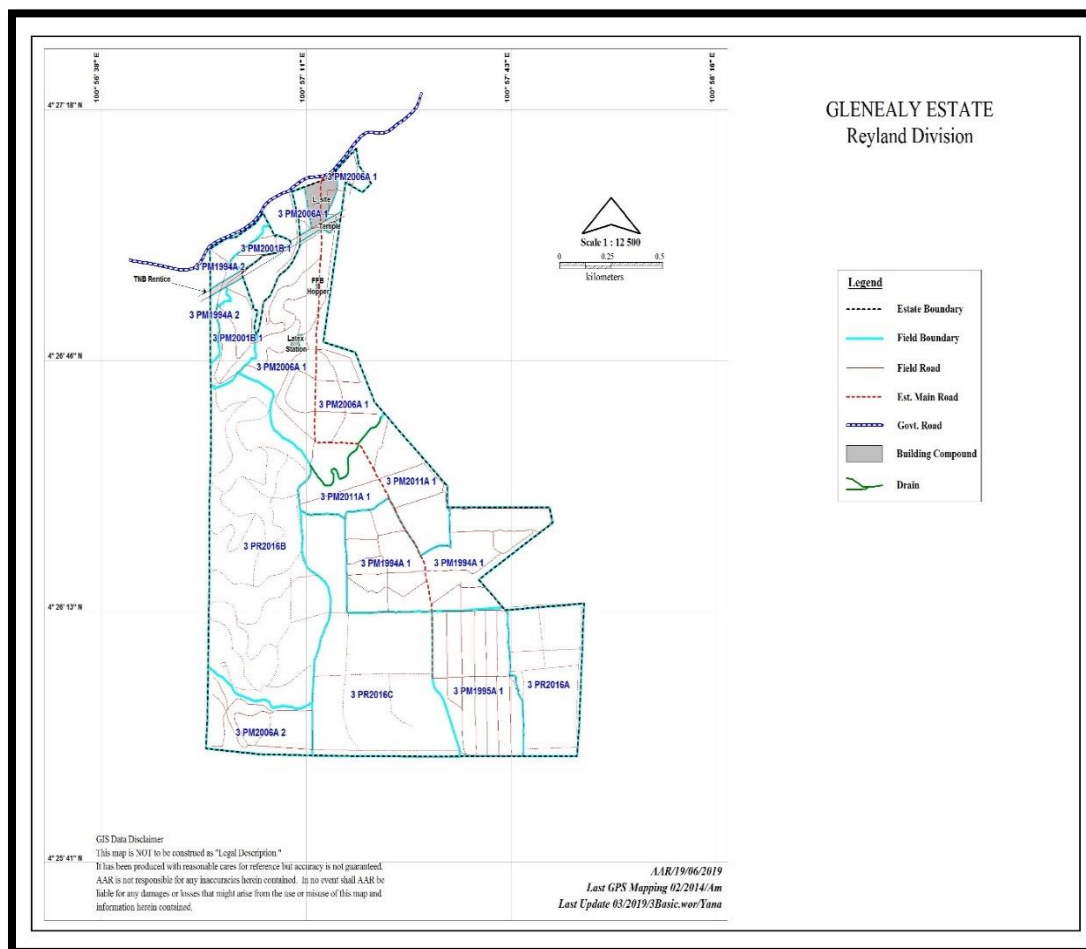
c) Raja Hitam Estate



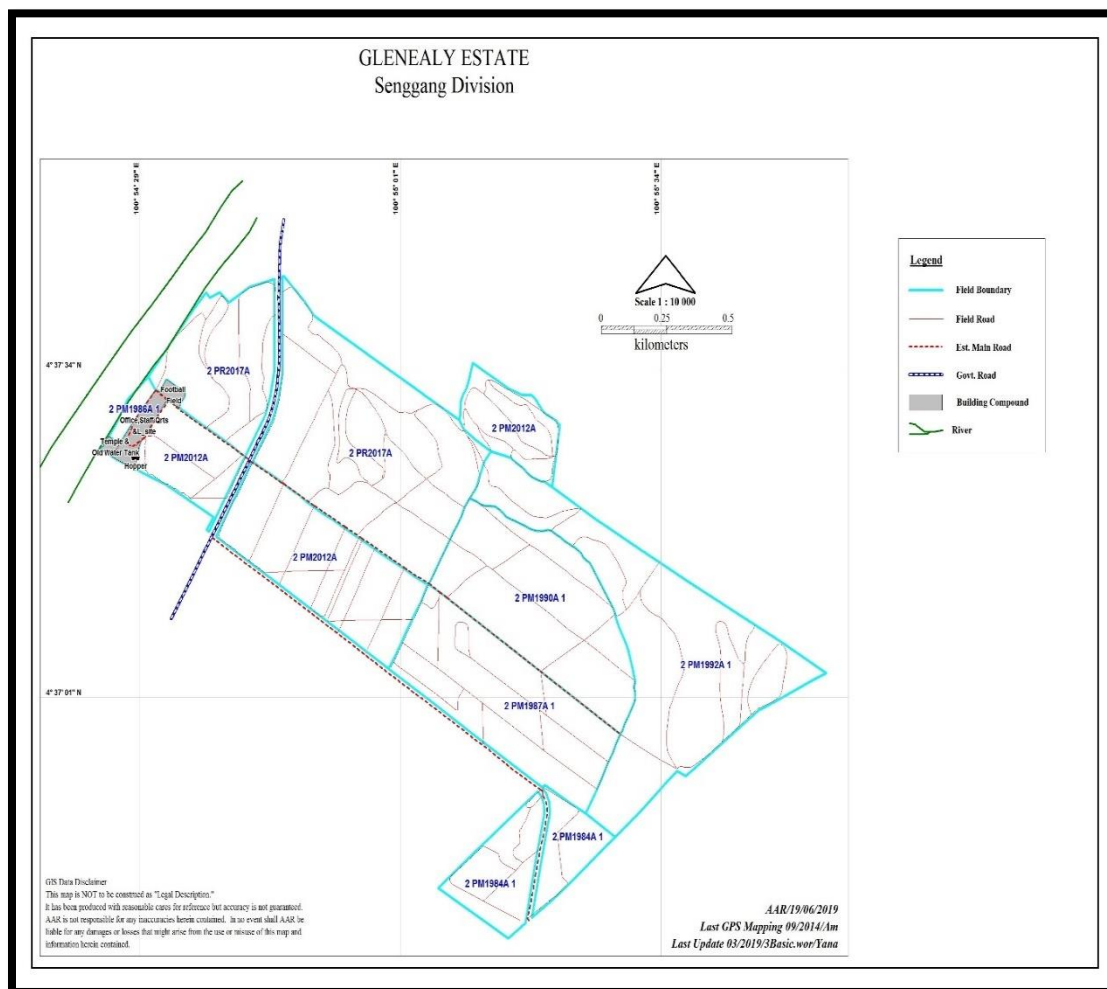
e) Glenealy Estate (Parit Division)



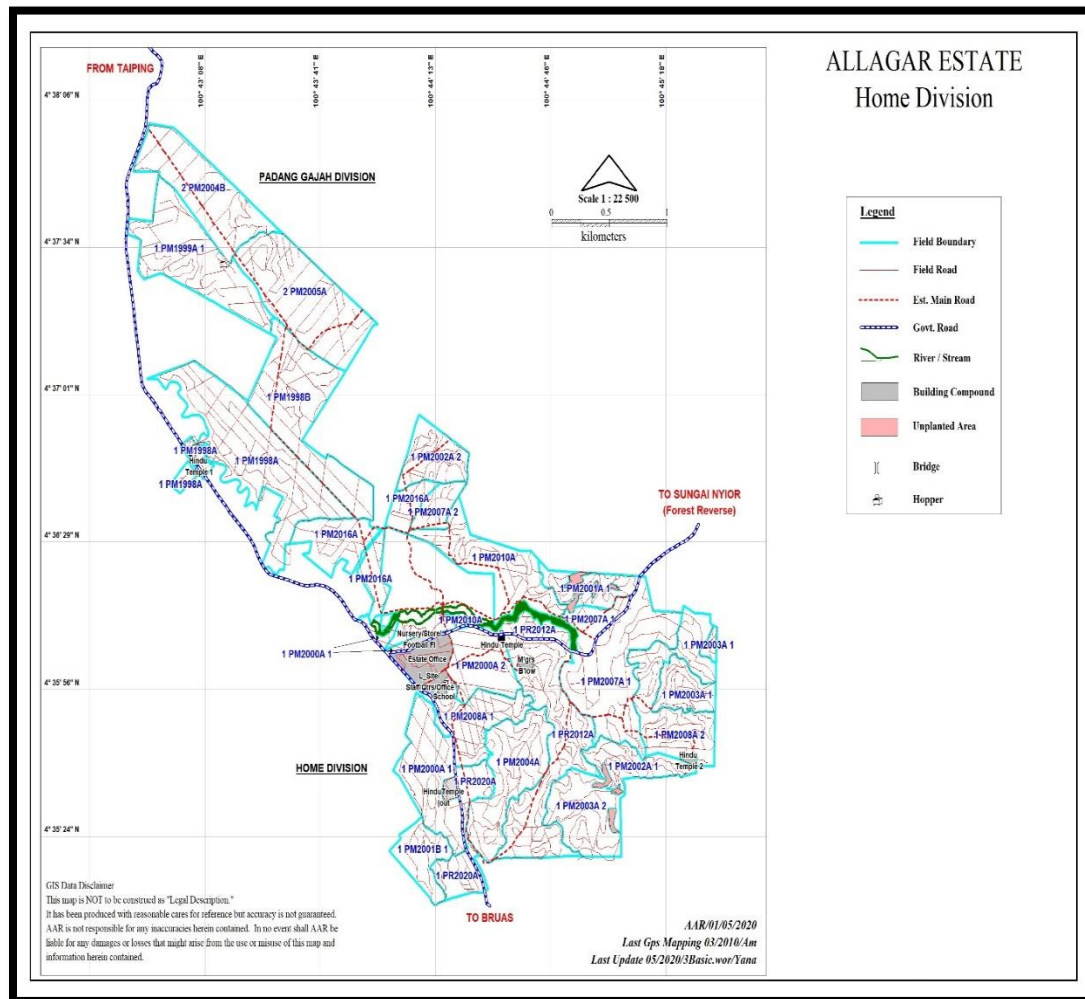
f) Glenealy Estate (Reyland Division)



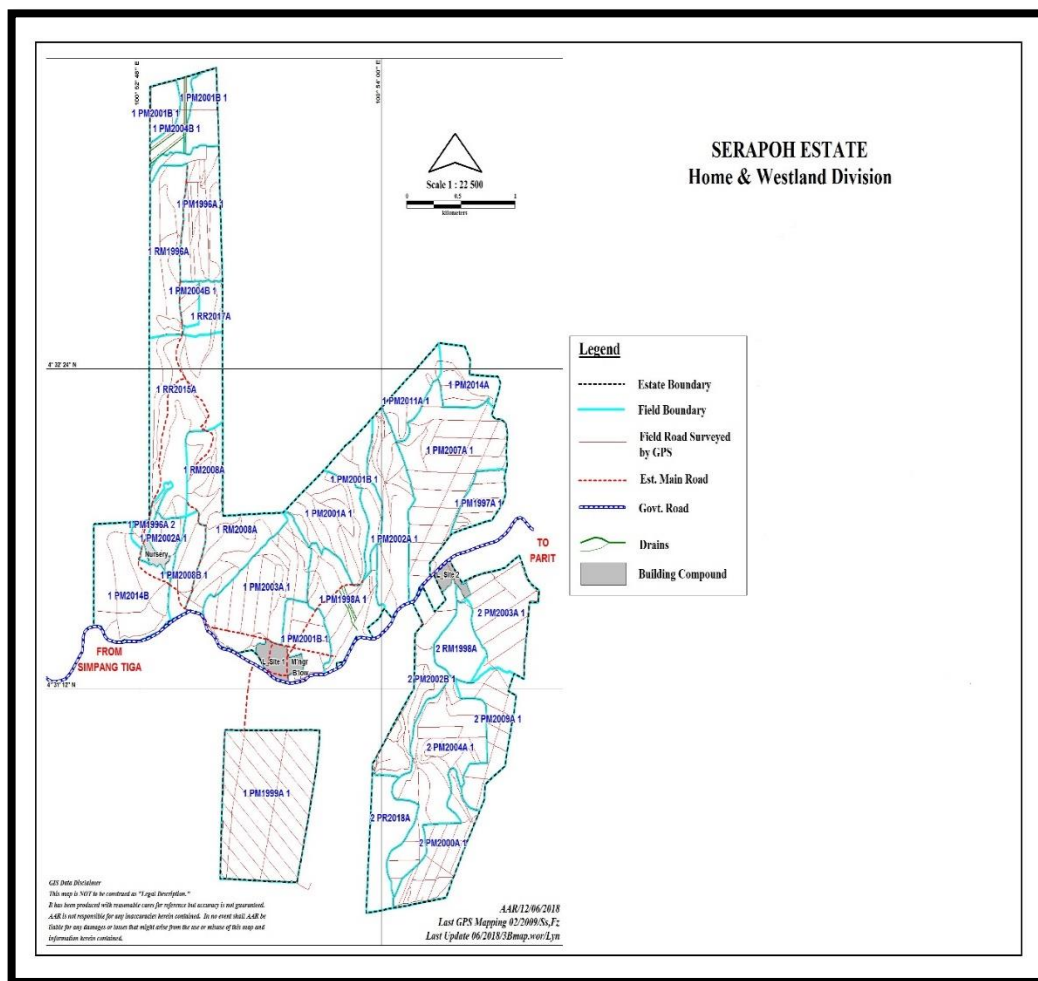
g) Glenealy Estate (Senggang Division)



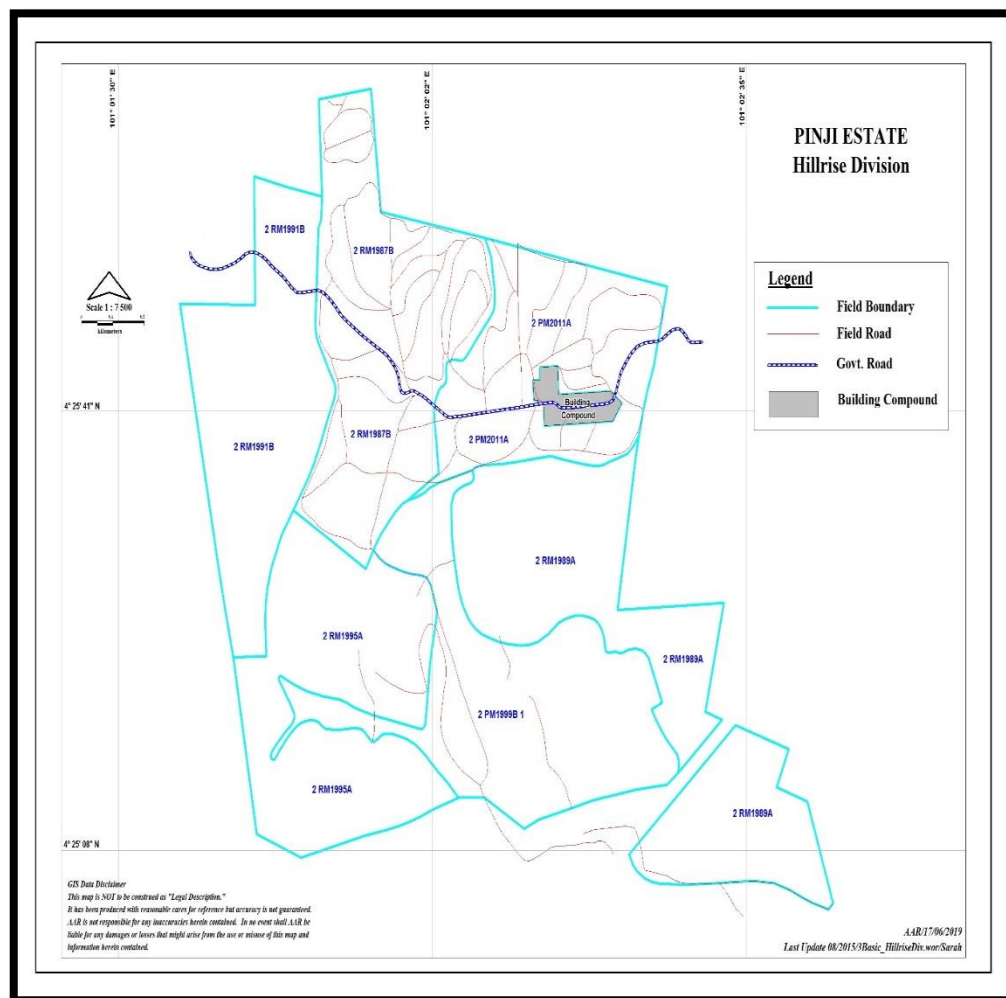
h) Allagar Estate



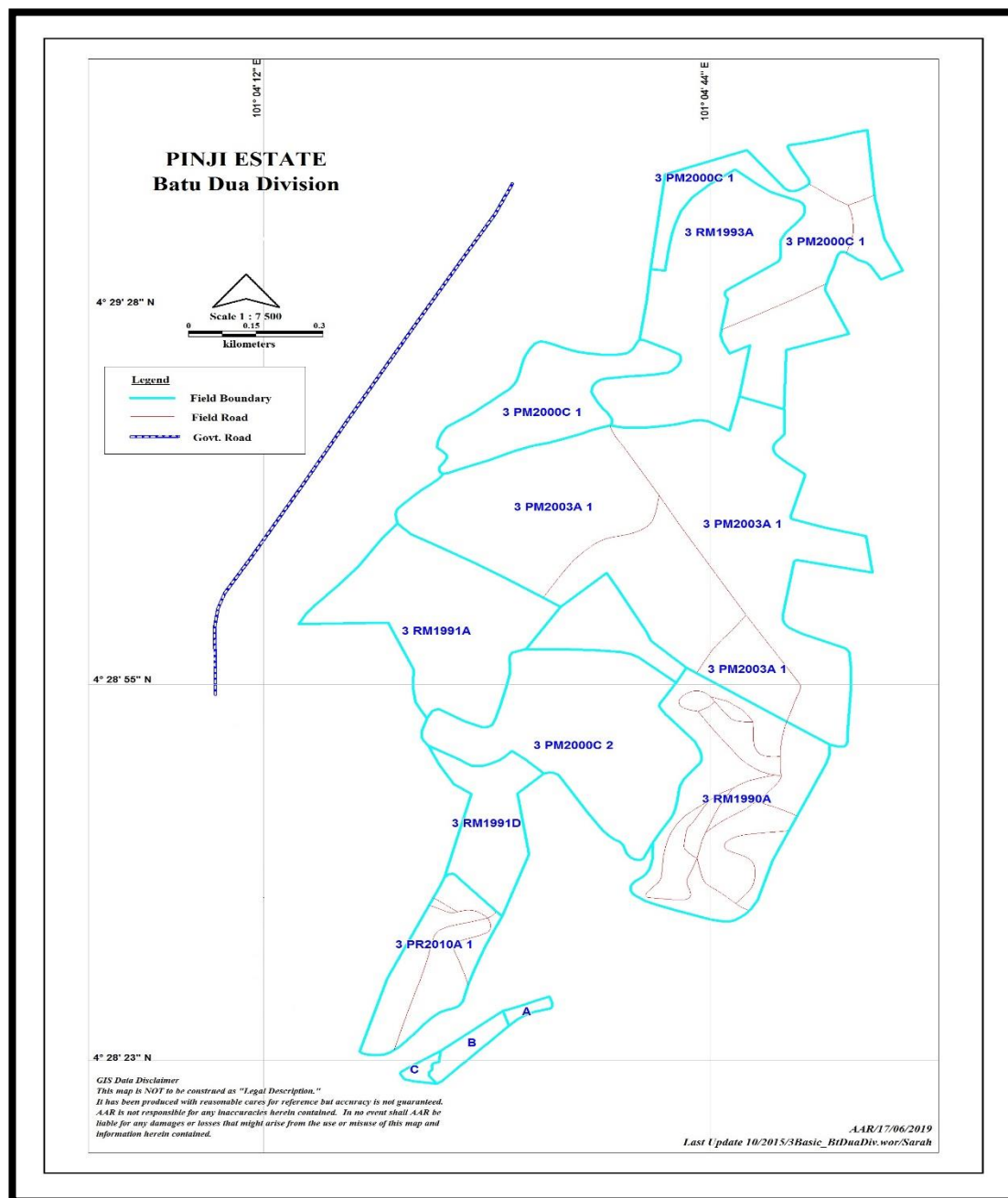
i) Serapoh Estate



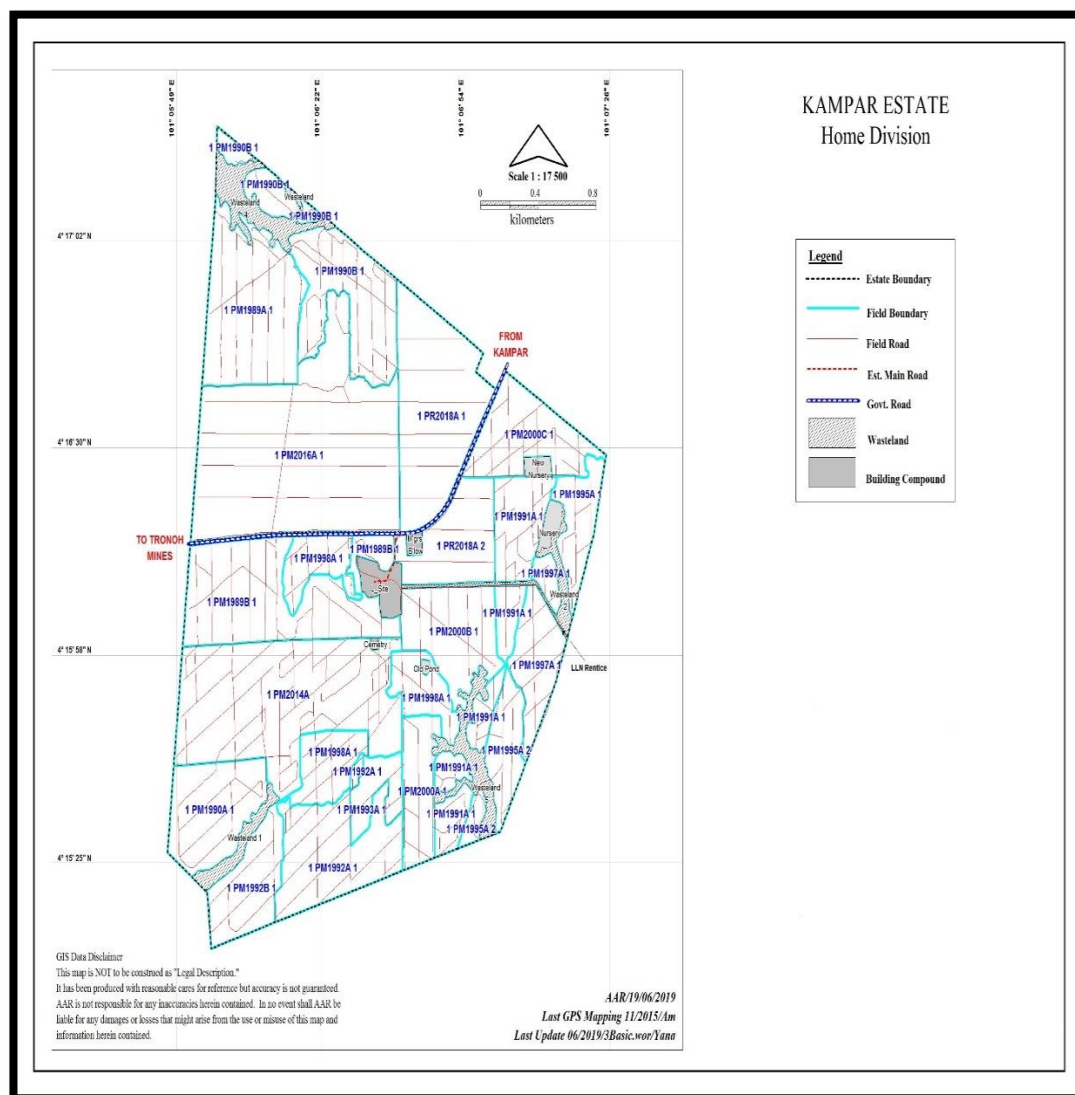
m) Pinji Estate (Hillrise Division)



o) Batu Dua Estate



q) Kampar Estate



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

Name of the Certification Unit	Area Summary (HA)		
	Certified Area (per Land Title)	Planted	Mature
Changkat Chermin Estate	2,525	2,483	2,483
Lekir Estate	3,307	3,262	2,650
Raja Hitam Estate	1,497	1,445	1,445
Glenealy Estate	1,059	990	675
Allagar Estate	773	744	725
Serapoh Estate	936	741	715
Kuala Kangsar Estate	1,340	775	652
Pinji Estate	790	731	557
Batu Dua Estate	158	150	134
Menglembu Estate	266	37	37
Kampar Estate	754	705	470
Total	13,405	12,063	10,543

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Changkat Chermin Estate	16.72	0	25.28
Lekir Estate	0	0	45
Raja Hitam Estate	23	0	29
Glenealy Estate	10	0	59
Allagar Estate	20	0	9
Serapoh Estate	0	0	195
Kuala Kangsar Estate	1.43	3.09	560.48
Pinji Estate	0	0	59
Batu Dua Estate	0	0	8
Menglembu Estate	2	0	227
Kampar Estate	0	0	49
Total	73.15	3.09	1,265.76

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit [Jun 2019-May 2020]	Actual Production for 12 Months [Jun 2019-May 2020]	Projected Production for next 12 Months [Jun 2020-May 2021]
Changkat Chermin Estate	79,866.00	64,689.50	77,464.00
Lekir Estate	67,990.00	45,680.23	61,061.00
Raja Hitam Estate	44,210.00	33,599.16	42,649.00
Glenealy Estate	16,151.00	12,243.06	18,754.00



Allagar Estate	16,499.00	13,272.51	15,952.00
Serapoh Estate	18,479.00	11,021.65	17,242.00
Kuala Kangsar Estate	18,697.00	16,319.00	17,076.00
Pinji Estate	13,132.00	12,290.61	14,186.00
Batu Dua Estate	3,363.00	3,160.20	3,805.00
Menglembu Estate	1,301.00	1,050.51	1,195.00
Kampar Estate	12,475.00	10,557.96	12,684.00
Total	292,163.00	223,884.39	282,068.00

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-KLK004-MSPO-02-2017
Initial certificate issued date	15 th September 2017
Certificate expiry date	14 th September 2022
Stage 1 assessment date	18 th February 2019
Stage 2 / Main Assessment	13 th May 2019 – 19 th May 2019
Annual Surveillance 1 [ASA 1]	22 nd May 2018 - 25 th May 2018
Annual Surveillance 2 [ASA 2]	24 th June 2019 – 27 th June 2019

Annual Surveillance 3 [ASA 3] 13th July 2020 – 17th July 2020

Annual Surveillance 4 [ASA 4] June 2021

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Surenthiran Panneerselvam

Graduate in PgDip/MSc Oil and Gas Accounting from University of Abertay Dundee, Scotland, UK. Equipped with experience in sustainability audit field and with more than 7 years working experience. Involved in MSPO Assessment since 2017. Fully trained in audit certification such as MSPO, MSPO SCCS, RSPO, ISO9001:2015, ISO37001: 2016. Able to communicate in both Bahasa Malaysia and English (written and spoken). During this assessment, he assessed on the aspect of transparency, traceability, best practices and stakeholder's consultation. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Md Jefri Bin Sharaai

Bachelor Degree in Chemical Engineering and Master Degree (Science) in Quality & Productivity. Total of 25 years working experiences in various industries and disciplines; manufacturing, production, quality, internal audit, research & development, oil & gas design engineering. Involved in auditing, developing, implementing and maintaining of ISO 9001, ISO 14001 and OHSAS 18001. Having years of auditing experiences in Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) sustainable programme. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English. During this assessment, he assessed on the aspect of environmental, best practices and legal requirements. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: Baskaran Sankaran

Master of Occupational Safety & Health Risk Management from Open University Malaysia, Diploma in Mechanical Engineering and Management Programme. More than 20 years of working experience in various industries. Involved in RSPO and MSPO assessment since 2014. Involved in audits conducted in for many different companies in Malaysia and Indonesia. Completed ISO 9001:2008 and ISO 14001:2004 lead auditor course in 2006 & 2010. Also completed RSPO Lead Auditor training in December 2014. Qualified as Lead Auditor/Auditor in several certification programme such as RSPO, MSPO, ISO and etc. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English. During this assessment, he assessed on the aspect of safety and health, policies and procedures area.

1.8 Audit Methodology

The audit was conducted based on the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). In the case of this certification unit, sampling calculation was determined prior to the audit assessment. Therefore, total numbers of supply based assessed in the

audit are 4 estates. The documents that had been reviewed among others were company policy, internal procedures, management system procedures, waste management procedures, legal documents etc. Significant issues that would impact to the environmental and social were also been verified. The approach of the audit was to treat the palm oil estates as MSPO Certification Unit [Changkat Chermin Complex].

During onsite audit, collection of objective evidence was established during physical site inspections, observation of tasks and processes, interviews of stakeholders, interview of officers, review of documents and data. The audit team covered the palm oil estate operations, agricultural practices, pest management, pesticide and fertilizer application, occupational safety and health, environmental and other requirements. Stakeholders' interview was conducted during the audit and randomly interviewed surrounding communities. Feedback obtained as part of information and evidence gathered. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also been taken into consideration in this assessment. Appendix A (Audit Plan) details the actual assessment plan. Stakeholders were consulted randomly during the assessment to obtain feedback on the management compliance and performance (Appendix C) of MSPO.

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

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

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

1.9 Audit Plan Information

Audit Date	13 th July 2020 – 17 th July 2020
Name of site(s) visited	<ol style="list-style-type: none"> 1. Lekir Estate 2. Kampar Estate 3. Batu Dua Estate 4. Menglembu Estate
Total number of man-days spent	12 man-days

1.10 Audit Result Summary Findings

Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
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Major Nonconformities	0	No action requires
Minor Nonconformities	0	No action requires
Area of Concern	1	No action requires
Noteworthy /Positive Comments	4	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 stakeholder consultation would be carried out during stage 2 audit and recertification audit cycle of the management unit. The CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. During this Annual Surveillance Audit 3, the audit team has conducted stakeholder consultations involving both internal and external stakeholders randomly as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of Estate Management.

The aim of stakeholder consultation is to ensure that the MSPO requirements are continuously implemented and adhere to, as well as others aspects that they considered could be improved. However, in surveillance audit, the consultation may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit. The auditor begin consultation with brief explanation on the purpose of the audit. Process of interview and all comments made by the stakeholders are recorded. The comments were verified with the estate management before incorporating into the assessment findings. The details are as per table below,

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholders A (Estate Workers-Harvesting gang)	<ul style="list-style-type: none"> Have good understanding about MSPO. Attended training provided by company. Aware of complaint and grievance mechanism. All PPE were provided for free. 	No action requires	Positive findings
2.	Stakeholders B (Estate Workers-Spraying gang)	<ul style="list-style-type: none"> Good relationship with the Management and the Estate will render their assistance when required. 	No action requires	Positive findings

		<ul style="list-style-type: none"> No sexual harassment and violence case reported at workplace. <p>They confirmed wages are being paid more than the Minimum Wage Order 2020 and understand all the deductions being made if any.</p>		
3.	Stakeholders C (Villagers)	<p>Water supply and electric supply are provided by the estate management.</p> <p>They aware of the complaint procedures or suggestion that could be forwarded to the estate management.</p>	No action requires	Positive findings

1.12 Recommendation

The company has established sustainability policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of Kuala Lumpur Kepong Berhad especially for KLK Changkat Chermin Complex [Estates]. All estate Senior Manager/Estate Manager is in charge and ensures facility and their subordinates comply with the requirements and procedures stated in this manual. All the site(s) are assisted by the Sustainability Department (HQ) KLK Berhad. Estate management shows their commitment towards complying with MSPO system by providing awareness training to all personnel involved in this standard ensure they understand the procedures and implementation of the standard. During site visit and interview session, our audit team randomly selected number of stakeholder inclusive of internal workers, they aware of the requirements of MSPO. There was no complaint or feedback received during this Annual Surveillance Audit.

This report will be internally reviewed prior to certification decision by GGC and externally peer reviewed by independents panel reviewers (qualified and trained by MPOCC) are not required since this is annual surveillance audit. The audit was conducted in accordance to MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders. During this Annual Surveillance Audit, zero non-conformities have been raised to the facilities that being audited. Audit objectives has been achieved as highlighted in the audit plan. The assessment resulted with no major non-conformity findings. Hereby, the lead auditor recommends the certification unit 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 Changkat Chermin Complex [Estates].

1.13 Date of Next Surveillance Audit

The fourth 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 established MSPO Policy dated 1st October 2017 outlining its commitment for MSPO implementation signed by company's Group Plantation Director Mr Patrick Kee Chuan Peng as sighted from Sustainability Manual and SOP's - No. 8. The policy been displayed at office notice board. Communication and consultation process is also conducted through briefing or training programs. Sighted record of MSPO Policy briefing provided as part of KLK Sustainability Policy briefing for estate employees by:

1. Senior Estate Assistant Manager (Lekir Estate) Mr Salman on 5th February 2020 during muster ground which was attended by 291 estate employees.
2. Policy been communicated to its workers as sighted from KLK Sustainability policy briefing record dated 12th February 2020 (Kampar Estate).
3. Policy been communicated to its workers as sighted from KLK Sustainability policy briefing record dated 10th January 2020 to Pinji Estate as 8 workers of Batu Dua Estate and 5 workers of Mengelembu Estate are also share same management resources with Pinji Estate .

Interviews held with estate workers during field visit evident that workers are been briefed on MSPO policy. The records of attendance and training materials were sighted in the file.

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

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

Summary Company's commitment for continual improvement has stated in its MSPO Policy as 'We are committed to meet the sustainability requirements of MSPO and committed to continuous improvement'. Management commitment is evident from the various improvement plan including continuous training plan on sustainability, health & safety and introduction of new technology to improve efficiency.

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 The Management had drawn an Internal Audit Plan and it being carried out once a year to all Estates. The company's sustainability team led by Mr Vemalan and supported by Mr Poey Shoo Jann, Ms Verna See Pik Kim and Mr Koo Wai Kit have carried out internal audit for:

- Lekir estate on 19th and 20th February 2020 as sighted from 'Sustainability Internal Audit Report' dated 24th February 2020.
- Kampar estate on 14th February 2020 as sighted from 'Sustainability Internal Audit Report' for Kampar Estate dated 21st February 2020.
- Pinji Estate which includes Batu Dua Estate and Menglembu Estate on 12th and 13th February 2020 as sighted from 'Sustainability Internal Audit Report' for (Pinji Estate) dated 18th February 2020.

Sighted internal audit checklist and report which has identified weak points for improvement and positive findings. Corrective action been identified by the estate management in the internal audit report for non-conformance reported.

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 Company has established 'SOP 19.0 Internal Audit Procedure' outlining processes for sustainability internal audit. The procedure has elaborated on the process such as establish audit schedule, selection of audit team & prepare audit team, conduct audit, audit reporting, post audit meeting, follow-up audit and audit verification. Sighted internal audit checklist and report which has identified weak points for improvement and positive findings. Corrective action been identified by the estate management in the internal audit report for non-conformance reported.

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 estates management within the acceptable timeframe. The internal audit findings were discussed in the latest management review meeting on 2019/2020 conducted for the Changkat Chermin Complex on 10th June 2020. The meeting which chaired by Lekir Estate Manager, Mr Loh Che Han was attended by estate managers, mill manager and senior sustainability manager Mrs Lee Kuan Yee as sighted from the minutes of meeting. The meeting has discussed internal audit findings and status of corrective action taken on non-conformities identified during the internal audit.

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 Management review meeting is conducted once a year as per SOP 16. Sighted minutes of latest management review meeting held for year 2019/2020. The review was conducted for the Changkat Chermin Complex on 10th June 2020 which has included all supplying estates and the mill. The meeting which chaired by Lekir Estate Manager, Mr Loh Che Han and was attended by estate managers, mill manager and senior sustainability manager Mrs Lee Kuan Yee as sighted from the minutes of meeting. The meeting has discussed internal audit findings and status of corrective action taken on non-conformities identified during the internal audit.

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 The estate has established Continuous Improvement Plan for year 2020. The CIP is prepared by Estate Assistant, Mr Salman on 23rd January 2020. Example of CIP sighted include the following:

CIP Description	Activity	Target date (Lekir Estate)	Target date (Kampar Estate)
Chemical Usage reduction	Spraying pump nozzle calibration	Sept 2020	June 2020
Pollution and GHG reduction	Regular service of tractor	Sept 2020	Dec 2020
Waste reduction	Briefing on 3R programme	Sept 2020	June 2020
Road maintenance	Patching of damage road	Sept 2020	Dec 2020

Both Batu Dua Estate & Menglembu Estate are managed by Pinji Estate and has established continuous improvement plan for year 2020 which includes both estates. The CIP is prepared by Estate Assistant Mr Chua Wei Ken on 2nd January 2020. Example of CIP sighted include following:

CIP Description	Activity	Target date
Chemical Usage reduction	Planting of beneficial plant	Sept 2020
Pollution and GHG reduction	Regular service of tractor	July 2020
Waste reduction	Briefing on 3R programme	Aug 2020
Road maintenance	Patching of damage road	All round year

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

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

Summary The estate obtains information on new techniques, new industry standards and technology through unit managers attending seminars, conferences and as well from newsletters from MPOB and from company's membership with ISP. New information is evaluated by the estate management and where feasible for adoption will obtain approval from Operation Director based on cost impact to the company.

- For example, the estate has undertaken study on usage of mechanical buffalo (small tractor) in order to replace existing life buffalos to increase efficiency of FFB collection. As a trail, the estate has purchased 10 units of mechanical buffalos last year which is currently used in the estate [Lekir Estate].
- The estate has implemented Semi Mechanical Manuring (SMM) system to improve efficiency of manuring [Kampar Estate].
- There is no new technology introduced since last audit. According to the Estate Manager when new equipment or technology introduced the estate provides adequate training [Batu Dua Estate and Menglembu Estate].

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

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

Summary The estate management provides training when new technique is adopted. For example, for the 10 units of mechanical buffalos (small tractor) purchased last year which is currently used in the estate for collection FFB, the estate management has provided training for harvesters and staff as sighted from training records. The training was attended by 13 estate employees was conducted by the supplier Long Up Trading Sdn Bhd on 17th April 2019 [Lekir Estate]. The estate has implemented Semi Mechanical Manuring (SMM) system to improve efficiency of manuring. Sighted record of training provided for workers on the SSM on 20th May 2020 [Kampar Estate].

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 KKK has established Standard Operating Procedures (SOP) for Stakeholders Engagement/Negotiation–SOP No.1 (Rev.4/3) date on 1st January 2020. The procedures have identified mechanism for Request and Response, Consultation & Communication and Complaint & Grievances. The purpose of this procedure is to outline the arrangements for consultation and communication by KKK Berhad estate and mill management with its relevant stakeholders and how their concerns and views are addressed. As per SOP 1: Stakeholders meeting to be conducted at least once a year which involved with internal and external representatives.

At Lekir Estate, due to COVID-19, MCO lockdown, estate management conducted the stakeholder meeting virtually, dated on 13th June 2020. Sighted email sent to stakeholders on 13th June 2020, 15th June 2020 to requesting for any feedback and concerns via google form. Stakeholders who lack of computer literacy, are provided with hardcopy of questionnaire to be fulfilled. The questionnaire has been sent via email, courier and by hand. The content of email is included with (brief description of stakeholder meetings, stakeholder meeting slides and stakeholder logbook. Seen "Senarai Edaran Stakeholder" to all 75 listed stakeholders comprising of (Government Bodies, Contractors, Local authority, School representatives, Neighbouring estate and etc. The stakeholders meeting for Kampar Estate was held on 20th January 2020 and for Batu Dua and Menglembu estate stakeholder meeting was held on 6th February 2020 at Ladang Pinji, Meeting Room.

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 Estate has established SOP for Control of Documents & Records [SOP: 9.0; Issue/Rev: 2/1; dated 1st January 2020. As per SOP, the documents can be in the form of hard copy and electronic media. All records are kept in accordance to the minimum retention period of 5 years or otherwise specified. Management documents not necessarily limited to the following shall be made available upon request. Stated management must provide adequate information to other stakeholders on environmental, social and legal issue. Sighted Reference Document List. Example publicly documents listed:

1. Land Titles/User Rights
2. Occupational health & safety plans

3. Plans and impact assessments relating to environment and social impacts
4. HCV Documentation
5. Pollution prevention and reduction plans
6. Details of complaints and grievances
7. Negotiation procedures (if any)
8. Continuous improvement plan
9. Public summary of certification assessment report
10. Human right policy

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 has established Standard Operating Procedures (SOP) for Stakeholders Engagement/Negotiation–SOP No.1 (Rev.4/3) date on 01st January 2020. The procedures have identified mechanism for Request and Response, Consultation & Communication and Complaint & Grievances. The procedure was communicated to stakeholders by providing the file of “brief description of stakeholders meeting”, seen the material which list the policies and procedures. Stakeholder minutes of meeting is sighted during the audit. KLK Sustainability policy and SOP on request and response has been explained during the meeting.

Procedures has been established and communicated to all stakeholders during stakeholder meeting. As seen, stakeholder meeting was conducted on 20th January 2020. Seen meeting minutes, attendance record and photographs made available. Issue discussed during the meeting as follows:

KLK Sustainability Policy

EIA and management plan

- Bund and sump were available in POL Store to avoid water and land pollution.
- Drip tray spillage was made available for tractor parking bay to ensure no spillage of diesel.

SIA and management plan

- All foreign worker will undergo health screening in FOMEMA registered clinic.
- Regular training to workers on SOP's.

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 Sighted the appointment letter for sustainability related matters: En Salman Bin Rabun as appointed by En. Loh Che Han, Manager (Lekir Estate) dated 9th January 2020, En Mohd Nuzulnazrin Bin Saadin (Kampar Estate) and Pn Noor Hazwani Binti

Hazizan (Batu Dua Estate and Menglembu Estate). The roles and responsibilities are including:

- Responsible for all stakeholder's related matters.
- Ensure demonstration of environmental and social responsibility.
- Ensure the use of appropriate best practices
- Ensure implementation of economic and financial viability plan.
- Ensure commitment to continuous improvement in key area of activity.
- Other relevant sustainability and supply chain matters.

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 was made available was last updated on 15th January 2020 (Lekir Estate), 13th January 2020 (Kampar Estate) and 1st January 2020 in accordance to [SOP 1.0; Issue/Rev: 2/1],

- Government bodies
- NGO
- Service provider
- Contractors
- Suppliers
- Neighbouring communities/smallholders
- Estate representative
- Estate community

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 Estate management established SOP for Supply Chain Procedure [SOP 18; Issue/Rev: 4/3, dated 1st January 2020. Sighted all records kept by the estate management, which from field up to delivering to mill. Assigned workers are responsible to record all the bunch that harvest by the harvester. Estate use barcode scanner to count all bunch. During field visit, seen the bunch are chopped with the date of harvested on the bunch.

Policy No: GP/AGRIC/OP1: Harvesting – 1
Classification: Harvesting Standards
Issued: 8 May 2014
Title: FFB Ripeness Standard and Harvesting

Policy No: GP/AGRIC/OP1: Harvesting – 2
Classification: Bunch Count Records

Issued: 8 May 2014

Title: FFB Bunch Count and Recording

As per SOP, data capturing (bunch counting/grading) is done using barcode scanner replaced with manual recording. All FFB bunches are sold to Changkat Chermin POM, which is owned by KLK. The transaction is monitored by the marketing department, HQ. Records of sales, delivery of transportation of FFB is maintained by the estate management. FFB bunch count, payment and yield records are kept in 3 records as follows:

OPH1: FFB Bunch Count Chit

OPH2: FFB Bunch Payment Record Book

OPH3: FFB Crop Summary

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

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

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

Summary

Regular inspection done during internal audit conducted by KLK Sustainability Department, last internal audit conducted on 19th and 20th February 2020. As per Policy No: GP/AGRIC/OP1: Harvesting – 1; Classification: Harvesting Standards; Issued: 8th May 2014, manager must ensure physical verification of the bunch count on the following bases:

- Executives: minimum 5% of platforms weekly
- Harvesting staff: minimum 5% of platforms daily.

As per interview with estate representative. The executives are required to verify the bunch counting done by the bunch counter with minimum of 5% of platforms weekly. If there are discrepancies in bunch counting, as the corrective action the executive will do the correction. As preventive action, training has been provided to the workers on the SOP. Sighted the training records conducted to FFB Grader dated on 26th June 2020.

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

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

Summary

Evidence, all estates have appointed the responsible person for traceability. Sample taken as below: -

1. Lekir Estate have nominated En Salman Bin Rabun as appointed by En. Loh Che Han, Manager dated 9th January 2020 as the person responsible.

2. Kampar Estate appointed En Mohd Nuzulnazrin Bin Saadin as the person responsible to implement and maintain the traceability system vide letter dated 22nd January 2020.
3. In Batu Dua and Menglembu Estate, Pn Noor Hazwani Binti Hazizan is appointed as the person in charge for all sustainability related matters dated 2nd January 2020.

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

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

Summary All FFB bunches are sold to Changkat Chermin POM, which is owned by KKK. The transaction is monitored by the marketing department, HQ. Records of sales, delivery of transportation of FFB is maintained by the estate management. The following are the documents related to sales, delivery and transportation of FFB.

1	OHP 1	Records FFB harvested at the field by individual harvester
2	FFB Delivery Advice	Records FFB tonnage delivered from estate to Palm Oil Mills
3	Palm Oil Mill (POM) weighbridge ticket	Records (tonnage) FFB received from estate by POM
4	Sales Records	Maintained By HQ
5	OHP 3	Records the total number (tonnage) of FFB harvested (by individual harvesters, from which field) and delivered to the POM for the particular month

As sampled taken, FFB Crop Estate Summary, FFB Weigh Distribution by Field Number June'2020, Bunch payment record June'2020 and Weighbridge ticket [A0099723] – Lekir Estate dated 29th June 2020, [A050797] – Kampar Estate and [A039268] – Menglembu Estate.

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 estate has established all applicable laws are recorded in the table name "List & Summary of Applicable Laws & Regulations" following SOP 2, Rev 2/1 Legal Compliance. The lists were prepared on 23rd January 2020 by Mr. Salman Bin Rabun (Asst.Manager) and verified by Mr. Loh Che Han (Estate Manager, Lekir Estate). 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. Evidence, the legal compliance lists of permits & licences are available for all Estate and being monitored and updated periodically by person in charge of Legal Requirements.

Lekir Estate

- MPOB license No. 566208002000 untuk Menjual dan Mengalih FFB expiry 31th October 2020 [Lekir Estate].
- KPDNK, Permit Barang Kawalan Berjadual, A001061 for diesel, validity 10th March 2020 to 9th March 2021.
- Ref. JTK.PK(1)PMT(SEK.24)10804 Jld.5 (2), Potongan Upah Di Bawah Seksyen 24 Akta Kerja 1955 Bagi Tujuan Pembelian Kerbau.
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Ref PMTPK/19 34939 validity 12th August 2020.

Kampar Estate

- MPOB license No. 501893802000 untuk Menjual dan Mengalih FFB expiry 30th September 2020.
- MPOB license No. 615177011000 untuk menghasilkan, menjual dan mengalih, dan menyimpan, expiry 30th September 2020.
- KPDNK, Permit Barang Kawalan Berjadual, A002603 for diesel, validity 16th Jan 2020 to 15th Jan 2021.
- Ref. JTK.PK(1)PMT(SEK.24)10801 Jld.29 (2), Potongan Upah Di Bawah Seksyen 24 Akta Kerja 1955 Bagi Tujuan Pembelian Kerbau.
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Ref PMTPK/19 35118 validity 15th August 2020.
- MPOB license No. 504079802000 untuk menjual dan mengalih FFB expiry 30th November 2020 [Batu Dua Estate]
- MPOB license No. 522824002000 untuk menjual dan mengalih FFB expiry 31st July 2020 [Menglembu Estate].

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

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

Summary

The list and summary of applicable laws & regulations has column/title for identifying legal document, regulatory authority/summary, requirements, current status and remarks. All estates established all applicable laws are recorded in the table name "List & Summary of Applicable Laws & Regulations" following SOP 2, Rev 2/1 Legal Compliance. The legal register was last reviewed on:

- 23rd January 2020 by Mr. Salman Bin Rabun (Asst.Manager) and verified by Mr. Loh Che Han (Estate Manager, Lekir Estate).
- 2nd January 2020 and 24th March 2020 by KLK Sustainability Team and acknowledge by Mr.Ooi Thiam Hoe (Estate Manager, Kampar Estate).
- 2nd January 2020 and 24th March 2020 by KLK Sustainability Team and acknowledge by Mr.Lim Hwa Wee (Estate Manager, Batu Dua Estate and Menglembu Estate).

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

- Occupational Safety and Health Act 1994 (Act 514)
- Factories and Machinery Act with regulations (Act 139)
- Kementerian Perdagangan Dalam Negeri
- MPOB Act 1998 (Act 582)
- Road Transport Act 1987 (Act 333)
- Employees Social Security Act 1969 (Act 4)
- Industrial Relations Act 1967 (Act 177)
- Trade Unions Act 1959 (Act 262)
- Human Rights Commission of Malaysia Act 1999 (Act 597)
- Children and Young Persons (Employment) Act 1966 (Act 350)
- Immigration Act 1959/63 (Act 155)
- EQA Act 1974 (Act 127)
- Electricity Supply Act 1990 (Act 447)
- Weights and Measures Act 1972 (Act 71)
- Industrial Relations Act and Regulations (Act 177)
- Employees Provident Fund Act 1991 (Act 452)
- Employment Act 1955 (Act 265)
- Workman Compensation Act 1952 (Act 273)
- Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446)
- Minimum Wages Order 2020

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

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

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

As per interview with KLK Sustainability Department, all of estate management will update any new amendments or any regulations once received from the above mention.

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 sustainability team and/or the estate manager to carry out periodic review and evaluation on applicable laws and regulations. Sustainability team is responsible for any new law or amendment come into force. Evidence, all the Estates having their own person in- charge with the appointment letter.

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 All estate's land title is available and maintained. As sighted total land titled for Lekir Estate presently is 3306.5125 Ha after less out of acquisition hectarage for West Cost East Highway (WCE), 753.8320 Ha for Kampar Estate, 157.7267 Ha for Batu Dua Estate and 266.1162 Ha for Menglembu Estate.

It demonstrates legal ownership of their land by having legal land titles to the land. The copy of land titles is kept in the estates office and were sighted during the audit. The original copies were kept at the KKL Bhd HQ, Ipoh, Perak. Evidence of annual payment of land cess and quit rent to the state government in the form of receipts. Sighted latest quit rent for year 2019, "Lampiran A, Pembayaran Cukai Tanah Tahun", 2019. The management did not diminish the land use rights.

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

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

Summary All the estates document showing legal ownership of land as per Land title. The estate acquired legal ownership of lands. In total of 3 land titles available in Lekir Estate and sampled the following land titles: -

No. Hakmilik/ Lot	As per "Geran/Hakmilik Sementara (Ha)	Actual Hactarage (Ha) after acquisition for WCE
122975/241	130.1	123.1553*
122976/242	5.009	5.0090
11694/PT159	3196.4569	3178.3482*

Sighted * Borang K (Akta Pengambilan Tanah,1960); - for GRN122975/241

- dated 26th Mei 2015 = 1.1487 Ha
- dated 11th Jan 2016 = 1.3572 Ha
- dated 11th Aug 2016 = 0.2034 Ha
- dated 30th Jan 2018 = 4.2354 Ha

In total of 12 land titles available in Kampar Estate and 30 land titles available in Batu Dua Estate and 5 land titles available in Menglembu Estate. Seen land title for Menglembu Estate under rubber planted only and in the midst of changing of "Syarat Nyata". Sighted letter dated 24th June 2020, from the estate Director submitted to Pejabat Daerah Tanah Kinta, Ipoh.

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 state the GPS coordinate of that particular point. Maps clearly showing the estate boundary were also sighted during the audit. As evidence at Lekir Estate, Kampar Estate, Batu Dua Estate and Menglembu Estate as listed herein: -

As sighted;

- demarcation survey plan done by Jurukur Generasi dated 7th August 2018 with 82 boundaries pegs (fencing pole)
- boundary marker monitoring checklist done by Mr. Chin Jun Xun (Asst.Manager) on 15th June 2020.
- demarcation survey plan done by Jurukur Generasi dated 28th August 2019 with 73 boundaries pegs (fencing pole) – Kampar Estate
- demarcation survey plan done by Jurukur Generasi dated 14th Dec 2019 with 33 boundaries pegs (fencing pole) – Batu Dua Estate
- Menglembu estate boundary is covered under Pinji estate, which is progressively conducting demarcation survey since 2017 by Jurukur Generasi – Menglembu Estate.
- Sighted Boundary Survey Plan dated 2/01/2017. The survey is expected to be completed by year 2022.

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

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

Summary No disputes have been recorded in estate area. There is no evidence of conflict present in this estate. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

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

Criterion 3 Customary land rights

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

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

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

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

Summary Hence, there is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. The company has proper legal land title for the land ownership. Thus, no maps for recognized customary rights is available.

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

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

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

- SOP on Sustainability: Land Acquisition (For OP Planting) – SOP 3A, dated 01st January 2020.
- SOP on Sustainability: Responsible Development of New Planting SOP 3B, dated 01st January 2020.

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

The company has established SOP 13, Social Impact Assessment (SIA) procedure last updated on 01st January 2020, under title "In-house Social Impact Assessment" has outlined its requirements to conduct SIA. Latest SIA for internal stakeholders was conducted in May 2020 by company's Sustainability Executive, Mr Ramendhiran Govindasamy as sighted from "Baseline Social Impact Assessment for Internal Stakeholders" – Lekir Estate dated 10th June 2020. The assessment report was reviewed by Assistant Manager, Mr Salman on 16th June 2020 has covered following factors under qualitative approach:

- Access and use rights
- Economic livelihood and working conditions
- Health and education facilities
- Cultural and religious values
- Subsistence activities
- Amenity
- Employment
- Human Rights
- Food and water security

The assessment was carried using survey questionnaires on the above factors prepared in google form (in Bahasa Malaysia) for estate workers. Based on the above assessment report total of 219 estate employees and total of 19 external stakeholders have participated in the SIA. Level of impact to workers is categorized as high if <40% has responded positively, moderate if 40-60% has responded positively and low if > 60% has responded positively. The report finding has concluded that "all social impact to workers identified are low level". According to SIA report statement, if the impact is rated low no mitigation measure is required. Mitigation measure is required if the impact is rated as moderate or high.

Sighted internal stakeholder attendance list for 219 estate workers who have participated in the survey forms 16th to 20th May 2020 and attendance list for 19 external stakeholders who have participated in the survey 12th June 2020. Even though SIA results show low impact to workers, the estate has identified enhancement measures to continue with existing good practices. In summary,

Estate	Internal	External	Remarks
Kampar Estate	83	12	Low impact result shown; therefore, estate will continue with existing good practices.

Batu Dua Estate & Menglembu Estate	83	23	Low impact result shown; therefore, estate will continue with existing good practices.
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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 The company has established SOP 1 titled "Stakeholder Engagement/ Negotiation" last updated on 1st January 2020. The SOP has elaborated stakeholder engagement under the sub-title of:

1. Request & Response
2. Consultation & Communication and;
3. Complaint & Grievance.

The SOP also has attachment of complaint and grievances form titled "Stakeholder Log book". There are 108 complaints registered for year 2020 as of the audit period. Most of the complaints are related facility breakdown. For example, sighted record of complaint made by estate worker (Lekir Estate) on his house broken toilet pipe on 01st June 2020 to which the estate management has responded by replacing the broken pipe on 10th June 2020.

In Kampar Estate, 5 complaints registered for year 2019 and there is no complaint registered for year 2020 as of the audit period. For Batu Dua Estate and Menglembu Estate, 5 complaint are registered for the year 2020 which are related to house repairs.

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

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

Summary KLK Berhad established SOP 1: Stakeholders Engagement/Negotiation stated that the complaints need to be addressed in within time frame stated for the action agreed in the complaint form. According to estate manager complaints are generally addressed within 2 weeks. Most of the complaints are related facility breakdown and there is no dispute for the estate.

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

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

Summary 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. KLK ensures all grievances from external stakeholders relating to the implementation of its Sustainability Policy within its operation and across its supply chain are handled via this grievance procedure. The SOP 1 also has attachment of complaint and grievances form titled "Stakeholder Log book".

The complaint form are within the office and also been placed outside the office at guard post for anyone to make complaint. In addition, there is 'e-Grievance Form' available from the company's website www.klk.com.my/sustainability/e-grievance-form/ for anyone wish to make complaint.

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 Sighted at the notice board the KLK Sustainability Policy mention regarding the Complaint and Grievances Procedure. As per interviewed with all the Estate Person In-charge, consistently the staffs and workers being briefed on the procedure during muster call and once a year through Sustainability Training.

Briefing on complaint mechanism is given to estate internal stakeholders during muster ground on 05th February 2020 (Lekir Estate), 12th February 2020 (Kampar Estate), and 10th January 2020 (Batu Dua Estate & Menglembu Estate) while external stakeholder was briefed on 13th June 2020 (Lekir Estate), 20th January 2020 (Kampar Estate) and 20th January 2020 (Batu Dua Estate and Menglembu Estate) through email as due CMO period. This was further verified during site visits interview where noted that workers well aware about their complaint process at Lekir Estate.

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 All estates have maintained record of last 24 months. Sighted record of complaint made in stakeholder logbook by estate employee on 06th March 2018 for faulty bulb on tractor to which the management has replaced with new bulb on 11th March 2018 at Lekir Estate. At Kampar Estate, record date on 11th April 2018 on washing basin leaking to which the management has replaced with new washing basin on 12th April 2018 and for Batu Dua & Menglembu Estate record dated on on 15th May 2018 on fused bulb and roof leaking to which the management has repaired the sink and replaced the bulb on 19th May 2018. No negative complaints made by external stakeholders within last 24 months at both Estates.

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

Criterion 3 Commitment to contribute to local sustainable development
Indicator 1 Growers should contribute to local development in consultation with the local communities.

Summary All estates are committed and have contributed to local development. The contribution made to the internal and external stakeholders. In general, the CSR performed by the company consist of the following:

- Lekir estate has been contributing to local development as evident from the records sighted. For example, sighted cattle owner who rare cows near to the estate has made a request to use small piece of estate land to catch and retain his cows. Sighted log book where estate management has granted the place as requested by the owner.
- In Kampar Estate, request made by representative from primary school [SRJK (T) Ladang Kampar] for assistance for cutting grass of school field, black soil from estate for school plants and manpower for school maintenance work as sighted from "Request & Respond" dated 26th February 2020 in the stakeholder logbook. The request was fulfilled by the estate management on 02nd March 2020 and also sighted letter from headmaster of primary school [SRJK (T) Ladang Kampar] thanking the estate management for their contribution to the school as requested by the school.
- Batu Dua Estate and Menglembu Estate management has organized blood donation encouraged estate staff to donate blood on 12th May 2020, has donated cash to SRJK (T) Taman Desa Pinji for "Subangan Hari Anugerah Kecemerlangan" (Receipt No. 0751).

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 The estate established "Polisi Keselamatan dan Kesihatan Pekerjaan "dated 02nd January 2020 signed by estate manager, Mr Loh Che Han, in line with OSH legal requirements on health & safety. The policy been communicated to its workers as sighted from KLK Sustainability policy briefing record dated 05th February 2020 (Lekir Estate), 12th February 2020 (Kampar Estate) and 10th January 2020 (Batu Dua Estate & Menglembu Estate). This policy is displayed in all the offices and on notice boards. This policy being adhered to with regards to the implementation of (OSH) requirements within the company.

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.
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- 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

KLK Berhad established "Polisi Keselamatan dan Kesihatan Pekerjaan" dated 02nd January 2020 signed by estate manager, Mr Loh Che Han, in line with OSH legal requirements on health & safety. The policy been communicated to its workers as sighted from KLK Sustainability policy briefing record dated 05th February 2020 (Lekir Estate), 12th February 2020 (Kampar Estate) and 10th January 2020 (Batu Dua Estate & Menglembu Estate). This policy is displayed in all the offices and on notice boards. This policy being adhered to with regards to the implementation of (OSH) requirements within the company.

The estate has conducted HIRARC to assess risk of its operation and to establish mitigation measures to reduce health and safety risks. The risk assessment has covered all key activities of the plantation such as nursery, maintenance of matured plants, FFB grading, FFB collection, transporting FFB to mill, workshop, diesel tank, transporting FFB to mill, workshop, diesel tank, fertilizer store, chemical store, POL store, office building, etc. The HIRARC register which was reviewed and updated on 15th September 2019 (Lekir Estate), 6th January 2020 (Kampar Estate), 19th June 2020 (Batu Dua Estate and Menglembu Estate).

All estate has established annual OSH programme titled "OSHA Program 2020 for Ladang Lekir, Ladang Kampar, Ladang Batu Dua, Ladang Menglembu". A total of 19 OSH programmes has been planned for year 2020 as sighted in the training plan prepared by the estate assistant. As of June, 2020 in total 9 (Lekir Estate), 12 (Kampar Estate) and 23

(Batu Dua Estate and Menglembu Estate) programmes have been conducted. Training records are maintained by the estate office as sighted latest "Sprayer/trunk injection training was conducted on 03rd January 2020 (Lekir Estate) and SOP & Safety training on 27th February 2020, PPE & Safety Policy training on 16th April 2020 (Kampar Estate).

The estate retains copies of Safety Data Sheet (SDS) that relevant to its operation both at chemical store noted during site visit to chemical store and as well as at office.

Lekir estate has conducted CHRA as sighted CHRA report ref.no. KLKLL 201605008 dated 10th June 2016. Based on the CHRA recommendation, the estate has sent its workers who exposed to chemicals. Sighted latest medical surveillance done for manurer, sprayers, mechanic, trunk injection workers, pre-mix workers, etc. Total of 38 estate workers were subjected to medical surveillance in batched starting from 23rd December 2019 until 03rd January 2020. The medical surveillance was conducted by OSH Dr Tiong Dong Chien (DOSH Reg.No. HQ/12/ DOC/ 00/275). Individual medical report of those examined by the doctor been concluded as fit to work. Kampar Estate has conducted CHRA on 15th December 2017 as sighted from CHRA report ref.no. HQ/14/ASS/00/ 357-2017/0/039 prepared by Dr Mr Ganesraoo (DOSH Reg. JKPP HIE 127/171-2 (357). Batu Dua Estate and Menglembu Estate conducted CHRA on 09th August 2018 as sighted from CHRA report ref.no. HQ/09/ASS/00/102 prepared by Mr Lean Hock Leng (DOSH Reg. HQ/09/ASS/00/102-2018/014). The estate activities involving chemicals have been assessed and has recommended chemical sprayer and those involve trunk injection for annual medical surveillance.

All estate has established "KLK Group policy – OSH Guidelines" which contains 50 safety SOP starting from FFB harvesting until Contractors. Each of the safety SOP has outlined potential danger, action before start operation, action during operation and action after operation to ensure workers safety.

The company has established SOP for chemical handling titled "Procedure Kerja Selamat – aktiviti kerja: Pengendalian bahan kimia" Rev 02/2015. The SOP has outlined potential danger, action before start operation, action during operation and action after operation to ensure workers safety.

Management appointed estate manager estate manager Mr Loh Che Han as person responsible for the estate health and safety as sighted from official letter of appointment issued by the estate General Manager (Lekir Estate). In Kampar Estate, estate manager Mr Ooi Thiam Hoe appointed as person responsible for the estate health and safety as sighted from official letter of appointment issued by the estate General Manager Mr Tee Ming Chong dated 01st December 2018. For Batu Dua Estate and Menglembu Estate, Mr Lim Hwa Wee appointed as person responsible for the estate health and safety as sighted from official letter of appointment issued by the estate General Manager Mr Mohmad Azman Ad. Majid dated 07th November 2019.

The estate (Lekir Estate) has established safety committee chaired by estate manager Mr Loh Che Han. The estate's safety committee consists of 10 management

representative and 10 workers representatives. OSH meetings are held on quarterly basis and sighted latest meeting minutes for OSH meeting held on 29th April 2020.

Kampar Estate safety committee chaired by estate manager Mr. Ooi Thiam Hoe. The safety committee consists of 4 representatives from the management and 4 representatives from estates workers as sighted from OSH Committee chart established by the management and appointment letter issued to committee members in June 2019. Estate OSH meetings are held on quarterly basis and sighted latest meeting minutes dated 21st May 2020 attended by 10 OSH committee members including the chairman and secretary. Previous safety committee meetings were held on 25th February 2020 and 28th November 2020 as sighted from meeting minutes. Safety committee for Batu Dua and Menglembu Estate consists of 10 representatives from the management and 10 representatives from estates workers as sighted from OSH Committee chart established by the management and appointment letter issued to committee members in 01st January 2020. Estate OSH meetings are held on quarterly basis and sighted latest meeting minutes dated 11th June 2020 attended by 22 OSH committee members including the chairman and secretary. Previous safety committee meetings were held on 11th March 2020 and 13th December 2019.

Under the company OSH Manual, Policy No. GP/OSH7 – Investigation & Notification, dated 01st July 2010, the management has established SOP titled “Investigation of Work-related Injuries, disabilities, ill health, disease, and near misses and their impact on safety and health performance” outlining process for accident investigation and management.

Estate management has appointed 5 (Lekir Estate), 8 (Kampar Estate), 1 (Batu Dua Estate and Menglembu Estate) of its mandore and staff as First Aiders. All those who are appointed have been trained by ‘CERT Academy’ as sighted form Certificate of Proficiency awarded for attending training titled “Basic Occupational First Aid, CPR & AED Training” on 13th & 14th May 2019. First Aid Kits are located within various location of the estate area including hand carry by mandore. During field visit, noted first aid kits contents are inspected on monthly basis and record of inspection maintained at office. There are 8 First Aid Kits located within various location of the estate area including hand carry by mandore. During field visit, noted first aid kits contents are inspected on monthly basis and record of inspection maintained at office. Sighted latest inspection done on 03/07/2020 by Estate Staff Mr Parthiban from the ‘First Aid Kit Checklist’

Estate retains records of accident as sighted “OSH8-Monthly Submission” form. The “OSH8-Monthly Submission” form are filled on monthly basis by the estate Hospital Assistant (HA) Mr. Subramaniam and sent to company’s OSH Department at HQ as sighted from records prepared by the HA. There is one minor accident reported on 19th December 2019 where estate worker was hit by oil palm frond (prick wound) while stacking fronds and on one day medical leave. This accident was reviewed during quarterly OSH meeting on 25th February 2020. Sighted JKKP 8 form submission to DOSH for year 2019 on 16th January 2020 and acknowledge of receipt by DOSH on 17th January 2020 (Lekir Estate), Kampar Estate submitted on 16th January 2020 and acknowledge of receipt by DOSH on 17th January 2020.

Batu Dua Estate and Menglembu Estate submitted to DOSH for year 2019 on 09th January 2020.

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 Company's policy on good social practice regarding human rights elaborated under 'KLK sustainable policy' in Clause 2.1 (i) Respect Employees Rights has stated "Recognise the inherent dignity of an individual and supports the Universal Declaration of Human Rights by the United Nations" signed by company's CEO Tan Sri Dato'Seri Lee Oi Hian. The policy been communicated to its workers during muster ground as sighted from KLK Sustainability policy briefing record.

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 According to the estate manager there are no discriminatory practices within the company. This was further verified by the estate workers during site visit interviews. In addition, KLK Sustainability Policy under the Sub-clause 2.1 (x) Equal Employment Opportunities and Diversity it has stated; "Ensure equal opportunities in the work place and "There shall be no discrimination based on nationality, race, religion or gender". The estate employees consist of multi ethnicity and different faith and cultural backgrounds.

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

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

Summary Pay and conditions are documented in the workers' Contract Agreement and wage payment records / pay slip. Interview with both Estate staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment. Estate workers' salaries are paid as per MAPA/NUPW collective agreement and complying with Minimum Wage Order 2020. The management pays their workers minimum RM 1,200 as per company policy regardless of location of the estate within Malaysia.

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

Indicator 4 Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.

Summary The estate has hired contract workers through contractors. Workers hired by contractor are accorded with proper employment contract signed by both contractor management and contract worker. Copy of employments contracts of contract workers are retained by the estate management. Sighted employment contract for contract worker employed by contractor 'Jaya Lekir Enterprise' on 01st October 2019. Terms and condition of employment has been stated within the contract document. The salary of the contractor workers is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2020 (Act 732) Malaysian minimum salary is RM1,200.00 as stated in the guidelines. Several payslips (latest) has been verified and confirmed that the worker's salary is above the minimum threshold limit set by the Malaysian laws and regulations.

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 data of their workers and the registration card. The registration card stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. Estate maintains records of its workers details in tabulated form containing names, gender, date of birth, date join, job description and the period of employment.

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 Sighted, employment contract between the estate and the workers. The agreement stated all the term and conditions according to Malaysian Law. The contract is in Bahasa Malaysia/ English/ translated version. All estate employees are accorded with documented contract signed by both parties. Sighted document "Employment Contract" signed by estate General Worker dated 02nd July 1997 (Lekir Estate), harvester dated 21st April 2020 (Kampar Estate) and dated 27th November 2019 (Batu Dua Estate & Menglembu Estate). Terms and condition of employment has been stated within the contract document. During field visit to the estate, workers interviewed acknowledged that a copy of employment contract is given to them upon signing.

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 Estate workers daily attendance are recorded electronic scanner recording system which is done during muster ground and the information transferred into check roll. 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. 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 have been clearly stated in the Employment Contract. Working hours set by the management for estate workers are in compliance with legal requirements. Estate workers working hours: 6.30 am until 2.30pm with 30minutes break from 11.00am to 11.30am. There is no complaint received regarding payment or forced to work on 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. Workers are provided with documented salary slip detailing working days, overtime, deduction etc. Refer to 4.4.5.3 for details.

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

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

Summary All workers have been provided with medical and accident insurance. The company provides benefits such as free housing and water, electricity, in-house clinic free services for workers and family members, school bus subsidy for each school children and etc.

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, football field, shop and mosque. Estate management (Lekir Estate, Kampar Estate, Batu Dua Estate and Menglembu Estate) provides workers quarters for estate workers. Worker with family is given one whole house while 4 bachelors share one house. Each house has two bed rooms, a living room, kitchen, and toilet and bathing facility. During site visit to the linesite noted the estate workers houses are well maintained and rubbish from house are collected 3 times a week. Sighted declaration qualification for the housing title "Perakuan Kelayakan" issued by JTK on 26th August 2018 for the houses at Kampar Estate. During site visit noted the hoses are well maintained.

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 The company has established policy to prevent all forms of sexual harassment and violence at the workplace as sighted from KLK Sustainability Policy under the Sub-clause 2.1 (ix) Harassment and Violence has stated that "Zero tolerance of any type of harassment, intimidation or violence.". The estate has also established Gender Committee to handle sexual and all other forms of harassment and violence. The policy has been communicated to its workers as sighted from KLK Sustainability policy briefing record dated 05th February 2020 (Lekir Estate), 12th February 2020 (Kampar Estate) and 10th January 2020 (Batu Dua Estate and Menglembu Estate).

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 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 are not restricted by estate management. NUPW trade union exists within the estate where some of the workers are members of the union as evident from RM 8.00 deduction from their monthly salary slip. According to the estate manager there is no restriction from the company for workers to form or join trade union. Interviews held with workers during site visit indicate that there is no restriction from the management on joining trade union. In addition, the right of employees to form and join trade union is also expressed in KLK Sustainability Policy, under the Sub-clause 2.1 (vi) Freedom of Association and Right to Collective Bargaining where it has stated "Recognise and respect the right of employees to form and join trade unions of their choice and to bargain collectively. Estate workers salary and other benefits are accorded with MAPA /NUPV collective agreement.

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 in clause (2.1) (iii) 'No Child Labour' where company outlined the commitment to comply with national law in regards to minimum age requirement. 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 objective is to identify any new training needs annually based on evaluation on the competency level of existing and new personnel measured against their respective scope of work. Training needs of individual estate employees are assessed by the management at beginning of the year as per SOP No.8.0. Sighted "Training Needs Analysis, Attendance Evolution Form" for training need assessment carried out on January' 2020 for estate workers on the need for 'KLK Sustainability and Safety Policies" training. Based on the need analysis the 'KLK Sustainability and Safety Policies" training was conducted on 05th February 2020. The training also includes contract workers.

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 with a title of "Training" under Standard Operating Procedure on Sustainability. The objective is 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 needs of individual estate employees are assessed by the management at beginning of the year as per SOP No. 8.0. Sighted "Training Needs Analysis, Attendance Evaluation Form" for training need assessment carried out on 10th January 2020 for estate workers on the need for 'KLK Sustainability and Safety Policies" training. Based on the need analysis the 'KLK Sustainability and Safety Policies" training was planned in February

'2020 and was actually conducted on 5th February 2020 (Lekir Estate), 12th February 2020 (Kampar Estate) and 10th January 2020 (Batu Dua Estate and Menglembu Estate). The training also includes contract workers.

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

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

Summary All workers involved in the operations have been adequately trained in safe working practice. The estate has a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. As per of companies continuous training plan, the estate has established annual training programme for its workers. Sighted sustainability training for the estate prepared by the Estate Assistant Manager Mr Salman (Lekir Estate) dated 02nd January 2020 consists of 11 training programme, as an example:

- KLK Sustainability briefing in Jan 2020
- KLK Code of conduct in Jan 2020
- Triple rinse and piecing empty chemical container in March 2020

Similarly, as a continuous training plan, the estate also has planned 21 OSH training for year 2020. i.e,

- SOP training for sprayers/trunk injection in Jan 2020,
- Training for Chemical mixers in Jan 2020
- Training for sprayer gang & premier in Feb 2020
- Training for fertilizer gang in May 2020

Training records including training plan and participants training attendance sheet are well maintained in the mill's office

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 KLK has established the KLK Sustainability Policy, signed by Tan Sri Dato' Seri Lee Oi Hian (Chief Executive Officer). KLK is committed to ensuring that its products are produced in a sustainable manner. Stated in the policy; Point No 1 - Environmental:

- a. No Deforestation
- b. Protection of Peatlands
- c. No Burning
- d. Protecting High Conservation Value Areas
- e. Reduce Net Emissions of Green Gas ("GHG")

Environmental management plan is available in document Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan, prepared by Salman Bin Rabun (Asst Manager) and verified by Mr. Loh Che Han (Manager) dated 23rd January 2020 (Lekir Estate), 6th January 2020 (Kampar Estate) and 2nd April 2020 (Batu Dua Estate and Menglembu Estate).

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

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

Summary KLK has established the SOP 10 - "Environmental Aspect & Impact Assessment" prepared by the Sustainability Department. The Sustainability Manual has incorporated the corporate environmental policy as follow:

- i. The Company committed to keep the environment clean, safe and healthy
- ii. The Company will continue to promote greater environmental awareness in our daily activities
- iii. Preservation of the environment is the responsibility of everybody in the company

As sighted the aspect impact covering all estate activities. The company has established Environmental Impact Assessment Procedure titled "Environmental Impact Assessment" SOP # 10.0 dated 01st January 2020. EIA is being reviewed on annual basis and previous review was done in 15th June 2019 at Lekir Estate. The EIA assessment findings are recorded in document titled "Environmental Aspect & Impact Assessment (EIA)". EIA covered major activity/aspect categorised by process/area; example:

- Nursery - disposal of polybags and fertilizer bags on land.

- Chemical store - Intake and issue of class 1,2,3 and 4 chemicals – (empty chemicals containers)
- Chemical premix area - Chemical mixing, PPE washing, triple rinse
- FFB collection>Transportation of FFB to hopper/palm oil mill
- Immature Maintenance
- Spraying - Empty chemical containers
- Manuring - Empty fertilizer bags
- Road maintenance/trenching/transportation of workers/fertiliser - smoke and noise emission.

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 The environmental impact assessment (EIA) register has identified columns for Process, waste generated, major activity, aspect, impact, risk assessment and risk score. Activities that fall into environmental risk category of medium and high are countered with mitigation measures which identified in document titled "Environmental Aspects and Impacts Assessment. The management has conducted an environmental management plan in document Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan. Sighted the aspect & impact analysis which was done by process/area:

- Fertilizer store
- Empty Chemical Container Store
- Diesel tank
- Clinic
- Chemical spillage
- FFB Collection

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

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

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

Summary Sighted SOP on Sustainability No 16.0, Appendix 1 – Continuous Improvement Plan (Environmental). Estate has developed Continuous Improvement Plan year 2020. Evidence at Lekir Estate, Kampar Estate, Batu Dua Estate and Menglembu Estate. The positive impact, "front stacking" activities are continuous implemented and includes in the Continual Improvement Plan.

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 All estates have established training program for environmental management and improvement plan. Sighted the Environmental Training Programme for the year 2020 dated 23rd January 2020 (Lekir Estate), 10th January 2020 (Kampar Estate), 1st January 2020 (Batu Dua Estate and Menglembu Estate) covering topic "KLK Sustainability Briefing" done by Assistant Manager. As sampled training were conducted on 5th February 2020, and attended by;

- Supervisor
- General workers
- Harvester
- Management Team

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 Estate has conducted environmental meeting for year 2018/19 and the latest meeting was on 20th December 2019 (Lekir Estate), 30th December 2019 (Kampar Estate), 26th December 2019 (Batu Dua Estate and Menglembu Estate) and involved representatives from management and workers. Environmental impacts resulted activities were identified and mitigation measures were implemented.

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

Criterion 2 Efficiency of energy use and use of renewable energy

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

Summary The company has established Environmental Impact Assessment Procedure titled "Environmental Impact Assessment" SOP 10.0 dated 01st January 2020. Lekir estate has identified diesel as non-renewable energy. Diesel consumption is recorded yearly. As sighted the both energy consumptions were recorded from year Jan 2019 to Dec 2019 and Jan 2020 to June 2020. Diesel used for transportation for Jan 2020 to June 2020:

- Total diesel used = 28,976 litre
- Total FFB transportation = 22,980.15 Mt
- Average usage = 1.26 litre/mt
- Baseline value for 2020 set as 1.45

The actual baseline value for 2020 is 1.26, thus meeting the target. Total diesel used = 94744 litre

- Total FFB transportation = 49838.56 Mt
- Average usage = 1.90 litre/mt
- Baseline value for 2019 set as 1.45

Justification has been made that not meeting the baseline value for year 2019 due to low crop but the distance to bring the FFB to ramp remain the same. Estate has also recorded the electricity consumption every month. Sighted total electricity consumption for year 2019, 60,649 Kwh. The following diesel consumption sighted:

Month	Diesel usage (litre)	FFB Transported (MT)	Litre/MT (Diesel)
Jan'20	3899	2588.97	1.51
Feb'20	3822	2514.64	1.52
Mar'20	4243	3412.39	1.24
Apr'20	6110	5081.10	1.20
May'20	5017	4177.97	1.20
June'20	5885	5205.08	1.13

For Batu Dua Estate diesel used for transportation for Jan 2020 to June 2020:

- Total diesel used = 2257.6 litre
- Total FFB transportation = 1666.12 Mt
- Average usage = 1.38 litre/mt
- Baseline value for 2020 set as 1.70

The actual baseline value for 2020 is 1.38, thus meeting the target. Batu Dua Estate and Menglembu Estate has also recorded the electricity consumption every month. The consumption covered under Pinji Estate. Data compiled 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 based on the financial year with the latest available is for FY2020. Sighted the estimation and actual of energy use are continuously updated in the log-book. Fossil fuel usage was monitored by SOP 12.0 dated on 01st January 2020, the titled is "Waste Management & Energy Use" and record in sub section titled is "Energy Usage".

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

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

Summary Lekir estate uses solar energy as lighting at the pump house area. At the moment, Kampar Estate, Batu Dua Estate and Menglembu Estate, there is no renewable energy been practiced.

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

Criterion 3 Waste management and disposal

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

Summary All waste products and source of pollution are identified in document Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan, dated 23rd January 2020 (Lekir Estate), 6th January 2020 (Kampar Estate, Batu Dua Estate and Menglembu Estate), as example;

- Used rag
- Lubricant oil
- Oil filter
- Clinical waste
- Chemical spillage
- Empty fertilizer bags

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

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

Summary Waste management and disposal plan were documented in the SOP 10. The plan describes the measurement to control and reduce pollution impacts which were further tabulated in the Appendix 1, Environmental Aspects and Impact Identification and Risks Assessment. The estate developed management plan to avoid and /reduce pollution by recycled by-product from the mill. As an example, in all estates

POL Store

Aspect: POL Spillage

Impact: Water & land pollution

Control:

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

Schedule waste store

Aspect: Schedule waste spillage

Impact: Water pollution

Control:

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

Empty Chemical Containers Store

Storage and disposal of triple rinsed empty chemical containers

Control:

- periodically records
- triple rinse
- dispose through license contractor

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.
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Summary

As sighted, used chemical handling procedure is available in SOP 12 "Waste Management & Energy Use", for the year 2020. Sighted schedule waste disposal records (fifth schedule) on 5th June 2020: SW 305 = Lubricant Oil = 0.4 kg. Seen consignment note dated 3rd July 2020, SW305 collected by license contractor Primochem Sdn Bhd. Delivery note 1 kg of clinical wastes, code SW404 were disposed by license contractor Edgenta Mediserve Sdn Bhd. As evidence (Lekir Estate). Primochem Sdn Bhd license contractors; license no.004164 (Kemudahan Pemerolehan Kembali Luar Tapak) and license no.:004165 (Pengangkutan Buangan Terjadual). Both valid until 30th April 2021. Edgenta Mediserve Sdn Bhd license contractors. License no.006254 (Pembawa yang ditetapkan), license no.006253 (Penunu Buangan Terjadual (Klinikal) - No.1, license no.003498 (Penunu Buangan Terjadual (Klinikal) - No.2), and license no.004537 (Penunu Buangan Terjadual (Klinikal) - No.3). All valid until 30th April 2021.

In Kampar Estate, sighted consignment note dated 8th August 2019 with 0.209 tonne, SW305 waste oil collected by license contractor Primochem Sdn Bhd and 0.003 tonne SW410 oil filter & rag collected by license contractor EDSHA Solution Sdn Bhd. The estate clinic only keeps medicines and no clinical wastes such as needles. EDSHA Solution Sdn Bhd license contractors. With license no.004252 (Pemerolehan Kembali Luar Tapak (SW410, SW422, SW416, SW417, SW418), and license no. 004253 (Pembawa yang ditetapkan (SW110-Separa) SW409, SW410, SW422). All licences valid until 30th April 2021. For Batu Dua Estate and Menglembu Estate, all schedule wastes management and disposal recorded under Pinji Estate. Sighted during site visit all the chemical containers and schedule waste are kept well in the Schedule Waste store. Sighted SW305 (used oil), SW409 (disposed chem containers and used PPE), and SW410 (cleaning rags, oil filter)

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 Empty pesticide containers are disposed "triple rinse and puncture accordingly as per procedure SOP: 12 Waste Management and Energy Use. During site visit it was seen that the chemical containers are triple rinse and punctured to prevent contamination of water source or to human health. Thus, it become Non-Scheduled Waste. The chemical container being disposed through schedule waste contractor (licensed contractor).

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 Domestic waste from the housing area is well managed and all domestic wastes at Lekir Estate, Kampar Estate, Batu Dua Estate and Menglembu Estate being disposed at Landfill inside the block. The frequency of collection is twice a week. Land fill area is identified in the estate map. Domestic wastes are disposed at land fill (Pit 11, Block 03A) and was physically verified during the site visit. In Kampar Estate, domestic wastes are disposed by land fill (Pit 07, Block 95 /Open10/12/18 Closed 31/05/19; Pit 08, Block 95/Open 01/06/19) and was physically verified during the site visit.

In Batu Dua Estate, domestic wastes are disposed by land fill (Pit 05, Block 2001A /Open30/05/2020) and was physically verified during the site visit and in Menglembu Estate domestic wastes are disposed by land fill (Pit 05, Block 2001A /Open30/05/2020) and was physically verified during the site visit. Based on map sighted the area were far away from housing and water course at Lekir Estate.

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

Criterion 4 Reduction of pollution and emission including greenhouse gas

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

Summary The assessment of polluting activities is identified and documented in the environmental impact assessment and management plan. From the EAIA, it will be evaluated for the impact and any impact will be included in the management plan. Environmental Management Plan (EMP) & Waste Management Plan following the procedure of SOP10 Environmental Aspect & Impact Assessment, dated 01st January 2020. Identification of pollution activity are sighted available as document:

- GHG Emission release by Nitrogen
- From the Transportation.
- FFB to Mill

The estate utilized RSPO GHG Calculation Tools Ver. 4.0. Sighted summary emission for Changkat Cermin complex (including Lekir Estate, Kampar Estate) for year 2019;

Total (Mill + Estate):

CPO = 1.55 tCOe2

PK = 1.55 tCOe2

Mill = 0.23 tCOe/t FFB

Estate = 0.17 tCOe/FFB

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 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). Mitigation measures are identified in the aspect-impact register to prevent or minimize pollution. Zero burning policy was established by KLK Sustainability Policy covered under Item No. 1.3: No Burning – A strict Zero Burning policy is practiced in relation to all new planting, re-planting or other development signed by CEO, Tan Sri Dato' Seri Lee Oi Hian. Action plan has been sighted as environmental management plan; open burning is prohibited. No peat area sighted in the estate.

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

Criterion 5 Natural water resources

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

- Assessment of water usage and sources of supply.
- Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.
- 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.).
- 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.
- Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.

f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Summary

The estate established Water Management Standard Operating Procedures 5 Title "Surface & Groundwater Management dated 01st January 2020 which includes Protection of water courses and wetlands.

Sighted under Standard Operating Procedures 11.0 Title: High Conservation Value Management; clause no 1, Gazetted River Banks and Water Catchment Ponds. The SOP outlay the standard to be adhere by Management for instance to set aside a minimum of 20m riparian zone on each of the river bank and around the Water Catchment Ponds. There is no river crossing the estate.

The estate linesite (Batu Dua Estate and Menglembu Estate) consume water from treated tubewell manage by Pinji Estate. Sighted the treated water quality meet the MOH standard, report dated 05th March 2020. Water sampling programme dated 1st January 2020, treated water testing for every 6 months. As sighted, Lekir estate has 5 years Desilting program to make sure drain water discharge smoothly. The estate also has conducted water quality test done by an accredited laboratory EnviChem dated 5th February 2020 and the results shown meeting the National Water Quality Standard (NQWS) as follows;

Canal 3,

Parameter	Upstream Results	Downstream Results	Class IV NWQS
Glyphosphate, ug/l	57	61	NA
Triclopyr Butotyl, ug/l	ND (<25)	ND (<25)	NA
Ammonical Nitrogen, mg/l	2.10	2.9	2.7
Total Nitrogen, mg/l	2.42	3.35	NA
Total Phosphorus, mg/l	0.60	0.83	-
Potassium, mg/l	1.04	1.32	NA

Sighted during site visit, the area was gazetted as Riparian Zone by estate management. Seen the signages for "Riparian Zone Area" with No fishing, spraying and manuring. No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

The natural vegetation within and along the riparian areas were adequately monitored. No river or waterway passing through the estate. Water harvesting continually implemented such as terrace and silt pits.

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 During site visit, no construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

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

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

Summary All estates did the road side drains in terrace area to store water. The road side drain well maintained by estate management. Water harvesting continually implemented such as terrace and silt pits.

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

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

Indicator 1 Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:
a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.
b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.

Summary KLK has established SOP 11.0; Appendix: 1 High Conservation Value (HCV) Management; Issue/Rev: 4/3; dated 1st January 2020. Sighted "In-house High Conservation (HCV) Assessment" done by In House HCV Assessor, (Ms Lee Kuan Yee and Mr Tong Wing Chuen. The High Conservation Value Assessment was carried out based on guidance from HCV Toolkit for Malaysia, edition October 2009.

KLK Sustainability Team using methodology as field observation, stakeholder's consultation. I.e. estate management, workers, local communities and other external stakeholders and questionnaire on species identification. As summary, there is no status of rare, threatened, or endangered species and high biodiversity value area in the estate. However, under same approach, the management has declared, which is outside of the estate management areas; Thiram River, Kayan River, Stone Area and Surau. Appropriate signages as below were erected as observed during the site visit. No hunting and no fishing signage were displayed at site.

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

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

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

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

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

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

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

Criterion 7 Zero burning practices

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

Summary The company has established "zero burning" policy dated 30th August 2018 by Tan Sri Dato' Seri Lee Oi Hian (CEO) stated in Clause 1 has stated that "A strict Zero Burning policy is practiced in relation to all new planting, re-planting or other development." This policy well implemented. There is no evidence fire being used for waste disposal sighted during field visit. Implementation of the waste management program is evident from the field visit and schedule waste disposal records sighted in the estate's office.

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 As per interview with Estate Sr Manager and Estate Manager, there is no out-break of diseases in estate area and no open burning activity sighted.

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 As per interview with Estate Sr Manager and Estate Manager, no special approval needed to do open burning. Estate has adopted Zero Burning Policy. Approved by CEO, Tan Sri Dato' Seri Lee Oi Hian

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 established replanting/new planting procedure in doc.no GP/AGRIC/OP7. Open burning in relation to new planting, re-planting or other development is not allowed and this was communicated to all employee and stakeholder. During replanting process, the old palm to be felled, chipped and pulverised and been remained in the field for self-composed. As per interview with Estate Sr Manager and Estate Manager, no special approval needed to do open burning. Estate has adopted Zero Burning Policy. Approved by CEO, Tan Sri Dato' Seri Lee Oi Hian.

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

The daily monitoring records are well maintained for the past 12 months. All SOP and procedures are kept and will be updated periodically. The estate regularly conducted training for all workers in the estate operations to ensure that all workers are fully aware and understand the SOP. Based on interviews with harvesting workers stated that before work they had received training organized by the company, for example;

- (General Worker) undergone training on the MSPO Sustainability, PPE Training.
- (Foreman) undergone training on MSPO Training, Safety Training conducted by the estate 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; Issue/Rev: 2/1, for "Soil Erosion & Fertility and Road Maintenance". As soil conservation measure, during replanting, to reduce the impact of soil erosion, full cover crop is planted. Fixing AA+ mulch, blanketing the area of crop. Estate management has applied the frond formations along the frond corridor and not sprayed on the "Lorong Susun Pelepah (Inter Row)". Beetle trap were in placed as the pest control. Based on field visits it shows that the road conditions are very good where road repairs are carried out at every point that is damaged.

Slightly slopes area which is exceeding the 25 degrees slopes as according to the company SOP. During site visit to the estate, observed there is no terracing above 25 Degrees. Seen the Road Maintenance Programme (Lekir Estate) for the year 2020. The last road repair and grading was done on June 2020 at [Divison LC]. Kampar Estate is a flat and sandy soil area. As soil conservation measure, estate management planted legume cover crops (Mucuna Bracteate, Pueraria Javanica) to reduce soil erosion and land degradation. They maintained the ground vegetation, frond stacking by staking pruned fronds across the slopes. Upkeeping of immature oil palm sighted during the field visit, as mulching with AA+ mulch, after planting as help to prevent weed growth in the circle. In addition, it was also observed that all estates had maintained soft vegetations such as grasses and ferns to avoid bare soil in the matured fields. Inter-row vegetation was slashed annually to maintain the growth of soft grass and fern for soil conservation. Weed spraying activities had also been carefully limited to circle and path spraying for field maintenance in the mature areas in accordance with the requirement of their SOP.

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

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

Summary Soil maps for estate is available [Map 2: Soil Map]. Sighted soil map for Lekir Estate. It is evident that there are no fragile soils exist in estate. Based on the topographic image, there is no evidence of steep slopes area exist in the estate. During field visit, sighted the reference system as field marking on every division. The information included are division, year planted, and planting material. During site visit, found the field marking was made available, as painted in red color. The information consists of year planted, planting material.

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 There is an implemented management plan that aims to achieve long-term economic and financial viability as evident in Annual Management Plan. For the KLK, there is a KLK Sustainability Department to oversee all the MSPO implementation and continuous MSPO plan. Business management plan is available for 2019/2020, 2020/2021 and 2021/2022. All estates had an annual budget for the financial year 2020/2021. The estate budget includes the projected FFB, OER, PK and etc production which projected for three years from 2019 – 2021.

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 Estate management (Lekir Estate & Batu Dua Estate) respectively provided the "Future Replanting Programme: 2019/2020 to 2024/2025. Below is the illustration given:

FY	Field/Ha
FY 2019/20	99A/57, 01E/73, 01B/25
FY 2020/21	01D/59, 01C/67,
FY 2021/22	02H/99, 02B/41, 03B/69
FY 2022/23	02C/89, 02E/66, 02F/41
FY 2023/24	02A/98, 01G/68
FY 2024/25	02D/83

FY	Field/Ha
FY 2026/27	2000C/43
FY 2029/30	2003A/46

As per interview with Asst. Manager Kampar Estate & Menglembu Estate, highlighted management has no planning in proceeding for replanting, due to management decision.

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

Indicator 3 The business or management plan may contain:

- Attention to quality of planting materials and FFB.
- Crop projection: site yield potential, age profile, FFB yield trends.
- Cost of production: cost per tonne of FFB.
- Price forecast.
- Financial indicators: cost benefit, discounted cash flow, return on investment.

Summary All estates had an annual budget for the financial year 2020. The estate budget includes the projected FFB, OER, PK and etc production which projected for three years. Sighted in annual budget year 2020, there is estimated expenditure for the year 2020 made available. Sighted analysis of expenditure for all estate for the year 2020 which developed with planting material, FFB projection (mt), MPOB FFB price (RM/mt) and ex-estate cost per mt (RM/mt).

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. Progress report for the month of May 2020 capturing financial performance, crop performance. Sighted management review meeting monitoring the achievement of the goals and the objectives of the management. As per management plan, the plan can be achieved by the estate management except the cost production and FFB estimate. The monitoring to achieved the target is effectively implemented such field monitoring and enforcement of all SOP.

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 1st January 2020. For the estate, the pricing of FFB is done based on MPOB pricing every month given by KLK HQ in Ipoh.

- To compute FFB based price for the month
- Any agreements made should be fair legal and transparent.
- Generally, payment is made bi-monthly by 10th and 20th of each month.

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 Sighted the contract that sign by contractors with the company is fair, legal and transparent. Payment record shown that the company pay fee to the contractors according the agreement. All the payment is made promptly every month and as per agreement. Terms and condition of safety, health and labor are included in the contract. Seen record of contract agreement between contractors is available. Payment shall be paid in accordance to diesel price, RM15/hr. The agreement expires upon the completion of the works specified or on 30th September 2020. As per the

contract agreement, the agreed timeline payment to be made after 30 days and payment is made on monthly basis, sighted payment made for the month June 2020, as payment made by cheque dated 10th July 2020 [Bill no: 316438] – Cheque No: 087012 (Lekir Estate), Cheque No. 168972 (Batu Dua Estate).

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. The policies were already communicated through the tender process and once contract sign by both parties. The contractor shall be subjected to the management system audits by auditors assigned by the management as and when deemed necessary.

Estate management has briefed the contractors on the MSPO requirement during the contract signing. Sighted "External Contractor Compliance Checklist" dated 1st October 2019 as they are required to furnish relevant documents to comply with MSPO requirements. As per record, contractor has signed "Supplier Code of Conduct", by declaring the commitment of;

- company to comply with the principles stipulated in KLK Supplier Code of Conduct and KLK Sustainability Policy;
- agreed that KLK or any 3rd party appointed by KLK may carry out audit or visit on our facilities to verify our compliance with the code;
- confirmed that we effectively communicate the contents of the code to contractor's employees, to ensure all measures required are implemented accordingly.

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

Indicator 2	The management shall provide evidence of agreed contracts with the contractor.
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Summary All the contractors are aware that estate is 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 with term and conditions as contractor must adhere to KLK Sustainability policy and all estate standard certifications includes MSPO.

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

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

The estates were audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 13th July 2020 – 17th July 2020. Sighted audit plan which have been received and accepted address by the estate management. Sighted evidence of contractors agreed to be assessed by MSPO approved auditors as stated in contract agreement between contractors and estate management. Seen contract of sampled "contractor", "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".

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

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

Summary

Estate management will verify the work done by the contractor before the payment paid to the contractor. As per interview with the Asst Manager, he will ensure proper PPE usage during work done. Estate also conducted inspection on the contractor's workers. As per interviewed and also during field visit, the workers aware with OSH requirement. As example, the workers wear the PPE during the work task that given to them.

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

2.7 Principle 7: Development of new planting

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

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

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

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.

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.

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

Indicator 1 Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.

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

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

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

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

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 forest land or land with high biodiversity. Thus, it is not applicable for all estates.

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

Indicator 5 Identification and assessment of legal and recognised customary rights shall be documented.

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

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

Indicator 6 A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.

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

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

Indicator 7 The process and outcome of any compensation claims shall be documented and made publicly available.

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

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

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

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

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

2.8 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) Proactive and highly committed by Top Management in establishing directions for the middle and upper management in complying with the MSPO certification.
- 2) Estate management demonstrated full commitment during the entire audit process.
- 3) Positive feedback received from the internal and external stakeholders.
- 4) Good cooperation and commitment from the Management and Staff.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
12 th July 2020	TBA	➤ Travelling from Ampang, Selangor – Changkat Chermin, Perak.	SP	JS/BS
13 th July 2020	08:00 – 09:00	➤ Centralize Opening Meeting at Lekir 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).	SP	JS/BS
	09:00 – 13:00	Lekir Estate Estate 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. 	SP	JS/BS
	10:30 – 12:30	Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	SP	JS/BS
	13:00 – 14:00	➤ Lunch	SP	JS/BS
	14:00 – 16:00	Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	SP	JS/BS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	SP	JS/BS

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
14 th July 2020	08:00 – 13:00	Changkat Chermin POM 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. 	SP	JS/BS
	10:30 – 12:30	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. 	SP	JS/BS



	13:00 – 14:00	➤ Lunch	SP	JS/BS
	14:00 – 16:00	Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	SP	JS/BS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	SP	JS/BS

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
15 th July 2020	08:00 – 13:00	Kampar Estate 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. 	SP	JS/BS
	10:30 – 12:30	Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	SP	JS/BS
	13:00 – 14:00	➤ Lunch	SP	JS/BS
	14:00 – 16:00	Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	SP	JS/BS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 3.	SP	JS/BS

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
16 th July 2020	08:00 – 13:00	Batu Dua Estate 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. 	SP	JS/BS
	10:30 – 12:30	Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, 	SP	JS/BS

		workshop, agriculture best practices, chemical store, and pre-mixing, etc.		
	13:00 – 14:00	➤ Lunch	SP	JS/BS
	14:00 – 16:00	Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	SP	JS/BS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 4.	SP	JS/BS

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
17 th July 2020	09:00 – 13:00	Menglembu Estate 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. 	SP	JS/BS
	10:30 – 12:30	Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	SP	JS/BS
	13:00 – 14:00	➤ Lunch	SP	JS/BS
	14:00 – 15:30	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. 	SP	JS/BS
	15:30 – 16:00	➤ Verify any outstanding issues and auditor discussion.	SP	JS/BS
	16:00 – 17:00	Centralize Closing Meeting at Menglembu Estate: Chaired by the audit Lead Auditor <ul style="list-style-type: none"> 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	SP	JS/BS


Appendix B: Non-Conformity details

Non-Conformities Identified During This Audit

Major Nonconformities:	Non-were raised during this audit.
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Minor Nonconformities:	Non-were raised during this audit.
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Area of Concern:	1 AOC raised during this audit.
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Company Name	KLK Berhad – Changkat Chermin Complex			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input type="checkbox"/>
	Surveillance 3	<input checked="" type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-A2-MSPO-2017			
NC No. / Ref.	A2/MSPO/MINOR/01	Date Detected	17 th July 2020	
Site(s) concern	Batu Dua Estate/ Menglembu Estate	Target Completion	Next Surveillance Audit	
Normative Reference and Requirement	4.3.1.1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.			
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern			
Description of Non-Conformity	Fire extinguisher sticker not updated			
NC Objective Evidence:				
During field visit at schedule waste store, found 1 fire extinguisher [Serial number: FF032018Y221943] was expired. The maintenance label record shows expiry date on 22 nd July 2018 and the fire extinguisher has been refilled 27 th August 2019. However, the sticker/ label was not updated on the fire extinguisher to show the current status.				
Lead Auditor Signature:		Client Signature:		
				

Non-Conformities Identified During 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

Internal Stakeholders

- 1) Changkat Chermin Complex [Estates] Management team and staff
- 2) Gender Committee Representatives
- 3) Local Workers Representatives
- 4) Foreign Workers Representatives
- 5) House tenants
- 6) General workers
- 7) Harvesting team
- 8) Spraying team
- 9) Manuring team
- 10) Hospital Assistant
- 11) First aid team

External Stakeholders

- 1) Jaya Lekir Enterprise
- 2) RT Segaran & Sons Transport