

# GLOBAL GATEWAY CERTIFICATIONS

## MALAYSIAN SUSTAINABLE PALM OIL (MSPO)



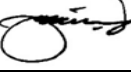
### CERTIFICATION AUDIT REPORT


#### Part 4: General Principles for Palm Oil Mills

Kuala Lumpur Kepong Berhad  
Kekayaan Palm Oil Mill

-Group Certification-

ANNUAL SURVEILLANCE AUDIT 03  
12<sup>th</sup> August 2020

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

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

#### Declaration

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

WITH INTEGRITY WE SERVE



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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. (GGC) has conducted the Certification Assessment of KLK Kekayaan Palm Oil Mill. During this Annual Surveillance Audit, the audit team briefed by sustainability member, of the supply base disposition. The source of FFB supplies to KLK Kekayaan POM are only from their own estates [Kekayaan Estate, Landak Estate, Paloh Estate, Fraser Estate, New Pogoh Estate, Ban Heng Estate, Sg Bekok Estate, See Sun Estate, Sg Penggeli Estate, and Voules Estate].

This assessment was conducted onsite on 12<sup>th</sup> August 2020 to assess the compliance of the certification unit against the "MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills". The scope of certification is "Production Of Sustainable Crude Palm Oil And Palm Kernel".

**1.2 Company details and Contact information**

<b>Company Name</b>	Kuala Lumpur-Kepong Berhad
<b>Business Address</b>	Wisma Taiko, 1, Jalan S.P Seenivasagam, 30000 Ipoh, Perak.
<b>Contact Person</b>	Ms. Lee Kuan Yee
<b>Office Telephone</b>	+6052408000
<b>E-Mail</b>	kuanyee.lee@klk.com.my

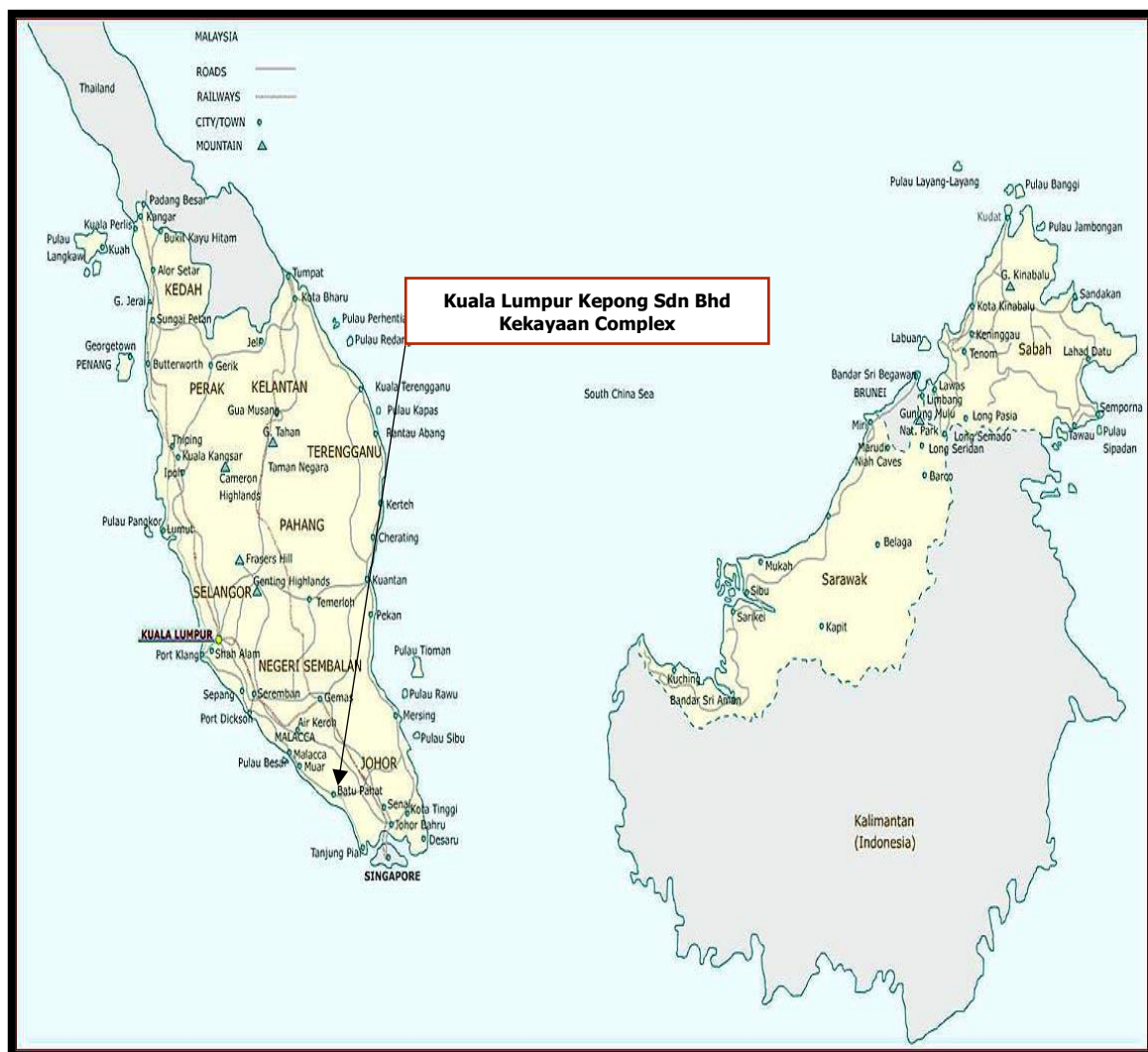
**1.3 Certification Unit**

<b>Name of the Certification Unit</b>	KLK Kekayaan Palm Oil Mill		
<b>Mill Capacity (MT/HR)</b>	120		
<b>Site Address</b>	Mukim Niyor/ Paloh, 86600 Kluang, Johor.		
<b>GPS Reference of the site office</b>	<b>Longitude</b>	N 2.20498	
	<b>Latitude</b>	E 103.27030	
<b>MPOB License Information</b>	<b>License No.</b>	508294604000	

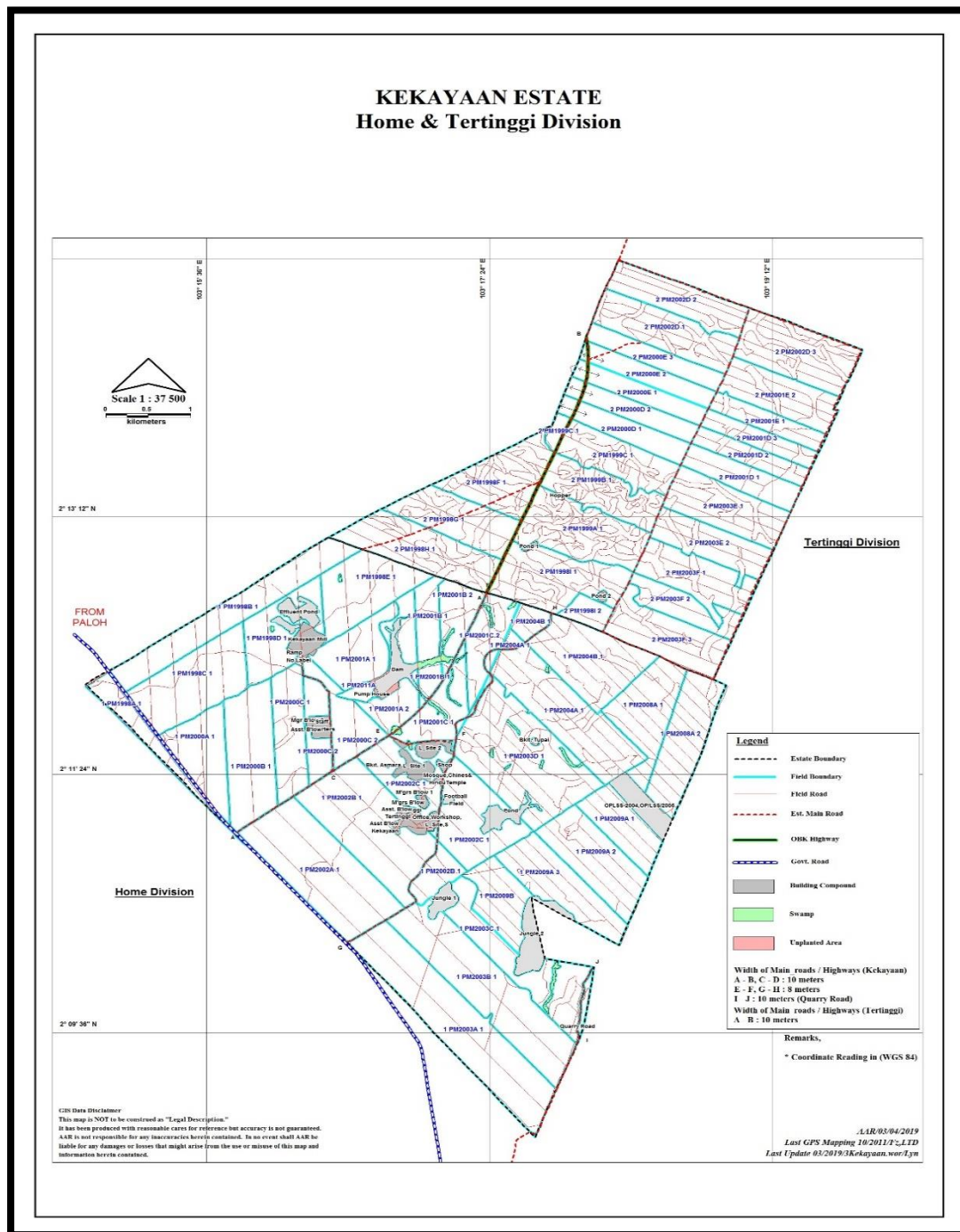
	<b>Scope of Activity</b>	<ol style="list-style-type: none"> <li>1. "Menjual dan Mengalih –PK, CPO, SPO"</li> <li>2. "Membeli dan Mengalih – FFB"</li> <li>3. "Menyimpan – PK, CPO, SPO"</li> <li>4. "Mengilang FFB"</li> </ol>
	<b>Expiry Date</b>	31 <sup>st</sup> January 2021
<b>Others Sustainability Certification</b>		
	1) RSPO (Roundtable on Sustainable Palm Oil)	
	2) International Sustainability and Carbon Certification (ISCC)	

## 1.4 Map Showing Geographical Location

### 1) KLK Kekayaan POM



## 2) KKK Kekayaan POM (Share with KKK Kekayaan Estate Land Title)



**1.5 Production Area, Actual and Projected FFB Production (MT)****Production for Certified Unit**

<b>Kekayaan POM</b>	<b>Projected from last audit [Jul 2019-Jun 2020]</b>	<b>Actual Production for 12 Months [Jul 2019-Jun 2020]</b>	<b>Projected Production for next 12 Months [Jul 2020-Jun 2021]</b>
FFB Summary (MT)	434,782	387,128.70	428,278
CPO Summary (MT)	94,780	84,979.55	93,662
PK Summary (MT)	21,739	18,208.67	21,287

# FFB's Own Estate &amp; Certified Estates

**Production for Uncertified Unit**

<b>Kekayaan POM</b>	<b>Projected from last audit [Jul 2019-Jun 2020]</b>	<b>Actual Production for 12 Months [Jul 2019-Jun 2020]</b>	<b>Projected Production for next 12 Months [Jul 2020-Jun 2021]</b>
FFB Summary (MT)	NIL	NIL	NIL
CPO Summary (MT)	NIL	NIL	NIL
PK Summary (MT)	NIL	NIL	NIL

**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](http://www.ggc.my)

**Assessment standard**

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

**Certificate number**

GGC-KLK001-MSPO-02-2017

**Initial certificate issued date**15<sup>th</sup> September 2017**Certificate expiry date**14<sup>th</sup> September 2022**Stage 1 assessment date**

Not Applicable as client certified for RSPO and ISCC



<b>Stage 2 / Main Assessment</b>	03 <sup>rd</sup> July 2017
<b>Annual Surveillance 1 [ASA 1]</b>	21 <sup>st</sup> May 2018
<b>Annual Surveillance 2 [ASA 2]</b>	26 <sup>th</sup> July 2019
<b>Annual Surveillance 3 [ASA 3]</b>	12 <sup>th</sup> August 2020
<b>Annual Surveillance 4 [ASA 4]</b>	June 2021

## 1.7 Qualification of the Lead Assessor and Assessment Team

### Lead Auditor

**Name:** Mohd Fadzli bin Bistamam

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

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

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

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

### Auditor

**Name:** Tuan Amirudin bin Tuan Sulaiman

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

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



## Auditor

**Name:** Md. Jefri Sharaai

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

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

## 1.8 Audit Methodology

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

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

The methodology for collection of objective evidence was established during physical site inspections, observation of tasks and processes, interviews of stakeholders, interview of officers, review of documents and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also been taken into consideration in this assessment.

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

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

With reference to the Federal Government Gazette (9<sup>th</sup> 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 12<sup>th</sup> June 2020 which need to be complied during the audit process by both parties, the Certification Body and clients.



**1.9 Audit Plan Information**

<b>Audit Date</b>	12 <sup>th</sup> August 2020
<b>Name of site(s) visited</b>	KLK Kekayaan POM
<b>Total number of man-days spent</b>	3 man-days

**1.10 Audit Result Summary Findings****Findings category**

<b>Category</b>	<b>Numbers</b>	<b>Status (Closed/Open/Not Applicable/No Action Requires)</b>
Major Nonconformities	0	No action requires
Minor Nonconformities	1	To be closed during next ASA
Area of Concern	0	No action requires
Noteworthy /Positive Comments	7	No action requires

**1.11 Stakeholder Consultation**

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

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

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the mill management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. The details 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]
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1.	Stakeholder A (Mill workers)	<ul style="list-style-type: none"> <li>• They aware and have good understanding about MSPO.</li> <li>• They have good understanding about complaint and grievance mechanism.</li> <li>• Personal Protective Equipment are distributed free of charged by management.</li> <li>• Training is being provided by the company as and when necessary. Workers are ensured that they understand well enough after each training given by the mill management.</li> </ul>	No action requires	Positive findings
2.	Stakeholders B (Mill - Gender Committee Representatives)	<ul style="list-style-type: none"> <li>• They aware and have good understanding about MSPO.</li> <li>• They have been treated equally without any discrimination.</li> <li>• No sexual harassment reported.</li> </ul>	No action requires	Positive findings
3.	Stakeholders C (Contractors & Suppliers)	<ul style="list-style-type: none"> <li>• They have good understanding about MSPO.</li> <li>• The company has good relationship with supplier and there is no issue with company's performance.</li> <li>• They informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work.</li> <li>• Good understanding of complaint and grievance mechanism</li> </ul>	No action requires	Positive findings

### 1.12 Recommendation

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

The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this Annual Surveillance Audit (ASA 3).

This report will be internally reviewed for certification decision by GGC and external peer review by independent reviewers (Qualified by MPOCC) is not required. During Annual Surveillance Audit (ASA 3) [based on MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 4: General Principles For Palm Oil Mills, there was 1 Minor Non-Conformity has been raised to the facility that being audited.

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

### 1.13 Date of Next Surveillance Audit

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

### 1.14 Confidentiality

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

### 1.15 Abbreviations Used

BOD	Biological Oxygen Demand
CHRA	Chemical Health & Risk Assessment
CIP	Continuous Improvement Plan
COD	Chemical Oxygen Demand
CoP	Code of Practise
CSPO	Certified Sustainable Palm Oil
CPO	Crude Palm Oil
CSPK	Certified Sustainable Palm Kernel
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
FGS	Finished Good Stock
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MPOB	Malaysian Palm Oil Board
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report

NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating Procedure
SPO	Sludge Palm Oil

## SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

### 2.1 Principle 1 : Management commitment and responsibility

#### Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

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

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

Sighted Policy of MSPO; Page 15/15; No 5. Dated 01<sup>st</sup> January 2020, Issue / Rev: 3/2

Communication and consultation process are also communicated through training programs and the records with attendance lists was sighted.

Latest sustainability training at Mill was conducted on 09/06/2020 for 111 staffs and workers, 29/07/2020 for 20 workers dayshift and 05/07/2020 for 27 renga shift.

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

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

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

**Summary** Sighted Policy of MSPO; Page 15/15; No 5. Dated 01<sup>st</sup> January 2020, Issue / Rev: 3/2 stated "We are committed to meet the sustainability requirements of MSPO and committed to continuous improvement"

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

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

#### Criterion 2 Internal audit

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

**Summary** KLK has established Sustainability Manual. It's done by KLK Sustainability Department. Sighted SOP 19.0 titled "Internal Audit Procedures" Issue / Rev: 2/1; Date 01/01/2020. The Management had drawn an Internal Audit Plan and being carried out once a year to the Mill. Sighted Internal Audit Plan as below: -

- Kekayaan POM: 13<sup>th</sup> – 14<sup>th</sup> May 2020

Internal Audit was led by Ms. Verna See Pik Kim and assist by Mr. Poey Shao Jiann & Mr. Daniel Chan Hon Foong. There were 10 findings for SOP, 3 findings for interview, and 4 findings for site visit

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

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

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

Seen the response and action taken for the findings by Sr. Mill Manager for all the findings by the KLK Sustainability Department being replied.

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

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

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

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

### **Criterion 3 Management review**

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

**Summary** KLK has established SOP 16.0; Management Review; Issue/Rev: 2/1; Date on 1<sup>st</sup> January 2020.

As evidence, last management review for Kekayaan POM was conducted on 30<sup>th</sup> December 2019. Other than internal audit matter, 16 more agendas were discussed in Management Review comprising Stakeholders Engagement Issues, Compliance to Legal Requirements, Annual Budget and Projection, Waste Reduction, Training, Policy, Pollution and Greenhouse Gas Emissions, Internal Audit Findings, External Audit Findings, Status of findings and corrective action, Environmental Impact assessment, Social Impact Assessment, Customer feedback, Process Performance and product conformity, Changes that could affect Management System and Recommendations for Improvement.

### **Criterion 4 Continual improvement**

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

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

1	Environmental Impacts / Pollution Management	1. Installation of electrostatic Precipitators (ESP) 2. Monitoring of ambient air & boiler flue gas 3. Monitoring BOD & COD of effluent ponds
2	Impact on communities / smallholders	1. Organising safety day 2. Incentive for students with excellent academic record. 3. Subsidy for school bus fare 4. Contribution of IT gadgets to neighbouring school 5. Contribution of school bags to school students 6. Visit to Damo Children's Home 7. Extension of street lightings at KPOM linesite. 8. Southern region badminton tournament for all OCs. 9. Installation of water filter at KPOM 10. Extension of car porch for linesite houses.
3	Road Maintenance	Patching of damaged road
4	Waste reduction	1. Briefing on recycling programme 3R 2. Usage of LED Bulb to reduce schedule waste generation

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

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

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

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



## 2.2 Principle 2 : Transparency

### Criterion 1 Transparency of information and documents relevant to MSPO requirements

**Indicator 1** The management shall communicate adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.

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

The management has communicated to the relevant stakeholders on company policies and procedures on how to request for information from the mill through stakeholder meeting which was conducted on 11.02.2020. This meeting was attended by 20 participants. Among the agendas discussed in the meeting included:

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

During the meeting, an officer from Jabatan Tenaga Kerja (JTK) has highlighted the changes in worker's basic salary from RM1,100 to RM1,200. The management responded that they would take proper action after getting the confirmation from Head of Human Resource.

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

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

**Indicator 2** Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes

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

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

wages advance. The publicly available documents are available upon request (Read Only) such as:

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

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

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

**Criterion 2 Transparent method of communication and consultation**

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

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

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

The management has communicated to the relevant stakeholders on company policies and procedures on how to request for information from the mill through stakeholder meeting which was conducted on 11.02.2020.

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

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

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

**Summary** The mill has appointed Mr. Muthu Kumar A/L Ganeson (Assistant Manager) as the person in-charge for all issues related to Sustainability and stakeholders. Sighted appointment letter dated 13.01.2020 approved by the Mill Manager, Mr. Teyagarajan A/L Subaramaniam.

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

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

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

**Government Bodies**

1. MPOB Cawangan Kluang
2. DOSH, Johor
3. Jabatan Tenaga Kerja Kluang
4. Department of Environment
5. Balai Bomba dan Penyelamat Daerah Kluang

**NGO**

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

**Service Providers / Contractors / Suppliers**

1. PUSPAKOM Sdn Bhd
2. FOMEMA Sdn Bhd
3. Maybank Paloh
4. Tenaga Nasional Berhad (TNB)
5. Applied Agriculture Resources Sdn Bhd (AAR)

**Outsourced Transporters**

1. Tan Meng Sang
2. Yogeswari Agency Sdn Bhd
3. Sim Lian Huat Logistics Sdn Bhd
4. Jaya Sangitah Logistics (M) Sdn Bhd

**Others are categorized into:**

1. JCB Contractors
2. Machinery and spare parts suppliers
3. Chemical / Chemical Equipment suppliers
4. Weighbridge technical and services suppliers
5. FFB Suppliers (Approved certified supplier list)

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

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

**Criterion 3 Traceability**

**Indicator 1** The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.

**Summary** KLK is committed to trace all the palm products produced by KLK own plantations. This has been translated into their traceability procedure SOP 18 – Supply Chain Procedure, (Issue/Rev: 5/4, Dated: 01.06.2020) where they will endeavor to put in place a traceable palm oil supply chain.

- Raw Material Reception: Security Guard House & Weighbridge Station (Critical Control Point)
- Production & Storage: Production Unit and Storage Tanks (Critical Control Point)
- Sales & Despatch: Products to Customer(s)

As per interview with Mr. Muthu Kumar A/L Ganeson, Mill Assistant Manager - he explained on the traceability procedure which the company has implemented. The traceability procedure starts from the receiving of FFB only from own KLK estates (IP Model). At the entrance of the Palm Oil Mill (POM), the security personnel will inspect/check the delivery notes for the following details

- I. Company Name
- II. Driver's name
- III. Lorry's Vehicle registration number
- IV. Checking of Seal number (cut)

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

- I. Nett weight
- II. Driver's name
- III. Field Number
- IV. Crop quality
- V. MPOB License number (POM & supplier)
- VI. Full address of POM
- VII. Date, Time (in/out) & ticket number
- VIII. Delivery Note Number
- IX. Lorry's registration number.
- X. Approval from weigh bridge operator and Executive

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

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

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

**Summary** As per interview with Mr. Muthu Kumar A/L Ganeson, Mill Assistant Manager, the inspection is carried out daily. During mill visit, sighted the weighbridge operator able to demonstrate on how the system tracks the FFB input from own estates and from external suppliers.

On top of that, internal audit is also being conducted on yearly basis by a team from KLK HQ to check the implementation on these procedures. Latest internal audit was conducted on 13<sup>th</sup> to 14<sup>th</sup> May 2020 lead by Ms. Verna and assisted by Mr. Jiann and Mr. Daniel.

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

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

**Summary** The mill has appointed Mr. Muthu Kumar A/L Ganeson, Mill Assistant Manager as the person in-charge for all issues related to Sustainability and Mill Supply Chain. Sighted appointment letter dated 13.01.2020 approved by the Mill Senior Manager, Mr. Teyagarajan A/L Subaramaniam.

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

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

**Summary** Records sighted during the audit as below:

Domestic Contract – CPO-IP  
Ref: KLKC/03295-S  
Date: 17.03.2020  
Buyer: Mewaholeo Industries Sdn Bhd  
Commodity: CPO-IP  
Quantity: 1000 MT

CPO Delivery  
Recipient: Mewaholeo Industries Sdn Bhd  
Date: 09.06.2020  
No. Kontrak: KLKC/03295-S  
WB Ticket No: K058656  
DN No: KLKC/03295-16  
Material: CPO-IP  
Weight: 39,550 kg

Domestic Contract – PK-IP  
Ref: KLKP/02874-S/PK-IP  
Date: 27.06.2020  
Buyer: Fajar Palmkel Sdn Bhd  
Commodity: Sustainable Palm Kernel - IP  
Quantity: 600 MT

PK Delivery:  
Date: 29.07.2020  
Contract No: KLKP/02874-S/PK-IP  
WB Ticket No: K059273

DN No: 6579

Material: PK-IP

Weight: 42,140 kg

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

## 2.3 Principle 3 : Compliance to legal requirements

### Criterion 1 Regulatory requirements

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

#### Summary

The company has established and updated SOP No. 2.0 Rev 1/2, Title: List & summary of applicable laws and regulations that are applicable for the Mill updated 24/03/2020. Some of applicable laws includes:

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

The mill also follows and practise the guidelines of COVID-19 Emergency Preparedness and Response provided by the KLK Corporate. List of legal correspondences for permits/licenses is periodically reviewed (latest on 24/3/2020) by Sustainability Team and acknowledged by Mr. Tan Zheng Heng (Assistant Engineer) dated 31/3/2020.

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

- HQ Department
- Communication with law/enforcement officers
- Website

*NC (MINOR):*

Noise level reading ( $L_{Aeq}$ ) during night time for three out of four identified points, from table 5.2 of the Procoma Environmental (M) Sdn Bhd report, test conducted on 16<sup>th</sup> and 17<sup>th</sup> June 2020,

<b>Points</b>	<b><math>L_{Aeq}</math> (dB)</b>
P1	58.1
P2	56.8
P3	63.6
P4	51.9

were shown exceeding the acceptable limit of 55 dB as required in the "Jadual Pematuhan, 004724, Perkara 6.0 Bunyi Bising", which was issued out by Jabatan Alam Sekitar Johor on 25<sup>th</sup> June 2019.

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

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

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

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

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

- MPOB license No. 508294604000 untuk Menjual dan Mengalih PK,CPO,SPO Membeli dan Mengalih FFB, Menyimpan PK,CPO,SPO dan Mengilang FFB , validity 1/2/2020 to 31/01/2021
- Lesen Jabatan Alam Sekitar No 004724, validity 1/07/2020 to 30/06/2021.
- Lesen Pelanggaran Jabatan Alam Sekitar No 005371, validity 6/06/2020 to 5/06/2021

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

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

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



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

The following personals were appointed to ensure/maintain the compliance with applicable laws and regulations of the Mill.

- Mr.Muthu Kumar a/l Ganeson (Mill Engineer)
- Mr.Farid Nuaiman Bin Zaini (Mill Engineer)

The letter of appointment (for Sustainability Related Matters) dated 13/01/2020 has been signed by the Senior Mill Manager, Mr. Teyagarajan a/l Subaramaniam.

**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 following personals were appointed to ensure/maintain the compliance with applicable laws and regulations of the Mill.

- Mr.Muthu Kumar a/l Ganeson (Mill Engineer)
- Mr.Farid Nuaiman Bin Zaini (Mill Engineer)

The letter of appointment (for Sustainability Related Matters) dated 13/01/2020 has been signed by the Senior Mill Manager, Mr. Teyagarajan a/l Subaramaniam.

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

## **Criterion 2 Land use rights**

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

**Summary** The mill was built on within the land title (99 pajakan, 1/06/2068),No.Pt Block 5,Mukim Paloh,Kluang under Kekayaan Estate.

No boundary markers sighted in the mill premises however, the permanent fence separated Mill and the Kekayaan Estate area.

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

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

**Summary** The mill was built on within the land title (99 pajakan, 1/06/2068),No.Pt Block 5,Mukim Paloh,Kluang under Kekayaan Estate.

No boundary markers sighted in the mill premises however, the permanent fence separated Mill and the Kekayaan Estate area.

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

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

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

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

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

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

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

### **Criterion 3 Customary land rights**

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

**Summary** There is no customary land within or surrounding the Mill. There are also no land disputes or claims involving the Mill. The company has proper legal land titles for the land ownership.

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

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

**Summary** There is no customary land within or surrounding the Mill. There are also no land disputes or claims involving the Mill. The company has proper legal land titles for the land ownership.

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

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

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

- SOP on Sustainability: Land Acquisition (For OP Planting) – SOP 3A, date 01/01/2020
- SOP on Sustainability: Responsible Development of New Planting (SOP 3B, date 01/01/2020)

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 should be implemented to mitigate the negative impacts and promote the positive ones.

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

The SIA is assessing on Access and Use Rights, Economic Likelihoods and Working Condition, Cultural and Religion Issues, Health and Education Facilities, Subsistence Activities, Amenity, Employment, Human Rights, Other Community Values and Food and Water Security. Seen the document "Baseline Social Impact Assessment For External Stakeholders". The assessment being conducted on 11<sup>th</sup> February & 17<sup>th</sup> February 2020 with the participation of 15 stakeholders consists of Local community, Government body supplier and contractor.

Sighted the document "Baseline Social Impact Assessment for Internal Stakeholders". The assessment being conducted on April & May 2020 with the participation of 122 stakeholders consists of Local, Indonesian & India.

Level of impact is determined as below: -

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

Seen in the review report, the mitigation plan and targeted date for completion. The Social Impact Assessment management plan prepared by Mr. Yong Kuok Yuan Jordan, Sustainability Executive 07/04/2020 (external) & 25/06/2020 (internal) and reviewed by Mr. Farid Nuaiman bin Zaini, the Assistant Manager on 15/04/2020 (external) & 02/07/2020 (internal).

In Compliance ☒ Yes ☐ No ☐ Not Applicable

### Criterion 2 Complaints and grievances

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

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

- request & response,

- consultation & communication
- complaint & grievance

There are 5 grievance channels available: -

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

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

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

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

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

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

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

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

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

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

**Summary** For external stakeholders meeting at KEKAYAAN Mill, briefing was conducted on 11<sup>th</sup> February 2020 which involved 20 participants. Sighted Agenda point no. 9 "Request & response/ consultation & communication/ complaint & grievance. All discussion details sighted in the Stakeholders Meeting Minutes 2020.

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

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

**Summary** Sighted all internal complaints filled, responded and the records being maintained for the last 24 months.  
A total of 3 complaints recorded in 2020 and 3 in 2019. No evidence of external complaints from stakeholders using Stakeholder Logbook forms.

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

**Criterion 3 Commitment to contribute to local sustainable development**

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

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

No.	Initiative Name	Date	Expenditure (RM)
1.	Food Distribution	29/4/2020	5,250.00
2.	Family Day 2020	01/02/2020	8,751.80
3	Donation to community	25/07/2019	100.00

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

**Criterion 4 Employees safety and health**

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

**Summary** Sighted the Corporate Occupational Safety & Health Policy. Established on 01<sup>st</sup> January 2020, Issue / Rev: 3/2 Page 15 of 15 which was signed by Group Plantation Director. Sighted local OSH Policy signed by Senior Mill Manager, Mr. S. Teyagarajan dated 1<sup>st</sup> January 2020.

Guidelines of Group Policy on Occupational Safety and Health dated 1<sup>st</sup> July 2010 by KLK OSH Department. OSH Plan 2020 is available with objective to reduce serious accident rate (medical leave 4 days and above during work)

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

**Indicator 2 The occupational safety and health plan shall cover the following:**  
a) A safety and health policy, which is communicated and implemented.  
b) The risks of all operations shall be assessed and documented.  
c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:  
i) all employees involved are adequately trained on safe working practices; and  
ii) all precautions attached to products should be properly observed and applied.  
d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk

assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).

e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.

f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.

g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.

h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.

i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.

j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.

## Summary

Sighted the Corporate Occupational Safety & Health Policy. Established on 01<sup>st</sup> January 2020, Issue / Rev: 3/2 Page 15 of 15 which was signed by Group Plantation Director. Sighted local OSH Policy signed by Senior Mill Manager, Mr. S. Teyagarajan dated 1<sup>st</sup> January 2020.

Guidelines of Group Policy on Occupational Safety and Health dated 1<sup>st</sup> July 2010 by KLK OSH Department

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

Example HIRARC sighted for the followings work operations:

- a. Pond Cleaning
- b. Despatch
- c. Weighing
- d. Reception Station
- e. Sterilization
- f. Capstan
- g. Threshing FFB
- h. Digester & Pressing
- i. Depericarper
- j. Covid 19 at workplace

HIRAC was reviewed in 20<sup>th</sup> January 2020 and the next revision will be in 20<sup>th</sup> January 2021.

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

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

Samples training conducted was on SOP & Safety Briefing Water Treatment Plant. Training record on 10<sup>th</sup> February 2020. The training conducted by The Mill Assistant Engineer attended by 2 participants.

The Mill has provided appropriate PPE for all workers in their operations. PPE Issuance and replacement record sighted for: -

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

During mill visit, sighted the workers have been trained with safety and the workers wear the PPE required by his/her works. All workers involved in the operations have been adequately trained in safe working practice.

Sighted SOP 6.0 Safe Use & Storage of Agrochemicals/Chemicals; Issue/Rev: 4/3; Date 01<sup>st</sup> January 2020. CHRA was done in 2 part. 19/06/2020 for Kernel Plant and Storekeeper, 28/03/2020 for Laboratory Assistant, Maintenance Technician, Painting





Operator, Fuel Operator, Fogging Operator, Raw Water Treatment Operator and Boiler Sampler reported by Lean Hock Leng – HQ/09/ASS/00/102 from Procoma Environmental (M) Sdn Bhd.

Sighted, CHRA Action Plan Progress 2020 on Recommendations by Assessor. All the recommendations based on Work Unit in Form F being responded and updated by the Mill dated 1<sup>st</sup> June 2020. A total of 21 workers have undergone medical surveillance. They were tested on Physical examination, Blood, Urine, Cholinesterase and Chest X-ray.

The Department of Occupational Safety and Health have gazette new regulation on Noise Exposure to replace the Factory Machinery Act effective 1<sup>st</sup> June 2019. The new regulation is Peraturan – Peraturan Keselamatan dan Kesihatan Pekerjaan (Pendedahan Bising) 2019.

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

- a. 18<sup>th</sup> March 2020
- b. 11<sup>th</sup> June 2020
- c. 11<sup>th</sup> December 2019

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

The first aider for the Mill is:-

1. Mohd Faizal bin Abdullah, 840202-01-5801. He attended the training on 1st March 2014 by Pertahanan Awam Malaysia.
2. Kazakydasan A/L Sivasankar, 480910-08-5169 (Certificate No. RK0147173. Sighted "Sijil Pengenalan Pertolongan Cemas dan Resusitasi Kardio – Pulmonari" being awarded to him.

The Mill has submitted JKKP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. Date 22/01/2020 (JKKP 8/53990/2019)

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

Criterion 5 Employment conditions	
<b>Indicator 1</b>	The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.
<b>Summary</b>	In KLK Sustainability Manual Issue/Rev 3/2 dated 01/01/2020, Page 9 of 20, Responsible consideration of employees and of individuals and communities affected

by plantation and mills stated under clause (h) recognize and respect the rights of all its employees to form and join trade unions of their choice and to bargain collectively subject to the provisions of relevant national legislation.

The "KLK Sustainability Policy" is displayed in notice boards inside the office as well as outside the office. The policy also publicly available through the official website: <http://www.klk.com.my>.

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

**Indicator 2** The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.

**Summary** In KLK Sustainability Manual Issue/Rev 3/2 dated 01/01/2020, Page 9 of 20, Responsible consideration of employees and of individuals and communities affected by plantation and mills stated under clause (k) Ensure Equal Opportunities in the workplace.

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

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

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

**Summary** Pay and conditions are documented in the workers' Contract Agreement and wage mill payment records / pay slip. The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. Order 2020 Malaysian minimum salary is RM1200.00 as stated in the guidelines.

Interview with both Mill staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment. Several payslips (latest) has been verified and confirmed that the workers' salaries are above the minimum threshold limit set by the Malaysian laws and regulations (RM1,200.00/month). Sighted EPF, SOCSO payment deduction by the company.

**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** Sighted Doffin Security Services Sdn Bhd appointed as contractor. Payslip for the contractor's worker, Mr. S Ravi A/L Sithamparam has been sampled and shown the amount of over RM 1,200.00 which is more than the minimum salary set by Malaysian Government.

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

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

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

1. Arivazhagan Kaliyan – P8788404
2. Settu Elumalai – R0871143
3. Ashokkumar Parasuraman – R7295877
4. Sosrul Liana – AU357772
5. Abdurrahim BN Syarifudin Raida – AU358063

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

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

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

This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of 10 local, 30 Indian and 29 Indonesian. Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Summary** All workers are provided with housing facilities at workers line site. Water is free to all the workers.

Other Welfare Amenities are Surau and temple.

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

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

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

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

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

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

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

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

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

**Summary** The company has created and implemented minimum age policy and no child labor noted during this audit period. Interviews with workers and staff confirmed that there is no child labor employed in the mill.

Stated in 'KLK Sustainability Policy approved by Tan Sri Dato' Seri Lee Oi Hian (KLK Group CEO) dated 30/8/2018 clause (2.1) (iii) 'No Child Labour' where company outlined the commitment to comply with national law in regards to minimum age requirement.

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

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

**Criterion 6 Training and competency**

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

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

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

Latest sustainability training at Mill was conducted on 09/06/2020 for 111 staffs and workers, 29/07/2020 for 20 workers dayshift and 05/07/2020 for 27 workers night shift.

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

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

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

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

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

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

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

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

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

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

### Criterion 1 Environmental management plan

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

**Summary** As sighted the management has established the environment Policy in document, "KLK Sustainability Policy". The policy was signed by Tan Sri Dato' Seri Lee Oi Hian, Chief Executive Officer, dated 30<sup>th</sup> Aug 2018.

EIA was conducted based on the internal procedure title Environmental Aspect & Impact Assessment dated 01/01/2020 SOP 10.0, Issue 3/2. Generally, the process flow consists of identification > Implementation & Maintenance > Review.

Sighted the environmental management plan for year 2020 prepared by Mr Farid Nuaiman Bin Zaini (Mill Assistant Engineer) and verified by Mr S.Teyagarajan (Senior Mill Manager) on 5/5/2020. The plan to mitigate the negative impacts and to promote the positive one. The policy and the management plan have been communicated on conducted on 9/6/2020 to all staffs and workers.

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

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



## Summary

KLK has established the Corporate Environmental Policy. The policy was signed by Group Plantation Director. The policy among others are stated;

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

Sighted the SOP 10.0; Environmental Aspect & Impact Assessment Procedure; Issue/Rev: 3/2; Date on 1<sup>st</sup> January 2020. The environmental management plan for year 2020 was prepared by Mr Farid Nuaiman Bin Zaini (Mill Assistant Engineer) and verified by Mr S.Teyagarajan (Senior Mill Manager) on 5/5/2020.

The mill has identified 39 processes and determined the aspects and impacts of all these processes for example:

- Steam Generation
- Linesite/Office/Creche
- Raw Water Intake
- Scrap iron area
- Water Pump House

Environmental Impact / Risk Matrix and Risk / Impact Value Table have been established in the Aspect – Impact Register. Environmental severity/ consequence levels are classified in 5 categories: Insignificant, minor, moderate, major, severe. Finally, the environmental ratings are classified as low, medium and high. Among risk identified (with score calculated) by process/area are:

- FFB Sterilization>Sterilizer waste> Score (5)
- Separation>Mill wastewater> Score (5)
- Effluent treatment>Pumping/recycling of POME>
  - Discharge of POME, Score (3)
  - Foul smell by POME, Score (5)
  - Emission of greenhouse gases by POME (10)
- Biogas Power Plant>Used lubricant oil> leakage of lubricant (2)

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

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

## Summary

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

- Discharge of POME
  - Impact: Water pollution
  - Management Control:
    - 1) To carry out regular monitoring of effluent results
    - 2) POM wastewater is treated using ponding system before discharging into cascaded pits for land application
    - 3) Operation of belt press to remove effluent solids

- CPO spillage/leakage from tank
  - Impact: Land contamination
  - Management Control: To ensure bund at the CPO storage area is in good condition
- Threshing & Stripping
  - Impact land contamination
  - Management Control (positive): Reuse for mulching at estates

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

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

**Summary** The continual improvement plan sighted for year 2020, prepared on 30 December 2019 by Mr Farid Nuaiman Zaini (Mill Engineer) and verified by Mr Teyagarajan a/l Subramaniam. (Senior Mill Manager). The CIP consist:

Environment

- 1) Installation of Electrostatic Precipitators (ESP)
- 2) Monitoring of ambient air & boiler flue gas
- 3) Monitoring BOD & COD of effluent ponds

Social

- 1) Contribution of IT gadgets to neighboring school
- 2) Subsidy of school bus fare
- 3) Extension of street lightings at linesite

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

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

**Summary** Sighted the training programme prepared by Mr.Farid Nuaiman Bin Zaini (Mill Engineer) and verified by Mr.Muhd Asyraf (Sr.Asst Manager-Maintenance) on environmental for 2020 as follow;

- 1) Briefing on KLK Code of Conduct, conducted on 9/6/2020.
- 2) Briefing on MAPA/NUPW Agreement 2019, conducted on 9/6/2020.
- 3) Briefing on water sampling procedure, conducted on 9/6/2020.
- 4) Briefing on SW management, conducted on 9/6/2020.
- 5) KLK Sustainability Briefing (Policy, RTE Awareness, Domestic Waste Management, Riparian Zone Management), conducted on 9/6/2020.

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

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

**Summary** Sighted the latest meeting regarding environmental done by 30<sup>th</sup> Dec 2019 ,conducted by Mr Teyagarajan a/l Subaramaniam (Sr. Mill Manager), attended by staff and workers.

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

**Criterion 2 Efficiency of energy use and use of renewable energy**

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

**Summary** Sighted the monitoring usage of Diesel and Electricity consumption for the operation of the mill. Observed that the consumptions are monitored monthly. The mill use diesel for gen-set, own generating of electricity from Bio-gas plant.

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

As evidence:

Month	Total Diesel (ltr)	FFB Processed (Mt)	Diesel/FFB (litre/Mt)
Oct'19	2,176	33,227.22	0.07
Nov'19	6,854	29,925.11	0.23
Dec'19	5,646	27,041.76	0.21
Jan '20	10,664	23,712.63	0.45
Feb '20	10,957	29,203.80	0.38
Mar'20	8,681	31,356.17	0.28
Apr'20	13,033	35,514.57	0.37
May'20	10,027	33,885.34	0.3
June'20	9,959	42,540.55	0.23
Jul'20	15,742	42,126.44	0.37
Average			0.29

The actual average usage (diesel/FFB) is 0.29 slightly higher of the target 0.28 (from previous year). The mill keep monitoring the usage till Sep 2020 for justification.

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

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

**Summary** The projection consumption of diesel and electricity for mill has been documented on annual basis based on the financial year with the latest available is for FY2019/20.

Sighted baseline value established as above. This baseline value is kept monitoring and justification will be provided when there are exceeding the limit.

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

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

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

The methane capture plant has been in operation since 16<sup>th</sup> Sept 2016 for methane capture. The plant generating electricity for mill operation and sell to TNB.

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

### **Criterion 3 Waste management and disposal**

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

**Summary** Sighted SOP 12.0; Waste Management & Energy Use; Issue/Rev: 3/2; Date on 1<sup>st</sup> January 2020.

Mill's chemical wastes and other scheduled wastes are identified and disposed through a DOE registered schedule waste disposal contractor as per DOE requirements.

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

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

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

Assessment of all polluting activities for the mill are identified and recorded in document titled "Environmental Aspect & Impact Assessment", SOP 10.0 dated 01/01/2020. Mitigation measures are identified for in the aspect-impact register to prevent or minimize pollution

The plan has also identified source of pollution, impact, waste generated, management control, PIC and Status. The wastes identified in the plan includes spent lubricant oil, spent oil filter, used cotton rags, palm oil effluent, black smoke, dust, etc.

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

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

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

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

Schedule wastes are disposed through the appointed licensed contractor, Hiap Huat Chemical and Estalco Sdn.Bhd. Copy of the contractor's licenses and permits are available in the mill. Sighted consignment note, wastes collected by Hiap Huat Chemicals:

- dated 08/07/2020 SW429, Off Spec chemicals, 0.1450 Mt.
- dated 08/7/2020 SW305, Spent lubricating oil, 0.2320 Mt.
- dated 08/07/2020 SW306, Spent hydraulic oi, 0.5120 Mt.

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

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

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

**Summary** Domestic wastes are managed and disposed to land fill Block PM1998D, date opening 8/8/2020 by Kekayaan 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 EIA, it will be evaluated for the impact and any impact will be included in the management plan.

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

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

Sighted summary emission for Kekayaan complex for year 2019;

Total (Mill + Estate):

CPO = 0.42 tCO<sub>2</sub>e

PK = 0.42 tCO<sub>2</sub>e

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

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

**Summary** Mill has conducted Environmental Aspect & Impact Assessment (EAIA) for all its' activities. Sighted environmental management plan for year 2020 prepared by Mr Farid Nuaiman Bin Zaini (Mill Assistant Engineer) and verified by Mr S.Teyagarajan (Senior Mill Manager) on 5/5/2020.

It includes the following processes/ activities:

- 1) Discharge of Effluent
- 2) Scheduled waste spillage
- 3) Chemical spillage
- 4) Solid separation
- 5) Construction waste
- 6) Handling of petrol oil lubricant (POL)

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

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

**Summary** The POM is treating POME in accordance to the DOE Limits for final discharge into the land application. Sighted the license (Jadual Pematuhan) from DOE:004724; AS(B)J 31/152/000/005Jld.8(06); Validity 01/07/2020 to 30/06/2021.

DOE Limits for final discharge/Land application analyzed by Technology & Quality Control Centre, Kota Damansara on 7 to 10/07/2020. Example results obtained from the analysis:

Parameter	Results	DOE Limits
-----------	---------	------------

pH	8.4 @ 26.0°C	N/A
COD (mg/l)	595	N/A
BOD (mg/l)	58	1000 max
Total Nitrogen (mg/l)	119	N/A
Ammoniacal Nitrogen (mg/l)	88	N/A
Suspended Solid (mg/l)	176	NA
Oil& Grease (mg/l)	23	NA

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

### Criterion 5 Natural water resources

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

**Summary** Sighted Surface & Groundwater management SOP No. 5 Rev 2/1 dated 01/01/2020 was established for the mill to source from the following;

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

Currently, the mill and line site consume treated water pump from water catchment ponds. Sighted water quality test result (lab serial no.: LC/LAB/1722/20 (A) for line site usage:

Parameter	Result	Spec. M.O.H
pH	7.9	6.5 – 9.0
Turbidity (NTU)	0.84	<5
Aluminium (as Al) mg/l	0.17	<0.2
Free Chlorine mg/l	0.45	>0.2
*E-Coli MPN/100ml	ND (<1.8)	ND/100ML

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

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

**Summary** Currently, the mills use the water discharge effluent as land application.

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

## 2.6 Principle 6 : Best practices

### Criterion 1 Mill management

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

**Summary** Mill capacity 120 MT/Hr – Sterilization is by horizontal sterilizer.

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

Palm Oil Mill has 4 types of Manuals-

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

The document was well maintained and implemented.

1. Sustainability Standard Operating Procedure (01.01.2020) includes:
  - I. SOP 1 – Stakeholders Engagement/ Negotiation
  - II. SOP 2 – Legal Compliance
  - III. SOP 3 – Land Acquisition (OP Planting)
  - IV. SOP 4 – Soil Erosion & Fertility and Road Maintenance
  - V. SOP 5 – Surface Water & Groundwater Management
2. Mill Standard Operating Procedure (3<sup>rd</sup> Revision 15 Oct 2018) includes:
  - I. Weighbridge
  - II. Loading Ramp
  - III. Sterilizer – Horizontal
  - IV. Hoisting & Threshing
  - V. Press & Digester
  - VI. Clarification
3. Group Policy Occupational Safety & Health – Guidelines includes:
  - I. Safe Operating Procedure (SOP)
  - II. Safety Guidelines
  - III. Safety Checklist
  - IV. Training Material
  - V. Safety Signages



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

- I. GP/OSH 01 – Policy
- II. GP/OSH 02 – OSH Management System (1-5)
- III. GP/OSH 03 – SOP 1
- IV. GP/OSH 04 – Emergency Plan 1-2
- V. GP/OSH 05 – Health & Safety

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

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

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

**Indicator 2** All palm oil mills shall implement best practices.

**Summary** Internal audit is being conducted on annual basis to check all mill implementation to MSPO and best practices. Latest internal audit was conducted on 13<sup>th</sup> to 14<sup>th</sup> May 2020. Audit report sighted prepared by Miss Verna, assisted by Mr. Jiann and Mr. Daniel.

On top of that, the mill is also being visited by Mill Advisor on annual basis to check on mill best practices and mill performance such as FFB processed, CPO production, Kernel Production, Mill throughput, etc throughout the year. Latest report sighted dated 03.12.2019 (Mill Adviser's Year End Report on KKS Kekayaan).

**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** Kekayaan POM management has an annual budget for the financial year 2019/2020. The palm oil mill budget includes the projected FFB to be processed, CPO and PK production for the period of three years from 2019/2020 until 2021/2022. It is also incorporated items such as general charges, mill maintenance, process shift labour, general services, processing cost, fixed assets, etc. Sighted documented Business and Management Plan prepared by Mr. Farid Nuaiman Bin Zaini (Mill Assistant Manager) and approved by Mr. Teyagarajan (Senior Mill Manager). The 3 years business plan sighted as below:

No	Items	Units	2019/20	2020/21	2021/22
1	FFB	MT	434929	439496	445621
2	OER	%	22.00	22.00	22.00
3	CPO	MT	95685	96690	98040

4	CPO Price	RM/MT	2800	2800	2800
5	Cost / Tonne	RM/MT	165.00	150.00	145.00
6	PK	MT	19500	19700	20100
7	PK Price	RM/MT	1800	1800	1800

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

### **Criterion 3 Transparent and fair price dealing,**

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

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

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

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

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

Date: 01<sup>st</sup> May 2018

Contractor: Tan Meng Sang Sdn Bhd

Work: To provide transport for mill's products (CPO)

Payment will be made within 60 days after the mill received the invoice from contractors.

Date: 01<sup>st</sup> January 2020

Contractor: Sim Lian Huat Holdings Sdn Bhd

Work: To provide transport for mill's products (PK)

Payment will be made within 60 days after the mill received the invoice from contractors.

Tax invoice dated 31.05.2020 (Invoice No:KPOM/CPO/65) has been issued by the contractor (Tan Meng Sang Sdn Bhd) totaling of RM 99,925.57 for transporting of CPO. Payment was made by the mill management as per payment voucher dated 10.06.2020 (LV07164) via cheque No. 429121.

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

### **Criterion 4 Contractor**

**Indicator 1** In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.



**Summary** All the contractors aware that mill is certified under MSPO. Therefore, the contractor has been instructed by mill management to follow the MSPO standard requirement. As evidence, sighted "Supplier Code of Conduct" signed by contractor Sim Lian Huat Holdings Sdn Bhd on 09.05.2020. The document includes:

1. Regulations and compliance
2. Environmental
3. Social – Workplace and communities
4. Governance

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

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

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

Date: 01<sup>st</sup> May 2018

Contractor: Tan Meng Sang Sdn Bhd

Work: To provide transport for mill's products

Payment will be made within 60 days after the mill received the invoice from contractors.

Tax invoice dated 31.05.2020 (Invoice No:KPOM/CPO/65) has been issued by the contractor (Tan Meng Sang Sdn Bhd) totaling of RM 99,925.57 for transporting of CPO. Payment was made by the mill management as per payment voucher dated 10.06.2020 (LV07164) via cheque No. 429121.

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

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

**Summary** The mill was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 12<sup>th</sup> August 2020. Sighted audit plan dated 29<sup>th</sup> July 2020 (2nd Revised) which have been accepted address to Ms Lee Kuan Yee, the KLK Sustainability Sr. Manager. All the auditors are qualified MSPO auditors. As per agreed, the KLK Berhad accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purpose.

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

## 2.7 Details of Audit Findings

### Details Non-Conformity

- See Appendix B -

### Details of Area of Concern

- See Appendix B -

### Details of Noteworthy / Positive Findings



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

## Appendix A: Audit Plan

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
12 <sup>th</sup> August 2020	08:00 – 13:00	<b>Kekayaan Palm Oil Mill</b> <ul style="list-style-type: none"> <li>➤ <b>Document Audit:</b> <ul style="list-style-type: none"> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.</li> </ul> </li> </ul>	MFB	JS TA
	10:30 – 12:30	<ul style="list-style-type: none"> <li>➤ <b>Mill Inspection:</b> <ul style="list-style-type: none"> <li>• Workshop, Laboratory, Environment, OHS, Chemical Stores, Workers Welfare and Interview, Clinic, Landfill, Mill Housing, Biogas System, WWTP, Schedule Waste, POME.</li> </ul> </li> </ul>	MFB	JS TA
	13:00 – 14:00	➤ <b>Lunch/Rest</b>	MFB	JS TA
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</b> Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.</li> </ul>	MFB	JS TA
	16:00 – 17:00	➤ Verify any outstanding issues and auditor discussion.	MFB	JS TA
	16:00 – 17:00	<ul style="list-style-type: none"> <li>➤ Verify any outstanding issues, auditor discussion.</li> <li>➤ Closing meeting (Part 4)</li> <li>➤ Presentation of findings by the audit team</li> <li>➤ Questions &amp; answers and Final summary by Lead Auditor</li> <li>➤ <b>End of assessment</b></li> </ul>	MFB	JS TA

## Appendix B : Non-Conformity details

Non-Conformities Identified During This Audit													
<b>Major Nonconformities:</b>	Non-were raised during this audit.												
<b>Minor Nonconformities:</b>	The following NC was raised during this audit.												
<b>Company Name</b>	KLK - Kekayaan POM												
<b>Stage of Audit</b>	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2										
	Surveillance - ASA3	<input checked="" type="checkbox"/>	Recertification										
<b>Audited Standard</b>	MSPO Part 4: General Principles for Palm Oil Mills												
<b>Client Number</b>	GGC-A1-MSPO												
<b>NC No. / Ref.</b>	A1/MSPO-ASA3/NC/01	<b>Date Detected</b>	14 <sup>th</sup> Aug 2020										
<b>Site(s) concern</b>	Kekayaan Palm Oil Mill, HS(D) 519, Blok 5, Mukim Niyor/Paloh Paloh, Kluang Johor	<b>Target Completion</b>	NEXT ASA										
<b>Normative Reference and Requirement</b>	4.3.1 Regulatory requirements 4.3.1.1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. .												
<b>NC Type</b>	<input type="checkbox"/> Major <input checked="" type="checkbox"/> <b>Minor</b> <input type="checkbox"/> Area of Concern												
<b>Description of Non-Conformity</b>	Noise level reading ( $L_{Aeq}$ ) during night time for three out of four identified points, from table 5.2 of the Procoma Environmental (M) Sdn Bhd report, test conducted on 16 <sup>th</sup> and 17 <sup>th</sup> June 2020, <table border="1" style="margin: 10px auto; border-collapse: collapse;"> <thead> <tr> <th>Points</th> <th><math>L_{Aeq}</math> (dB)</th> </tr> </thead> <tbody> <tr> <td>P1</td> <td>58.1</td> </tr> <tr> <td>P2</td> <td>56.8</td> </tr> <tr> <td>P3</td> <td>63.6</td> </tr> <tr> <td>P4</td> <td>51.9</td> </tr> </tbody> </table> were shown exceeding the acceptable limit of 55 dB as required in the "Jadual Pematuhan, 004724, Perkara 6.0 Bunyi Bising", which was issued out by Jabatan Alam Sekitar Johor on 25 <sup>th</sup> June 2019.			Points	$L_{Aeq}$ (dB)	P1	58.1	P2	56.8	P3	63.6	P4	51.9
Points	$L_{Aeq}$ (dB)												
P1	58.1												
P2	56.8												
P3	63.6												
P4	51.9												
<b>NC Objective Evidence:</b>													
1) Boundary Noise Monitoring Report by Procoma Environmental, dated 16 -17 June 2020. 2) Syarat-Syarat Lesen Premis Minyak Kelapa Sawit Mentah, Jadual Pematuhan, 004724, Perkara 6.0 Bunyi Bising													

<b>Lead Auditor Signature:</b> 	<b>Client Signature:</b>  KUALA LUMPUR KEPONG BERHAD (No. Syarikat: 15043-V) Kilang Kelapa Sawit Kekayaan (S. Teyagarajan) Pengurus Kanan
<b>Root cause Analysis (to be filled by client):</b> During the boundary noise monitoring test earlier, there were work stations that were not properly enclosed due to maintenance, causing the noise level higher than usual. The work stations are as follows: <ol style="list-style-type: none"> <li>1. Biogas engine room</li> <li>2. Ripper Mill (Kernel Plant)</li> <li>3. Diesel Genset (Mill engine room)</li> <li>4. Boiler Area Door</li> </ol>	
<b>Corrective action planned (to be filled by client):</b> Management will reconduct the boundary noise monitoring test on 24 <sup>th</sup> & 25 <sup>th</sup> August 2020 in accordance to DOE Guideline. Quotation from the service provider is as attached (Attachment 1).	
<b>Preventive Action (to be filled by client):</b> Management will ensure proper enclosure of high noise producing machineries as a norm in daily operations and especially when conducting the boundary noise monitoring in the future.	
<b>Review of corrective/preventive action (to be filled by Lead Auditor)</b> The effectiveness of the action taken by the mill will be verified and close during next annual surveillance audit.	
<b>NC Closed:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Site verification:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Date Verified:</b>	<b>Lead Auditor Signature:</b>

<b>Area of Concern:</b>	Non-were raised during this audit.
<b>Non-Conformities Identified During Previous Audit [ASA2]</b>	
<b>Major Nonconformities:</b>	Non-were raised during previous audit.
<b>Minor Nonconformities:</b>	Non-were raised during previous audit.
<b>Area of Concern:</b>	Non-were raised during previous audit.

## Appendix C: List of Stakeholders Contacted

### Attendance List

#### Internal Stakeholders

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

#### External Stakeholders

- 1) Contractors
- 2) Suppliers