

# GLOBAL GATEWAY CERTIFICATIONS

## MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

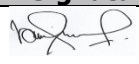
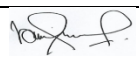
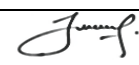
### CERTIFICATION AUDIT REPORT


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

Kuala Lumpur Kepong Berhad  
Tanjong Malim Palm Oil Mill

-Individual Certification-

ANNUAL SURVEILLANCE AUDIT 3  
25<sup>th</sup> August 2020

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

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

#### **Declaration**

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

WITH INTEGRITY WE SERVE



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

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

Global Gateway Certifications Sdn. Bhd. [thereafter known as GGC] has conducted the Certification Assessment of KLK Tanjong Malim Palm Oil Mill. During this Annual Surveillance 3 Audit, the audit team were briefed by Mill Manager, of the supply base disposition. The source of FFB supplies to KLK Tanjong Malim POM are from their own estates namely Changkat Asa Estate, Sungai Gapi Estate, Kerling Estate and Bukit Katho Estate and smallholders.

This assessment was conducted onsite on 25<sup>th</sup> August 2020 by 3 auditors 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.

**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>	Mr. Sin Chuan Eng
<b>Office Telephone</b>	+05 2417844
<b>E-Mail</b>	ce.sin@klk.com.my

**1.3 Certification Unit**

<b>Name of the Certification Unit</b>	KLK Tanjong Malim Palm Oil Mill		
<b>Mill Capacity (MT/HR)</b>	20		
<b>Site Address</b>	Lot 4261, Ladang Changkat Asa, Hulu Bernam, 35900 Hulu Selangor, Selangor.		
<b>GPS Reference of the site office</b>	<b>Longitude</b>	E101°29'7.9"	
	<b>Latitude</b>	N3°41'40.7"	
<b>MPOB License Information</b>	<b>License No.</b>	500055904000	
	<b>Scope of Activity</b>	1. Sell and distribute PK, CPO and SPO. 2. Purchase and distribute FFB. 3. Store PK, CPO and SPO. 4. Manufacture/Process FFB.	

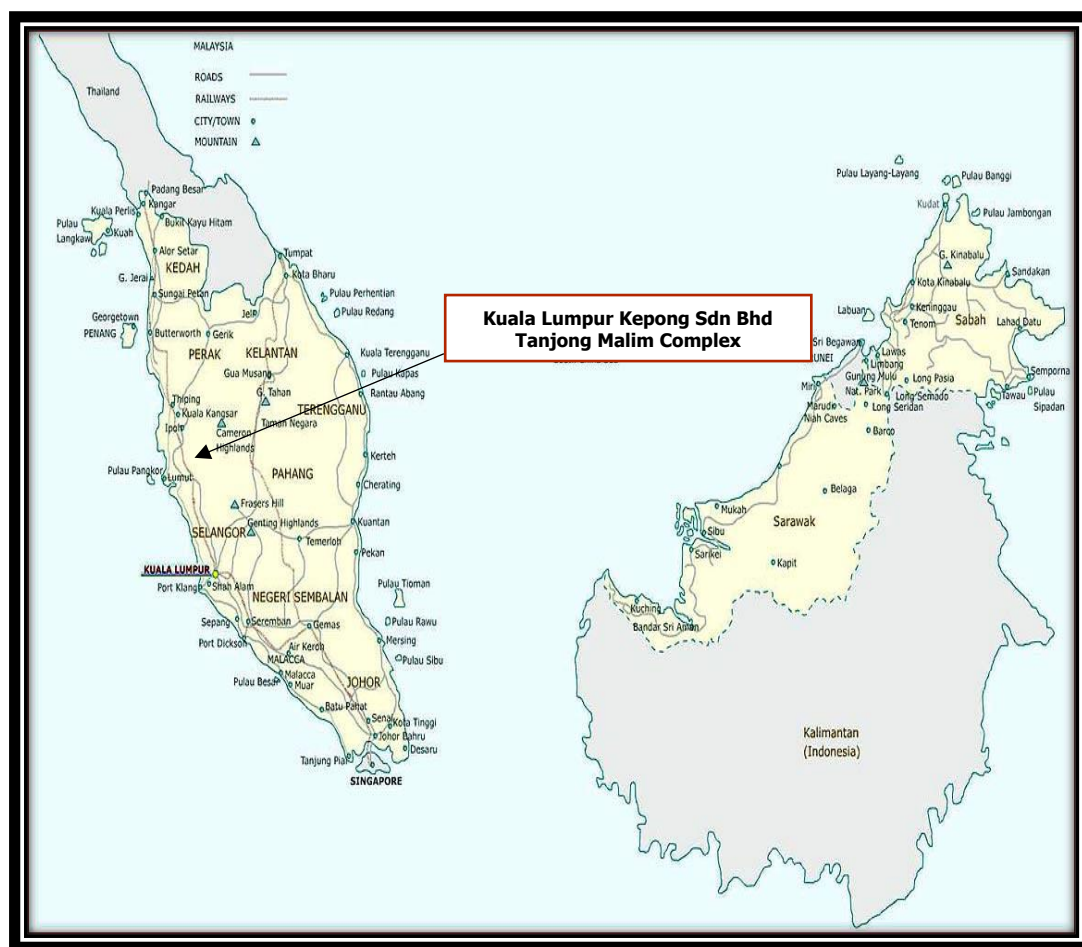


**Expiry Date**

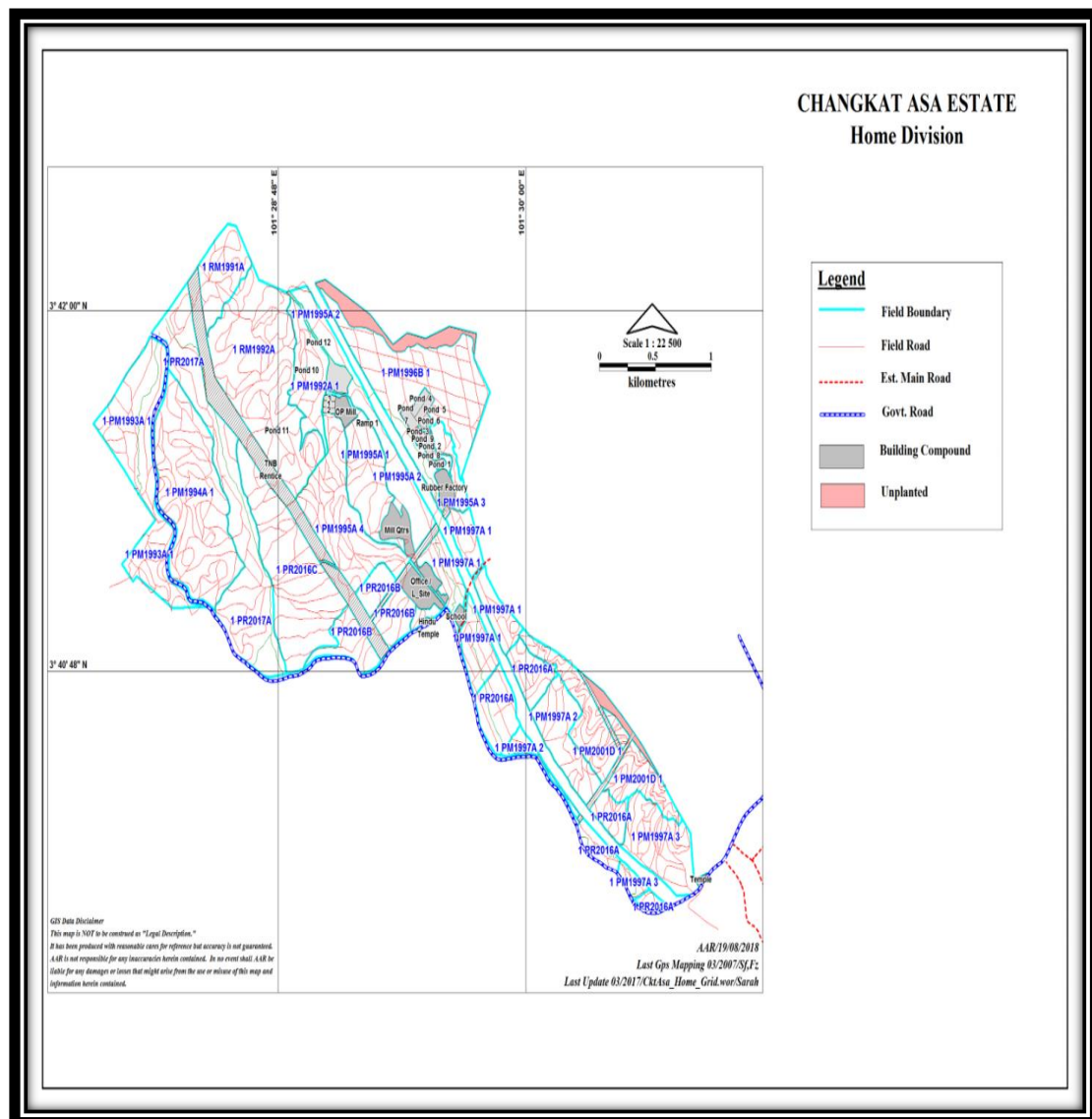
31/03/2021

**Others Sustainability Certification**

No	Name of the Site	Others Sustainability Certification
1.	KLK Tanjong Malim Palm Oil Mill	RSPO, ISCC and MSPO SCCS

**1.4 Map Showing Geographical Location****1) KLK Tg. Malim Complex (Mill & Estates)**

## 2) KLK Tanjong Malim POM (Share with KLK Changkat Asa Estate Land Title)



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

### Production for Certified Unit

<b>Tanjong Malim POM</b>	<b>Projected from last audit [Aug 2019-Jul 2020]</b>	<b>Actual Production for 12 Months [Aug 2019-July 2020]</b>	<b>Projected Production for next 12 Months [Aug 2020 – July 2021]</b>
FFB Summary (MT)	69,791.00	58,314.56	72,717.00
CPO Summary (MT)	15,325.00	12,578.35	15,998.00
PK Summary (MT)	3,629.00	3,008.57	3,781.00

**Production for Uncertified Unit**

<b>Tanjong Malim POM</b>	<b>Projected from last audit [Aug 2019-Jul 2020]</b>	<b>Actual Production for 12 Months [Aug 2019-July 2020]</b>	<b>Projected Production for next 12 Months [Aug 2020 – July 2021]</b>
FFB Summary (MT)	36,797.00	32,192.11	31,202.00
CPO Summary (MT)	8,220.00	6,960.75	6,864.00
PK Summary (MT)	1,913.00	1,661.11	1,623.00

**1.6 Certificate Details****Certification body**

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

**Assessment standard**

(MSPO) Part 4: General principles for palm oil mills

**Certificate number**

GGC-KLK012-MSPO-01-2017

**Initial certificate issued date**

22 December 2017

**Certificate expiry date**

21 December 2022

**Stage 1 assessment date**

Not applicable as client certified for RSPO & ISCC

**Stage 2 / Main Assessment**

03<sup>rd</sup> July 2017

**Annual Surveillance 1 [ASA 1]**

21<sup>st</sup> May 2018

**Annual Surveillance 2 [ASA 2]**

5<sup>th</sup> August 2019

**Annual Surveillance 3 [ASA 3]**

25<sup>th</sup> August 2020

**Annual Surveillance 4 [ASA 4]**

June 2021

## 1.7 Qualification of the Lead Assessor and Assessment Team

### Lead Auditor

**Name:** **Ismadi bin Ismail**

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

### Auditor

**Name:** **Tuan Amirudin bin Tuan Sulaiman**

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

### Auditor

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

Competent Marine Engineer with more than 30 years of working experiences in a various plantation company in Malaysia, Papua New Guinea and Indonesia. Having a skill in Good Milling Practices (GMP) including the crop quality control.

Qualified as Auditor for MSPO certification by SIRIM since 2018. Completed the ISO 9001:2015 Quality Management System Lead Auditor course by TOMC in May 2018 and MSPO SCCS Auditor by SIRIM in July 2019 respectively. Experienced in both palm oil mill and kernel crusher plant management, specifically boiler and process control.

Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

## 1.8 Audit Methodology

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

## 1.9 Audit Plan Information

<b>Audit Date</b>	25 <sup>th</sup> August 2020
<b>Name of site(s) visited</b>	Tanjong Malim 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	0	No action requires
Area of Concern	0	No action requires
Noteworthy /Positive Comments	4	No action requires

**1.11 Stakeholder Consultation**

As per ACB-Malaysian Sustainable Palm Oil (MSPO); ACB-OPMC4; Issue 1, 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.

Thus, the meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSPO requirements and aspects where they considered that improvements could be made. At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the estates management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders.

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholders A (Mill Workers)	<ul style="list-style-type: none"> <li>Free housing was provided to them with free water and subsidized rate of electricity.</li> <li>Personal Protective Equipment are distributed free of charged by management.</li> <li>He has good understanding about complaint and grievance mechanism</li> </ul>	No action requires	Positive findings
2.	Stakeholders B (Mill Workers)	<ul style="list-style-type: none"> <li>Company well managing the welfare, health and safety of their workers.</li> </ul>	No action requires	Positive findings



		<ul style="list-style-type: none"> <li>They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2020</li> </ul>		
3.	Stakeholder C (Mill Gender Representatives)	<ul style="list-style-type: none"> <li>They have been treated equally without any discrimination.</li> <li>No sexual harassment reported.</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 KKK Tanjong Malim Palm Oil Mil. Mill Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual.

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

This report will be internally reviewed prior to certification decision by GGC. During this Annual Surveillance 3 Audit (based on MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills), no major non-conformity has been raised to the facilities that being audited.

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted with no major non-conformity findings. Therefore, the lead auditor recommends to continue the certificate of compliance MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills to KKK Tanjong Malim Palm Oil Mill.

### 1.13 Date of Next Surveillance Audit

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

### 1.14 Confidentiality

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

**1.15 Abbreviations Used**

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
KLK	KL Kepong
MPOB	Malaysian Palm Oil Board
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating
SPO	Sludge Palm Oil

## SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

### 2.1 Principle 1 : Management commitment and responsibility

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

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

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

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

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

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

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

**Summary** Sighted Group Policies dated 01st October 2017 signed by Group Plantation Director stated "We are committed to meet the sustainability requirements of MSPO and committed to continuous improvement"

Sighted SOP on Sustainability No 16.0, Appendix 1 – Continuous Improvement Plan (Environmental); Rev 01; Date 01/01/2020. 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, Issue / Rev: 2/1 titled "Internal Audit Procedures" dated 01-01-2020

The Management had drawn an Internal Audit Plan and it being carried out once a year to all Estates and mill. Sighted Internal Audit Plan was conducted on 10th – 11th July 2020.

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

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

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

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

Seen at Tg Malim POM, 6 findings on Standard Operating Procedures, 6 on Interview Session and 4 on Site Visit. Seen the response and action taken by Mill Manager for all the findings by the KLK Sustainability Department being reply on 7<sup>th</sup> August 2020. All details well documented by estate management.

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

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

**Summary** All findings from internal audit was responded by the mill management within the acceptable timeframe. This request was implemented in due course and documented as evident. The findings from documentation audit has been discussed and approved for implementation by the mill management during management review meeting.

The internal audit (MSPO) report is available and kept in the mill office. All the findings were review during Sustainable Management Review on 7th November 2019. The meeting was attended by Mill Manager and Assistant Manager.

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

### **Criterion 3 Management review**

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

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

As evidence, last management review for Tanjung Malim POM was conducted on 30TH October 2019, The Manager chaired the meeting and attended by 2 personnel.

Other than internal audit matter, 17 more agendas were discussed in Management Review comprising Stakeholders Engagement Issues, Compliance to Legal Requirements, Annual Budget and Projection, Waste Reduction, Training, Policy, Pollution and Greenhouse Gas Emissions, Internal Audit Findings, External Audit Findings, Status of findings and corrective action, Environmental Impact assessment, Social Impact Assessment, High Conservation Value and Optimization in Yield, Customer feedback, Process Performance and product conformity, Changes that could affect Management System and Recommendations for Improvement.

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

- 1) Environmental Impacts/Pollution and GHG Reduction
- 2) Waste Reduction
- 3) Road Maintenance
- 4) Impacts on communities / smallholders

	Environmental	
1	Environmental Impacts/Pollution and GHG Reduction	<ol style="list-style-type: none"> <li>1. Regular service of tractors</li> <li>2. Briefing on energy saving (Grid Electricity)</li> <li>3. Improve Solid Extraction rate from belt press plant by installing flowmeter</li> <li>4. Upgrade of CEMS dust particle monitoring</li> <li>5. To further improve the efficiency of Thermal Deaerator by maintaining the temperature above 104 degree by using water level control auto system, thus further improve boiler efficiency and fuel saving.</li> </ol>
2	Waste reduction	<ol style="list-style-type: none"> <li>1. Briefing on recycling programme</li> <li>2. Dilution reduction, improve efficiency and reduced POME produced.</li> </ol>
3	Road Maintenance	<ol style="list-style-type: none"> <li>1. Patching of damaged road</li> </ol>
	Social	
1	Impact on communities	<ol style="list-style-type: none"> <li>1. Repairing workers linesite</li> <li>2. Upgrading and repairing drainages for workers quarters</li> </ol>

The Continual Improvement Plan was prepared by Mr. Leong Lik Yong dated 20th August 2020.

**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** KLK Berhad has indicates their commitment to continuously improve or create new innovation to optimize mill operation as evident in Continual Improvement Plan listed below:-

	Environmental	
1	Environmental Impacts/Pollution and GHG Reduction	1. Regular service of tractors 2. Briefing on energy saving (Grid Electricity) 3. Improve Solid Extraction rate from belt press plant by installing flowmeter 4. Upgrade of CEMS dust particle monitoring 5. To further improve the efficiency of Thermal Deaerator by maintaining the temperature above 104 degree by using water level control auto system, thus further improve boiler efficiency and fuel saving.
2	Waste reduction	1. Briefing on recycling programme 2. Dilution reduction, improve efficiency and reduced POME produced.
3	Road Maintenance	1. Patching of damaged road
	Social	
1	Impact on communities	1. Repairing workers linesite 2. Upgrading and repairing drainages for workers quarters

**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 virtually through email. The email was sent out to stakeholders on 24/06/2020 and the minute meeting was made on 17/8/2020. This session was joined by 10 participants. Among the information included in the email in the meeting included

1. Exposed on KLK Sustainability Policy
2. Exposed 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. Exposed on the Request & Response / consultation/complaint & grievance mechanism procedure

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

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

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

The procedure has clearly stated documents which are publicly available to stakeholders. Also sighted summary list (SOP 9, Appendix 4, Issue 2, Rev 1 dated 01.01.2020) which listed all the documents which are publicly available and confidential to stakeholders.

Among the confidential documents listed such as the MAPA/AMESU/NUPW Agreement, Firearm Record, Quotation, Transport agreement and wages advance.

The publicly available documents are available upon request (Read Only) such as FFB Grading quality report, MAPA Correspondence, FFB Weekly Report, Mill Certificates, Practical training and Purchase Ledger Report.

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

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

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

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

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

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

Interview with 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. Leong Lik Yong (Assistant Manager) as the person in-charge for all issues related to Sustainability and stakeholders. Sighted appointment letter dated 02.01.2020 approved by the Mill Manager, Mr. Too Chee Wei.

**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 are segregated into the following categories: -  
 a) Government / Statutory Bodies  
 b) NGO  
 c) Neighbouring Communities  
 d) Estate Communities  
 e) Service Provider/ Contractors/ Suppliers

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

### **Criterion 3 Traceability**

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

**Summary** The company has established Standard Operating Procedure: Supply Chain Procedure (SOP 18.0; Rev:4/3; Date: 1<sup>st</sup> Jan 2020).

The mill is receiving FFBs from own estates. Procedure for the SCC contains:  
 a) Raw Material Reception: Security Guard House & Weighbridge Station (Critical Control Point)  
 b) Production & Storage: Production Unit and Storage Tanks (Critical Control Point)  
 c) Sales & Despatch: Products to Customer(s)

The mill has good system for tracking the movement of certified FFBs (Electronic Commodity Trading System (ECTS). The mill recorded all FFB received, FFB Processed, CPO & PK Produced and CPO & PK Stock Position in Finished Good System (FGS).

Verified delivery order, receiving and dispatch slips, notice paper and weighbridge tickets that effectively carries the information of applicable traceability products.

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





<b>Indicator 2</b>	The management shall conduct regular inspections on compliance with the established traceability system.
<b>Summary</b>	<p>KLK has established Sustainability Manual. It's done by KLK Sustainability Department. Sighted SOP 19.0 titled "Internal Audit Procedures" dated 01<sup>st</sup> January 2020.</p> <p>During Mill visit, sighted the weighbridge operator able to demonstrate on how the system tracks the FFB input.</p> <p>Regular inspection on Traceability system will be conducted through Mill Advisor Visit, Sustainability Audit and KLK Internal Audit.</p> <p><b>In Compliance</b>    <input checked="" type="checkbox"/> <b>Yes</b>                      <input type="checkbox"/> No                      <input type="checkbox"/> Not Applicable</p>
<b>Indicator 3</b>	The management shall identify and assign suitable employees to implement and maintain the traceability system.
<b>Summary</b>	<p>The mill has appointed Mr. Leong Lik Yong (Assistant Manager) as the person in-charge for all issues related to Sustainability and supply chain matters. Sighted appointment letter dated 02.01.2020 approved by the Mill Manager, Mr. Too Chee Wei.</p> <p><b>In Compliance</b>    <input checked="" type="checkbox"/> <b>Yes</b>                      <input type="checkbox"/> No                      <input type="checkbox"/> Not Applicable</p>
<b>Indicator 4</b>	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.
<b>Summary</b>	<p>The FFB weighbridge ticket/despatch note is produced for all transaction of FFB to Tanjong Malim Palm Oil Mill. The set of document consists of the following information;</p> <ul style="list-style-type: none"> <li>a) Weighbridge ticket <ul style="list-style-type: none"> <li>- Date / D.O no / Quantity / w/bridge operator name</li> <li>- Total Bunches / Quality / field no</li> </ul> </li> <li>b) Dispatch chit <ul style="list-style-type: none"> <li>- Serial no / field no / no of bunches / tractor no.</li> </ul> </li> <li>c) Delivery Note <ul style="list-style-type: none"> <li>- Date/ weight / w/bridge operator / MPOB license no (L3 form)</li> </ul> </li> <li>d) Grading report for the FFB consignment.</li> </ul> <p>All the record of storage, sales, delivery or transportation of crude palm oil and palm kernel are kept and well maintained in the Mill's office.</p> <p><b>In Compliance</b>    <input checked="" type="checkbox"/> <b>Yes</b>                      <input type="checkbox"/> No                      <input type="checkbox"/> Not Applicable</p>

## 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 list of applicable laws and regulations under Standard Operating Procedure 2.0, Issue / Rev : 2/1, Date : 1/1//2020 title Legal Compliance.

Sighted lists of permits/licenses which has to be monitored and updated periodically by the Mill such as;

- Permit membuat potongan setiap bulan daripada gaji pekerja-pekerja kilang terhadap Bayaran Bekalan Elektrik w.e.f. 25.03.1987, kadar potongan mengikut bacaan meter sebulan berdasarkan kepada 24 sen seyunit.
- MPOB license No. 500055904000 untuk Menjual dan Mengalih PK,CPO, Membeli dan Mengalih FFB, Menyimpan PK,CPO dan Mengilang FFB expiry 31.03.2021
- Lesen Jabatan Alam Sekitar No 003126 expiry 30.06.2021 – menduduki atau menggunakan premis yang ditetapkan.
- Lesen Jabatan Alam Sekitar No 003769 expiry 04.06.2021 – mengeluarkan atau melepaskan apa-apa benda berbahaya kepada alam sekeliling, pencemar atau buangan ke dalam udara dengan melanggar syarat-syarat yang boleh diterima yang ditentukan di bawah Seksyen 22(1)
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Steriliser, Ref PMT-SL/20 177103 & PMT-SL/20 177104 – SL PMT 22687 & 22688 expiry 1.6.2021 (2 nos)
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Steam Receiver, Ref PMT-SL/20 175621 – PMT 21896 expiry 25.5.2021 (1 nos).
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Thermal Dearator, Ref PMT-SL/20 175625 – SL PMT80342 expiry 25.5.2021 (1 nos).
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver , Ref PMT-SL/20 167744 – SL PMT 85343 expiry 08.01.2019 (1 nos).
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Bekas Udara, Ref PMT-SL/20 7175622 – PMT 80888 expiry 15.6.2021 (1 nos).
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver, Ref PMT-SL/20 178633 – SL PMT 22689 expiry 25/5/2021 (1 nos).
- Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver Tank, Ref PMT-SL/20 175624, SL PMT 22830 expiry 25.05.2021 (1 nos).
- Perakuan Kelayakan Dandang –Tiub Air Jenis Takuma Ref PMD-SL/19 128474, PMD 3321 2160 kilo pascal expiry 1.1.2021.
- Perakuan Kelayakan Dandang – Sti Tiub Air, Ref PMD-SL/20 175620 - SL PMD 2069 expiry 25.05.2021 (1 nos)
- Perakuan Kelayakan Mesin Angkat – Monorail Crane, Ref PMA-SL/20 175619 – PMA 9183 expiry 25.05.2021 (1 nos)
- Permit Barang Kawalan Berjadual untuk Euro 2M (13,650liters) No Siri B000872 expiry 10.12.2020

- Perakuan Penentuan Timbang dan Sukat - Serial No. : 183850039. Stamping Date : 30.07.2020 by Metrology Corporation Malaysia Sdn Bhd.
- Akta Bekalan Elektrik 1990, License number 3020/01304, aggregate kuasa 1,485.38kW expiry date 13.06.2021
- Fire Certificate – in the process of submission to Jabatan Bomba dan Penyelamat Malaysia referreing to numerous e-mail by the Manager and HQ Personnel.
- Lesen Abstraksi Sumber Air No Lesen SWAL(P7)000455 and SWAL(P7)000456 Enakmen Lembaga Urus Air Selangor 1999 (Perenggan 59(1)(a)) expiry 15.08.2021
- Lesen Kelas – Jadual Kelima (subperaturan 23(1), Water Services Industry Act 2006, Water Services Industry (Licensing) Regulations 2007, Suruhanjaya Perkhidmatan Air Negara validity from 12.08.2019 to 11.08.2022 for 640m3 / day
- Jadual Pematuhan under AS (B)31/152/000/201 License number 003125 valid from 25<sup>th</sup> June 2020.
- Permit Kebenaran Menggunakan Air Persendirian Seksyen 6(1) (a) Akta Standard-Standard Minimum Perumahan Dan Kemudahan Pekerja 1990 valid from 10/05/2019 – 09/05/2022
- Kebenaran Guna Semula Buangan Terjadual Minyak Pelincir Terpakai (SW305) sebagai pelincir Chain Conveyor di Premis Kilang Kelapa Sawit Tanjong Malim valid until 30.06.2021

Sighted the following documents as evidence on Competency compliance:

- Akta Kilang dan Jentera , 1967 Peraturan ( Perakuan Kebolehan Peperiksaan ) Kilang dan Jentera ,1970 ; Perakuan Kebolehan Peraturan 5(2)
  1. Steam Engineer Gred 2 – Mr Too Chee Wei (870710-23-5429) No Perakuan 027/2017
  2. Drebar Enjin Gred Satu – Mr. Mohd Kamaruzaman bin Lop – No Perakuan - SL/140/98
  3. Drebar Enjin Gred Dua – Mr. Suhendran a/l Ramasamy – No Perakuan - SL/13/EIS/02/8
  4. Drebar Enjin Gred Dua – Mr. Hardiyan Shah bin Hasan – No Perakuan - SL/56/2004
- Akta Bekalan Elektrik 1990 – Perakuan Kekompetenan Sebagai Penjaga Jentera (Chargeman),
  1. Mr Murugan a/l Muthuveeran (520916-08-5809), PJ-T-4-H-1385-1998
- Competent Person, Mr Too Chee Wei – Certified Environmental Professional In Scheduled Waste Management ( CePSWaM) and In The Treatment of Palm oil Mill Effluent ( CePPOME )

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

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

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

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

1. HQ Department
2. Communication with law/enforcement officers
3. Website

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

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

**Summary** Mr Leong Lik Yong (Assistant Mill Manager) was appointed to ensure/maintain the compliance with applicable laws and regulations of the Mill. The letter of appointment (for Sustainability Related Matters) dated 10th July 2019 has been signed by the Mill Manager, Mr Too Chee Wei.

**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 area of 4.51ha was built under land title Lot 4261, Mukim Hulu Bernam, Daerah Hulu Selangor belong to Changkat Asa Estate

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

The copy of land titles is kept in the Mill office and were sighted during the audit. The original copies were kept at the KLK Bhd HQ, Ipoh, Perak.

Evidence of annual payment of land cess and quit rent to the state government in the form of receipts.

**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 area of 4.51ha was built under land title Lot 4261, Mukim Hulu Bernam, Daerah Hulu Selangor belong to Changkat Asa Estate

No boundary markers sighted in the mill premises however, the permanent fence separated Mill and the Changkat Asa 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** The mill was built within its own land title Lot 4261, Mukim Hulu Bernam, Daerah Hulu Selangor.

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

The mill is located at a GPS coordinate of E101°29'7.9" and N3°41'40.7"

**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** The mill area of 4.51ha was built under land title Lot 4261, Mukim Hulu Bernam, Daerah Hulu Selangor belong to Changkat Asa Estate

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

KLK have established a mechanism to handle Free, Prior and Informed Consent (FPIC) under Standard Operating Procedures on Sustainability No 3A, Att 1.0, Issue / Rev :2/1 dated 1st January 2020.

**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 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

## **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 11th February & 17th 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 in April & May 2020 with the participation of 122 Internal 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 prepared by Mr. Khairul Ikhwan Abu Khairi, Sustainability Executive 14/08/2020 (external) & 16/06/2020 (internal) and reviewed by Mr. Too Chee Wei, the Mill Manager on 17/08/2020 (external) & 30/06/2020 (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: Appendix 2B, Rev 4/3 Stakeholders Engagement/Negotiation; Dated 01st Jan 2020 as the consultation and communication procedures to relevant stakeholders. SOP has outlined the

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

There are 5 grievance channels available: -

1. Use the Grievance Form available at [www.klk.com.my](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
4. By post to: Head office
5. By dropping it into the suggestion box

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

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

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

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

Seen samples of complaint dated 3/8/2020 by Mr. Silambarasan Pandurangan on "Lampu di luar rumah tidak bernyala". The complaint has been resolved by Charge man on 12/8/2020. Seen an acknowledgement by the complainant on 12th May 2020.

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

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

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

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

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

**Summary** For external stakeholders meeting, TG Malim POM are using virtual meeting as they are, 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.



4 complaints recorded in 2020 and 4 in 2019. No evidence of external complaints from stakeholders using Stakeholder Logbook forms.

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

<b>Criterion 3 Commitment to contribute to local sustainable development</b>	
<b>Indicator 1</b>	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: -

1. Distribute soap for Balai Bomba KKB during RMCO Covid-19
2. Distribute soap for Balai Polis Hulu Bernam during RMCO Covid-19
3. Kenduri for Mill Employees
4. Soap for mill employees during RMCO Covid-19
5. Groceries for mill employees during MCO Covid-19

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

<b>Criterion 4 Employees safety and health</b>	
<b>Indicator 1</b>	An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated and implemented.

**Summary** Sighted the Corporate Occupational Safety & Health Policy. Established on 01st January 2020, Issue / Rev: 3/2 Page 15 of 15 which was approved by Tan Sri Dato' Seri Lee Oi Hian, Chief Executive Officer.

Sighted local OSH Policy signed by, Mr. Too Chee Wei, Mill Manager dated 1st January 2020. The policy was prepared in Bahasa Malaysia and English for easily understood by all level of its employees.

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

<b>Indicator 2</b>	<b>The occupational safety and health plan shall cover the following:</b> 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
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assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).

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

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

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

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

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

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

## Summary

Sighted the Corporate Occupational Safety & Health Policy. Established on 01st January 2020, Issue / Rev: 3/2 Page 15 of 15 which was approved by Tan Sri Dato' Seri Lee Oi Hian, Chief Executive Officer.

This policy both in English and Bahasa Malaysia is displayed at notice boards. OSH Plan for 2018/19 is available including objectives.

The Mill did establish local OSH Policy and Personal Protective Equipment Policy signed by Mill Manager, Mr. Too Chee Wei dated 1st January 2020. The policy is well briefed and communicated during morning master and stakeholders meeting.

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). Sample HIRARC sighted for the followings work operation: -

- a. Boiler
- b. Unloading FFB at Ramp for manual handling trailer
- c. Electrical maintenance
- d. Workshop
- e. CPO Despatch
- f. Capstan
- g. Storing & Disposing Schedule Waste
- h. Kernel plant
- i. Digester & pressing
- j. Sterilization of bunch fruit
- k. Etc

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	Handling and transporting chemical	Jan '20	21/1/2020
2	Audiometric test	Feb '20	9/3/2020
3	Training for AO		10/2/2020
4	Training at ramp & capstan station	March '20	18/3/2002
5	Fire Drill	March '20	20/8/2020
6	Training at clarification station	May '20	20/5/2020
7	Training at digester & press station	Jun '20	22/6/2020
8	Training for workshop	Sep '20	

Samples training conducted was on Chemical handling & storage. Training record on 21st January 2020 The training conducted by Mr. Zol Hazizi The Mill Assistant Manager attended by 7 participants

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

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

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

Sighted SOP 6.0 Safe Use & Storage of Agrochemicals/Chemicals; Issue/Rev: 4/3; Date 01st January 2020. CHRA report dated 27th July 2017 (JKKP KIM 127/453/6 (26) – 08/2017) reported by Mr. Sulaiman R. Rahman – JKKP KIM 127/453/6 (26) from Procoma Environmental (M) Sdn Bhd.

Sighted, CHRA Action Plan 2020 on Recommendations by Assessor. All the recommendations base on Work Unit in Form F being responded and updated by the Mill.

A total of 6 workers have undergone medical surveillance. They were tested on Physical examination and n-Hexane exposure. The workers are from the categories of Lab supervisor, Lab attendant, Lab assistant.

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

- a. 18th March 2020
- b. 15th June 2020
- c. 18th December 2019.

To discuss all issues regarding worker's safety and health. All issues raised and discussed during conducted meeting has been resolve and taken action by mill management with proper action and target date.

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 aid training conducted on 13/8/2020 for Tanjung Malim Complex by Malaysian Red Crescent attended by 17 participants. Seen the email by Malaysian Red Crescent dated 17/8/2020 stated that all the participants have passed their theory and practical exams and the certificate are still in process. Representative from Mill are Murugan A/L Muthuveeran and Vadevelu A/L Gengam Muthu

The Mill has submitted JKPP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. Date 17/01/2020 (JKPP 8/46979/2019)

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

<b>Criterion 5 Employment conditions</b>	
<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.

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

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

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

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

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

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

No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the 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. Sample taken on Ismail bin Ibrahim – 0998B – July 2020.

	Rate	Unit/Day	RM
Gaji pokok	46.15	20	923.00
Overtime	9.1328	61	557.10
Shift Allowance	3.00	17	51.00
Bayaran Cuti Sakit			97.72
Bayaran Cuti Am			97.72
Deduction			
Advance			250.00
Insuran (NUPW)			10.00
Caruman NUPW			8.00
Nett Pay			1,316.29

Payment of the salary being paid through bank.

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

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

**Summary** Pay and conditions are documented. Interview with the Contractor workers confirmed that they understand the terms and conditions of their employment. The salary is according to 'Guidelines on the Implementation on the Minimum Wages Order 2020'.

Base on the records of Contract Agreement with Contractor and The Contractor with his worker, the contractor is adhering to the law. Sample taken on Zhi Seng Transport Sdn Bhd appointed as contractor and seen pay slips of the sample workers: -

- 1) Nithiyannathan A/L amounting RM 4,565.89
- 2) Turesh A/L Palanisamy amounting RM 5,281.19.

**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** KKK has established system "e-check roll" for all database of their workers. Also, management has compiled in LRC (Labour Registration Card). Sample taken on Kanitkumar – 1006I, Suresh Karmegam – 0943B, Hapipi – 1010J and Marzuki Ahmad – 0931E.

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

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

**Summary** Employment contract stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. The contract is in Malay and their Nationality language and it is easy to be understood by workers. This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local, Indonesian and India. Sample taken on the following Contract Agreement:

- a. Kanitkumar – 1006I
- b. Suresh Karmegam – 0943B
- c. Hapipi – 1010J
- d. Marzuki Ahmad – 0931E

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

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

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

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

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

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

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

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

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

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

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

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

**Summary** Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made. Documented payslip was distributed to individual workers on the day of payment.

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

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

**Summary** All workers have been provided with free legalization cost, PERKESO, annual leave, sick leave and etc. Since 1st Jan 2020 foreign worker are cover under PERKESO.

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

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

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



**Summary** All workers are provided with housing facilities at workers line site. Water and electricity are provided free Sanitary and waste disposal is prepared by mill.

Welfare Amenities: Mosque, football field and sundry shop.

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

**Indicator 12** The management shall establish a policy 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. The gender committee is formed in mill.

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

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

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

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

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

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

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

Stated in 'KLK Sustainability Policy approved by Tan Sri Dato' Seri Lee Oi Hian (KLK Group CEO) dated 30/08/2018 clause (2.1) (iii) 'No Child Labour' where company outlined the commitment to comply with national law in regards to minimum age requirement.



There are no children below ages of 18 working in the 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 program 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;

Topic	Month Programme	Status
Supply Chain Training – Critical Control Point Operators (Security Guard)	Apr '20	29/4/20
Supply Chain Training – Critical Control Point Operators (Weighbridge)	Apr '20	29/4/20
Supply Chain Training – Critical Control Point Operators (Production Unit)	May '20	4/8/20
Supply Chain Training – Critical Control Point Operators (Storage Tanks)	May '20	4/8/20
KLK Sustainability Briefing (Policy, RTE Awareness, Domestic Waste Management, Riparian Zone Management)	March '20	13/8/20 24/6/20
KLK Code of Conduct for Employees	Jun '20	13/8/20
Briefing on Employment Contract, MAPA/NUPW Agreement 2019	Jun '20	13/8/20
Briefing on water sampling procedure	Mar '20	20/5/20
Briefing on schedule waste management	Jul '20	15/8/20

Training record for Water sampling procedure sighted attended by 1 worker, the training date was on 20/05/2020 conducted by Mr. Leong

**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 program 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 program 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** Kuala Lumpur Kepong (KLK) Berhad has revised its policy on Environmental in the KLK Sustainability Policy, Issue/Rev: 2/1 which applies to all its subsidiaries signed by Chief Executive Officer, Tan Sri Dato' Seri Lee Oi Hian on 30<sup>th</sup> August 2018.

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

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

The policy has been communicated to all 85 Mill workers on 13<sup>th</sup> August 2020. The meeting conducted by the Mill Assistant Manager, Mr. Leong.

POM has conducted Environmental Aspect and Impact Assessment for all its' activities in year 2020. The EAIA assessment findings are recorded in document titled "Environmental Impact and Aspect Assessment (EAIA)". EAIA is being reviewed on annual basis.



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

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

**Summary**

KLK Berhad has established the SOP 10.0 - "Environmental Aspect & Impact Assessment" Issue/Rev 3/2 dated 01.01.2020 prepared by the Sustainability Department with the objective to identify all activities or aspects of the Estate/ Palm Oil Mill that have impact to the environment.

The Mill has conducted environmental aspect and impact assessment for all its' activities in year 2020. The environmental assessment findings are recorded in document titled "Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan (WMP) prepared by Mr Leong Lik Yong (Assistant Mill Manager) on 20.1.2020 and verified by Mr Too Chee Wei the mill manager .

The environmental impact assessment has covered 33 key Process/Area such as;

1. FFB Intake
2. FFB Reception
3. FFB Sterilization
4. Kernel Dispatch
5. Kernel Recovery/Kernel Storage
6. Laboratory
7. POL Store
8. Power Generation
9. Raw Water Intake
10. ETC

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

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

**Summary**

Sighted the Environmental Improvement Plan at Mill as below: -

Description	Area	Activity	Target Date
Environmental impacts/ pollution and GHG Reduction	Boiler	Upgrade of CEMS dust particulate monitoring	September 2020
Environmental impacts/ pollution and GHG Reduction	Electrical usage	Briefing on energy saving (grid electricity)	September 2020

Environmental impacts/ pollution and GHG Reduction	Process improvement	Improve solid extraction rate from belt press plant by installing flowmeter	July 2020
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**In Compliance** ☒ **Yes** ☐ No ☐ Not Applicable

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

**Summary** The Continuous Improvement Plan for the year 2020 was last updated on 20.08.2020 prepared by Mr leong Lik Yong, Assistant Manager verified by the Mill Manager Mr Too Chee Wei.

1. The following are the positive impact being included in the continuous improvement plan.Regular service of tractors & Shovel
2. Briefing on 3R program
3. Improve solid extraction rate from belt press plant by installing flowmeter
4. Installing of EFB grabber to reduce the usage of Shovel
5. Upgrade of CEMS dust particle monitoring
6. To reduce the power consumption for press and digester station.
7. Patching of damage road

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

**Indicator 5** An awareness and training program 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** Mill have established training program for environmental management and improvement plan. Sighted training conducted in ensuring the policy are communicated to all levels of the workforce and stakeholders such as;

1. KKK sustainability briefing to all workers and staffs dated 13.8.2020
2. Briefing on sampling procedure to Water sampling operators dated 20.5.2020

**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 Minute of Sustainability Management Review Meeting 2018/2019 held on 30<sup>th</sup> October 2019 discussed the following environmental issues. The Meeting was chaired by Mr Too Chee Wei, Mill Manager which attended Mill executive, staff and workers representative

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

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

**Indicator 1** Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe.

There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.

**Summary**

Monitoring of Diesel and Electricity Usage is conducted based on SOP 12.0, Appendix 4.0, Rev 3/2 of Energy Usage last updated 03.08.2019 in terms of litre/mt FFB transported and kWh/mt FFB.

Sighted the monitoring usage of Diesel and Electricity consumption for the operation of the mill. The audit team observed that the consumptions are monitored on a monthly basis. Data compiled (3 years) for comparison and monitored to optimize the use of non-renewable energy. Records available were verified and showed satisfactory monitoring of the resources. As evidence:

Description	October 2019 to July 2020
FFB,mt	83,968.65
Diesel, liter (genset & transportation)	86,251.083
Average Diesel, Liter/mt FFB	1.027
3 years Baseline 2017, 2018, 2019, (diesel)	1.78
Electricity, kWh (Genset & Turbine)	1,682,013.00
Average, kWh/mt FFB	20.03
3 years Baseline 2017, 2018, 2019 (kWh)	19.08

**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 estimate of direct usage of non-renewable energy and Electricity consumption for their operations in 2019/2020;

Estimated	October 2019 to July 2020
FFB,mt	105,332.00
Diesel, liter (genset & transportation)	17,113.00
Average Diesel, Liter/mt FFB	0.163
Electricity, kWh (Genset & Turbine)	2,033,960.92
Average, kWh/mt FFB	19.31

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

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

**Summary** Sighted biomass usage as renewable energy for the electrical generated at 1,682,013.00 kWh for a period October 2019 to July 2020 comprises of;

1. Shell as boiler combustion fuel - 5,038.12mt
2. Fibers as boiler combustion fuel - 10,915.92mt

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

### Criterion 3 Waste management and disposal

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

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

Mill's chemical wastes and other scheduled wastes are disposed through a DOE registered schedule waste disposal contractor as per DOE requirements. The appointed licensed contractor (Tex Cycle (P2) Sdn Bhd) has disposed the following SW as stated on the Consignment Note dated; 30.6.2020

1. SW109 (waste containing Mercury or its compound) – 0.008mt.
2. SW410 (contaminated rags & filters) – 0.142mt
3. SW409 (disposed containers, bags or equipment contaminated with chemical, pesticides, mineral oil or scheduled waste – 0.2065mt
4. SW305 (used lubricating oil) – 0.177mt

Sighted the latest inventory of scheduled wastes generated from mill process as at 31.07.2020 which includes;

1. SW110 (halogen tube, light bulb, contactor, fluorescent) – 0.0080mt
2. SW305(spent lubricant oil) – 0.220mt
3. SW409 (chemical container & plastic bag) – 0.244mt
4. SW410 (contaminated rags & filters) – 0.20mt

Monthly report to DOE on scheduled waste is submitted by online @ eswis.doe.gov.com

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

**Indicator 2** A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:

- a) Identifying and monitoring sources of waste and pollution.
- b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.

**Summary** The Waste Management Plan (WMP) which has been incorporated in the "Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan (WMP)" were documented based on the SOP 10.0 Appendix 1.0, Issue/Rev. 3/2 dated 01<sup>st</sup> January 2020.

Sample of Waste management plan for the POM Machineries is elaborated here

1. Major Activity: Maintenance of machineries
2. Waste generated: Lubricants oil
3. Methods: Disposed

4. Management Plan: To collect back the schedule waste and store. To dispose SW through license contractor Tex Cycle (P) Sdn Bhd. To provide training for store attendant on scheduled waste handling
5. Person-In-Charge: Assistant Manager (s)
6. Status: To dispose the SW not exceeding 180 days or 20 MT

The mill by product identified below and being recycle back to the estate as part of converting them into value added product ie nutrient

No		Type of waste	MT / m3	Application
1	January to July 2020	EFB	13,049.00	Land of the estates
2		POME	30,290.00	Land trenches at Changkat Asa Estate
3		Belt Press Cake	4,957.37	Land Changkat Asa Estate

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

Sighted Register of Chemicals Hazardous to Health 2020 prepared by Mr Zol Hazizi Bin Mahat – Assistant Mill Manager and signed by the Mill Manager, Mr Too Chee Wei on 02.05.2020 for the following Location/Process;

1. Laboratory – Laboratory Quality Testing: 31 chemical names
2. Water Treatment Plant (WTP) – Raw Water Treatment: 4 chemical names
3. Kernel Plant – Clay bath: 2 chemical names
4. Boiler – Boiler Water Treatment: 7 chemical names
5. Store – fuel/ lubricant: 22 chemical names

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

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

**Summary** All domestic waste collected from the workers housing complex are disposed in estate landfill @Field PM1995/A (Changkat Asa Estate). Seen the landfill area well maintained and manage by the estate management with signage and date of open/close. The waste being collected three times a week.

**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 are 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. All by-products produced from mill operation are disposed to the estate such as :

1. EFB sent to estate for oil palm mulching
2. Belt-Press Cake sent to estate as land application (source of organic fertilizer)
3. POME to estate as land application (irrigation & fertilizer)

Sighted Summary of Emissions recorded by Tanjung Malim Palm Oil Mill for a period of Jan - Dec 2019 as below;

Product	Quantity
FFB processed, mt	99,707.40
CPO, mt	21,666.41
PK, mt	5,134.93
Total Emission	12,4228.88tCO <sub>2</sub> equivalent
tCO <sub>2</sub> equivalent/tCPO	0.91
tCO <sub>2</sub> equivalent/tPK	0.91

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

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

**Summary** Sighted Environmental Management Plan reviewed on 15<sup>th</sup> April 2020 by Mr Leong Lik Yong, Assistant Mill Manager and approved by Mr Too Chee Wei, Mill Manager includes the following Major Activity/Aspect;

1. Smoke emission by FFB lorry and tractor
2. Emission of greenhouse gases from diesel engine
3. Smoke emission by Shovel
4. Emission of greenhouse gases from diesel engine (shovel)
5. Noise generated by shovel
6. Loosefruit leakage
7. Leakage of hydraulic system
8. Noise generated by exhaust
9. Discharge of condensate
10. ETC

As a sample evidence, the action plan describes the measurement to control Greenhouse Gases Operation Area includes;





Major Activity	Impact	Management Control	Monitoring Control	Status
Emission of greenhouse gases through electricity usage	Global warming	Synchronizing with electricity supplied through biogas and steam turbine.	Refer to GHG Calculation Tool	Continuous

**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** POME is treated by conventional method and sent to Changkat Asa Estate for land application (trenches system). To-date discharge of POME for a period of January to July 2020 is 30,290 m<sup>3</sup> measured using Flowmeter.

The final discharge of POME has been analyzed by Technology & Quality Control Centre, KLK Bhd Kota Damansara on 7.8.2020 for sampling date of 06.08.2020

Parameter	Results	DOE Limits
pH	8.8 @26.0°C	N/A
Chemical Oxygen Demand, mg/L	608	N/A
Biochemical Oxygen Demand, mg/L	61	5,000 ppm
Suspended Solid, mg/L	106	N/A
Ammoniacal-N, mg/L	61	N/A
Total Nitrogen, mg/L	95	N/A
Oil & Grease, mg/L	38	N/A
Total Solids, mg/L	4348	N/A
Total Alkalinity (CaCO <sub>3</sub> ) (TA), mg/L	1,885	N/A
Volatile Fatty Acids (Acetic Acid) (VFA), mg/L	289	N/A
VFA/TA	0.153	N/A

Note : The BOD result is below the DOE's limit

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

**Criterion 5 Natural water resources**

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

**Summary**

Sighted Surface & Groundwater Management SOP No.5 Rev 2/1 dated 01<sup>st</sup> January 2020 was established for the mill. The following sources has been identified;

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

Water for mill processes is derived from the nearby river (Sg Geriang) and pumped to holding tank sited on the hill. The water will then be divided into 2 categories:

- Untreated water will be used for FFB processing
  - Treated water will be used for human consumption (treatment done by the Mill).
- Sighted Drinking Water Quality analyzed by Organo (Asia) Sdn Bhd, Shah Alam, Selangor for sample received on 05.05.2020 and reported on 21.05.2020

Parameter	Results	MOH Guidelines for Water Quality
pH	7.23@ 25°C	6.5 – 9.0
Free Cl <sub>2</sub> , mg/L	0.40	> 0.20
Aluminium, mg/L	0.19	< 0.20
Turbidity, NTU	2.11	< 5
Escherichia Coli, CFU/100mL	ND (<1.1)	ND/100ml

The result of the water quality report for drinking water indicated that the water is safe for human consumption.

- As for Raw Water Analysis report, analyzed by Technology & Quality Control Centre, Kuala Lumpur Kepong Bhd, Kota Damansara received on 14.7.2020 and tested on 14.07 – 23.7.2020, the result as follow: -

Test Parameter	Results
pH	7.2
BOD (ppm)	3
COD (ppm)	22
Suspended Solid (ppm)	29
Dissolved O <sub>2</sub> (% Sat)	70
NH <sub>3</sub> -N (ppm)	1
Water Quality Index (WQI)	77
Water Quality Class	II
Status	Slightly Polluted

**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** The POME is sent to the estate for land application. The BOD is below DOE approved limit of 5,000ppm for land application (trenches system) i.e. 61ppm for the month of July 2020. The report of POME analysis will be submitted to DOE on quarterly using OER (online environmental report).

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

#### Standard Operating Procedure for Palm Oil Mill

1. SOP-01 – Weighbridge
2. SOP-02 – Loading Ramp
3. SOP-03 – Sterilizer – Horizontal
4. SOP-04 – Sterilizer – Vertical
5. SOP-05 – Hoisting & Threshing
6. SOP-06 – Empty Bunch Hopper
7. SOP-07 – Press & Digester
8. SOP-08 – Clarification
9. SOP-09 – Depericarper
10. SOP-10 – Nut & Kernel
11. SOP-11 – Boiler

12. SOP-12 – Engine Room
13. SOP-13 – Raw Water Treatment Plant
14. SOP-14 – Effluent Treatment Plant
15. SOP-15 – Workshop Practices

Standard Operation Procedure includes:

- SOP 1 – Stakeholders Engagement / Negotiation
- SOP 2 – Legal Compliance
- SOP 3A – Land Acquisition (For OP Planting)
- SOP 3B – Responsible Development on New Planting
- SOP 3C – Land Conflict Resolution Mechanism
- SOP 4 – Soil Erosion & Fertility and Road Maintenance
- SOP 5 – Surface & Ground Water Management
- SOP 6 – Safe use & storage of agrochemicals/chemicals
- SOP 7 – Integrated Pest Management
- SOP 8 – Training
- SOP 9 – Controls of documents and records
- SOP 10 – Environment Impact Assessment
- SOP 11 – High Conservation Value (HCV) Management
- SOP 12 – Water Management & Energy Use
- SOP 13 – In-house Social Impact Assessment
- SOP 14 – Employment of Workers / Staffs
- SOP 15 – Amenities
- SOP 16 – Management Review
- SOP 17 – FFB Pricing Mechanism
- SOP 18 – Supply Chain Procedure
- SOP 19 – Internal Audit Procedures
- SOP 20 – Trade and Shipping

Safety Operation Procedure includes:

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

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

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

POM has implemented Good Milling Practice (GMP) as per their own SOP's. POM is operating in accordance to Jadual Pematuhan Peraturan Kualitii Alam Sekeliling. Sighted the following practice as follows;

- The mill is not certified by MPOB Codes of Milling Practice (CoP). However, mill has implemented Code of Good Milling Practice for Palm Oil Mills – MPOB as guidance.
- Sighted record Smoke Density Chart for month of June and July 2020. The ambient air is within the parameter.

**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**

POM had 3 years business plan inclusive FY2020 Budget, prepared by Mr Leong Lik Yong Assistant Manager and verified by Mr Too Chee Wei dated 10.01. 2020. The budget includes the projected FFB production, general charges, upkeep & cultivation, Collection and Immature areas.

No	Items	Financial Years		
		2019/20	2020/21	2021/22
1	Fresh Fruit Bunches Projection	105,332.00	104,078.00	106,000.00
2	Estimate Oil Extraction Rate, OER	22.00	22.00	22.00
3	Crude Palm Oil, CPO Projection	23,173.00	22,897.00	23,320.00
4	MPOB CPO Price Per Tonne Forecast (RM)	2,490.00	2,500.00	2,550.00
5	Ex-Mill Cost Per Tonne of Oil (RM)	215.08	231.08	225.55
6.	Kernel extraction rate	5.20	5.20	5.20
7	Kernel projection	5,477.00	5,412.00	5,512.00
8	Net Profit (RM)	45,431,410.00	42,607,036.00	48,348,269.00

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

<b>Criterion 3 Transparent and fair price dealing,</b>	
<b>Indicator 1</b>	Pricing mechanisms for the products and other services shall be documented and effectively implemented.
<b>Summary</b>	<p>KLK has developed SOP for FFB Pricing Mechanism, SOP No. 17 Issue/Rev 4/3 dated 01/06/2020. For the mill, the pricing of FFB is from MPOB Website every month and given by KLK HQ in Ipoh</p> <p><b>In Compliance</b>    <input checked="" type="checkbox"/> <b>Yes</b>                      <input type="checkbox"/> No                      <input type="checkbox"/> Not Applicable</p>
<b>Indicator 2</b>	All contracts shall be fair, legal and transparent and agreed payments shall be made in a timely manner.
<b>Summary</b>	<p>Sighted the Contract Agreement between Kuala Lumpur Kepong Berhad – Kilang Kelapa Sawit Tanjong Malim and Zhi Sheng Transport Sdn. Bhd. with the following contract;</p> <p>Contract signed on 14.01.2020 for transporting Bulk Palm Kernel from Tanjong Malim Palm Oil Mill to kernel crushing plant Fajar Palmkel Rawang appointed by the KLK Berhad. The contract expiry date will be on 30.09.2020</p> <p>Sample taken on payment for July 2020 for M/S Zhi Sheng Transport Sdn Bhd. for transportation of PK from mill to kernel crushing plant.</p> <p>i. Date Invoice    - 31.7.2020 amounted RM 9,010.76  ii. Payment        - 15.04.2019 base on Payment Voucher PY LV 03685 through Cheque No MBB 891084 amounting RM 9010.76</p> <p><b>In Compliance</b>    <input checked="" type="checkbox"/> <b>Yes</b>                      <input type="checkbox"/> No                      <input type="checkbox"/> Not Applicable</p>
<b>Criterion 4 Contractor</b>	
<b>Indicator 1</b>	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.
<b>Summary</b>	<p>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.</p> <p>The policies were already communicated through the tender process and once contract sign by both parties. The contractor shall be subjected to the management system audits by auditors assigned by the management as and when deemed necessary</p> <p><b>In Compliance</b>    <input checked="" type="checkbox"/> <b>Yes</b>                      <input type="checkbox"/> No                      <input type="checkbox"/> Not Applicable</p>
<b>Indicator 2</b>	The management shall provide evidence of agreed contracts with the contractor.

**Summary** All the contractors are aware that mill is certified under MSPO. Therefore, the contractor has been informed by mill management to follow the MSPO standard requirement.

Sighted all contract includes an agreement signed by contractor and mill manager with term and condition which includes contractor must adhere to KLK policies and MSPO compliances

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

1. The Contractor shall comply with KLK Sustainability Policy while working in the premise.
2. The Contractor shall be subjected to the management system audits by auditors assigned by the Management as and when deemed necessary. It is understood that the Contractor has obligation to comply with the certification standards along with the Management. Respective contractors shall be given a written notice prior to each of the audit.

The mills were audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 25<sup>th</sup> August 2020. As agreed, KLK Plantations Berhad accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed

**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. Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.

2. The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
3. The mill management has demonstrated fully commitment during the entire audit process.

## Appendix A: Audit Plan

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
23 <sup>rd</sup> August 2020	TBA	➤ <b>Travelling to Tg. Malim, Perak.</b>	IBI	RMN/TA
24 <sup>th</sup> August 2020	08:00 – 09:00	➤ <b>Centralize Opening Meeting at at Kerling Estate:</b> <ul style="list-style-type: none"> <li>• Presentation by the manager/coordinator</li> <li>• Presentation by Lead Auditor.</li> <li>• Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation – where applicable).</li> </ul>	IBI	RMN/TA
	09:00 – 13:00	<b>Kerling Estate</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</li> </ul> </li> </ul>	IBI	RMN/TA



		pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.		
	10:30 – 12:30	<ul style="list-style-type: none"> <li>➤ <b>Estate inspection:</b> <ul style="list-style-type: none"> <li>Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc.</li> </ul> </li> </ul>	IBI	RMN/TA
	13:00 – 14:00	➤ <b>Lunch</b>	IBI	RMN/TA
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</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>	IBI	RMN/TA
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	IBI	RMN/TA

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
25 <sup>th</sup> August 2020	08:00 – 13:00	<b>Tg Malim POM</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>	IBI	RMN/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>	IBI	RMN/TA
	13:00 – 14:00	➤ <b>Lunch</b>	IBI	RMN/TA
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</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>	IBI	RMN/TA
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	IBI	RMN/TA

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
26 <sup>th</sup> August 2020	08:00 – 13:00	<b>Bukit Katho Estate</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>	IBI	RMN/TA
	10:30 – 12:30	<ul style="list-style-type: none"> <li>➤ <b>Estate inspection:</b> <ul style="list-style-type: none"> <li>Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc.</li> </ul> </li> </ul>	IBI	RMN/TA
	13:00 – 14:00	➤ <b>Lunch</b>	IBI	RMN/TA
	14:00 – 15:30	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</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>	IBI	RMN/TA
	15:30 – 16:30	➤ Verify any outstanding issues and auditor discussion.	IBI	RMN/TA
	16:30 – 17:00	<ul style="list-style-type: none"> <li>➤ <b>Centralize Closing Meeting at Bukit Katho Estate:</b></li> <li>➤ Chaired by the audit Lead Auditor</li> <li>• Welcome and introduction by the Lead Auditor</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>	IBI	RMN/TA

## Appendix B: Non-Conformity details

### Non-Conformities Identified During Audit

<b>Major Nonconformities:</b>	Non-were raised during this Audit.
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<b>Minor Nonconformities:</b>	Non-were raised during this Audit.
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<b>Area of Concern:</b>	Non-were raised during this Audit.
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### Non-Conformities Identified Previous Audit

<b>Major Nonconformities:</b>	Non-were raised during previous Audit.
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<b>Minor Nonconformities:</b>	Non-were raised during previous Audit.
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<b>Area of Concern:</b>	Non-were raised during previous Audit
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## Appendix C: List of Stakeholders Contacted

List of Stakeholders
Internal Stakeholders
1) KLK Tg Malim POM management team and staff
2) Gender Committee Representatives
3) Local Workers Representatives
4) Foreign Workers Representatives