

# GLOBAL GATEWAY CERTIFICATIONS

## MALAYSIAN SUSTAINABLE PALM OIL (MSPO)


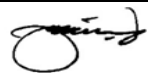
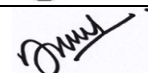
### CERTIFICATION AUDIT REPORT


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

Kuala Lumpur Kepong Berhad  
Jeram Padang Palm Oil Mill

-Group Certification-

ANNUAL SURVEILLANCE AUDIT 03  
24<sup>th</sup> July 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	28/08/2020	Issued as Draft Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	
B	14/09/2020	Issued as Final Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	
B	28/09/2020	Final Report Approved	Md. Jefri bin Sharaai	Certifier	

Acknowledgment by Kuala Kepong Kepong Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	28/09/2020	Acceptance of the contents	Ms. Lee Kuan Yee	Senior Manager (Sustainability)	

#### **Declaration**

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

WITH INTEGRITY WE SERVE



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

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

Global Gateway Certifications Sdn. Bhd. (GGC) has conducted the Certification Assessment of KLK Jeram Padang Palm Oil Mill. During this Annual Surveillance Audit (ASA 3), the audit team were briefed by Mill Manager, of the supply base disposition. The source of FFB supplies to KLK Keram Padang POM are from their own estates only [Batang Jelai Estate, Gunong Pertanian Estate, Jeram Padang Estate, Kombok Estate, Renjok Estate, Sungei Kawang Estate, Tuan Estate, Ulu Pedas Estate, Ayer Hitam Estate and Kemasul Estate].

This assessment was conducted onsite on 24<sup>th</sup> July 2020 to assess the compliance of the certification unit against the "MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills". The scope of certification is "Production Of Sustainable Crude Palm Oil And Palm Kernel".

**1.2 Company details and Contact information**

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

**1.3 Certification Unit**

<b>Name of the Certification Unit</b>	KLK Jeram Padang Oil Mill		
<b>Mill Capacity (MT/HR)</b>	55		
<b>Site Address</b>	KM 12, Jalan Jelai – Rompin, 72100 Bahau, Negeri Sembilan.		
<b>GPS Reference of the site office</b>	<b>Longitude</b>	E 102.40833333	
	<b>Latitude</b>	N 2.73527778	
<b>MPOB License Information</b>	<b>License No.</b>	500110504000	

	<b>Scope of Activity</b>          <b>Expiry Date</b>	1. "Menjual dan Mengalih –PK, CPO, SPO" 2. "Membeli dan Mengalih – FFB" 3. "Menyimpan – PK, CPO, SPO" 4. "Mengilang FFB"    30 <sup>th</sup> September 2020
<b>Others Sustainability Certification</b>	RSPO (Roundtable on Sustainable Palm Oil) International Sustainability and Carbon Certification (ISCC)	

## 1.4 Map Showing Geographical Location

### 1) Jeram Padang Complex [Mill & Estates]





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

<b>Jeram Padang POM</b>	<b>Projected from last audit [Jul 2019-Jun 2020]</b>	<b>Actual Production for 12 Months [Jul 2019-Jun 2020]</b>	<b>Projected Production for next 12 Months [Jul 2020-Jun 2021]</b>
FFB Summary (MT)	233,521	188,991.180	241,732
CPO Summary (MT)	51,608	40,300.709	53,427
PK Summary (MT)	11,676	9,033.878	12,111

# FFB's Own Estate &amp; Certified Estates

**Production for Uncertified Unit**

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

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

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

**Assessment standard**

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

**Certificate number**

GGC-KLK006-MSPO-02-2017

**Initial certificate issued date**25<sup>th</sup> September 2017**Certificate expiry date**24<sup>th</sup> September 2022**Stage 1 assessment date**

Not Applicable as client certified for RSPO, ISCC and SCCS





<b>Stage 2 / Main Assessment</b>	24 <sup>th</sup> July 2017
<b>Annual Surveillance 1 [ASA 1]</b>	30 <sup>th</sup> August 2018
<b>Annual Surveillance 2 [ASA 2]</b>	11 <sup>th</sup> July 2019
<b>Annual Surveillance 3 [ASA 3]</b>	24 <sup>th</sup> July 2020
<b>Annual Surveillance 4 [ASA 4]</b>	July 2021

## 1.7 Qualification of the Lead Assessor and Assessment Team

### Lead Auditor

**Name:** **Muhammad Syafiq bin Abd Razak**

Graduate in plantation management with more than 7 years working experience in various plantation company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Fully trained in similar agriculture certification programs such as RSPO, SCCS, MSPO and etc. Qualified as Lead Auditor/Auditor in several certification programme. Involved in RSPO and MSPO assessment since 2014. Involved in audits conducted in for many different companies in Malaysia, Indonesia, Australia, Pakistan, India, Arab Saudi and Ivory Coast. Completed and certified MSPO Auditor course in 2014 (3<sup>rd</sup> Batch) held by MPOB. Member of GGC MSPO audit team.

Experienced in handling mineral and peat soil oil palm estate. Knowledgeable in chemical in control of weeds and pest & disease in Oil Palm Plantation sector. Understanding in Industrial relation and labour law. Attended OSH Act 1994 & Regulations and Factories & Machinery Act 1967 & Regulations Training. Participated in Workshop for Oil Palm Growers on Peat at Bogor, Indonesia. Completed and attended Social Impact Assessment Training at Bogor, Indonesia organized by Remark Asia. Also, has attended training for RSPO GHG calculation on year 2015 in Kuala Lumpur.

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

### Auditor

**Name:** **Hj. Ahmad bin Sukiman**

He holds MSc Plantation Management from Universiti Putra Malaysia (UPM). Above 30 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in MSPO and qualified as Lead Auditor/Auditor for MSPO. Involved in MSPO assessment since 2015. Completed and certified MSPO Auditor course in 2015 held by DQS Certification (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

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

## Auditor

**Name:** Mohamad Fitri bin Mustafa

Graduate in degree of agribusiness with more than 8 years working experience in various plantation company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Involved in ISCC and MSPO auditing since September 2017. Qualified as Lead Auditor/Auditor for MSPO, RSPO and ISO 9001. Completed and certified MSPO Auditor course in 2018 held by SGS (M) Sdn Bhd. Member of GGC MSPO audit team. Able to speak and understand Bahasa Malaysia and English.

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

## 1.8 Audit Methodology

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

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

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

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

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

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

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



**1.9 Audit Plan Information**

<b>Audit Date</b>	24 <sup>th</sup> July 2020
<b>Name of site(s) visited</b>	KLK Jeram Padang 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	7	No action requires

**1.11 Stakeholder Consultation**

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

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

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the mill management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. The details is as per table below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholder A (Mill workers)	<ul style="list-style-type: none"> <li>• They aware and have good understanding about MSPO.</li> <li>• They have good understanding about complaint and grievance mechanism.</li> <li>• Personal Protective Equipment are distributed free of charged by management.</li> <li>• Company well managing the welfare, health and safety of their workers.</li> <li>• They are very happy with the management and hopes to continue their contract for a long time.</li> <li>• They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2020.</li> <li>• MSPO awareness, company policy and SOP are briefed among workers during muster call.</li> </ul>	No action requires	Positive findings
2.	Stakeholders B (Mill - Gender Committee Representatives)	<ul style="list-style-type: none"> <li>• They aware and have good understanding about MSPO.</li> <li>• They have been treated equally without any discrimination.</li> <li>• No sexual harassment reported.</li> </ul>	No action requires	Positive findings
3.	Stakeholders C (Contractors)	<ul style="list-style-type: none"> <li>• They have good understanding about MSPO.</li> <li>• The company has good relation with supplier and there is no issue with company's performance.</li> <li>• They informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work.</li> </ul>	No action requires	Positive findings

### 1.12 Recommendation

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

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

This report will be internally reviewed for certification decision by GGC and external peer review by independent reviewers (Qualified by MPOCC) not required. During Annual Surveillance Audit (ASA 3) [based on MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 4: General Principles For Palm Oil Mills, there was no non-conformity has been raised to the facility that being audited.

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

### 1.13 Date of Next Surveillance Audit

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

## SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

### 2.1 Principle 1 : Management commitment and responsibility

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

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

**Summary** MSPO Policy has been established as part of a Sustainability Manual and reviewed on 01.10.2017, issue/rev. 2/1, signed by the Group Plantation Director, Mr. Patrick Kee Chuan Peng.

As evidence, the KLK Sustainability Manual was displayed and sighted on the notice board.

Training and briefing regarding on the company's policies were constantly conducted as per programed in the training program.

**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** The established KLK MSPO Policy has emphasized or committed to meet the sustainability requirements of MSPO and committed to continuous improvement.

The Continuous Improvement Plan for the year 2019 was last updated by Mr. Kamal Fawwaz Muhamad (Mill Sr Assistant Manager) includes the following description of improvement:

1. Environmental Impacts/ Pollution and GHG Reduction
2. FFB Yield Optimization
3. Waste Reduction
4. Road Maintenance
5. Impacts on communities/ smallholders
6. Impacts on workers

Sighted as well the Standard Operating Procedure for Palm Oil Mill (3<sup>rd</sup> Revision, 15.10.2018) signed by the Production Director, Mr Pang Pik Kuang. All the SOPs are established and controlled by Head Quarters includes'

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

**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** Internal audit procedure has been developed and approved by the top management, dated on 01.01.2020, rev: 2/1. Stated in the procedure that internal audit shall be conducted at least once a year. Flow diagram has detail out the procedures on conducting audit program.

All the findings during documentation audit has been viewed/discussed in the Sustainability Management Review 2019/2020 and the action taken by the management on the findings has been confirmed by the Manager. Stated also in the minutes that the Internal Audit by Sustainability Team will be conducted tentatively in March and May 2020.

The Internal Audit exercise covers the following areas;

1. Documentation
2. Interview Session
3. Site Visit – Chemical store, fertilizer store, POL store, used fertilizer bags store, Workshop, Water treatment plant, office, linesite, Indian temple 6, water's sampling point signboards, riparian zone and riparian zone signboard.

The competency of the internal auditors has been evaluated from time to time by the Senior Sustainability Manager, Ms Lee Kuan Yee.

**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.
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**Summary** The Company has established SOP 19.0, Rev 1/0 dated 01.01.2020 of Standard Operating Procedure on Sustainability for Internal Audit Procedures prepared by the KLK Sustainability Department. The procedures covers all areas, activities and functions related to the scope of the sustainability management system of the organization.

The Internal Audit Report has documented the SOP, Findings, Root Cause (s) & Corrective Action (s) (Manager's reply).



As evidence in Jeram Padang POM, Internal audit program was conducted on 28<sup>th</sup> February – 29<sup>th</sup> February 2020, led by Mr. Mohammad Faruq Norazman and assisted by Mr. Verna See Pak Kim.

Result shows total 5 findings, 2 for document review and 3 findings for site visit. The mill manager has responded to the internal audit findings. Sighted and review the root cause analysis and action taken to solve the issues.

**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 management within the acceptable timeframe. This request was implemented in due course and documented as evidence.

Sustainability Management Review minute 2019/20 was conducted on 24.06.2020. all findings detected during the internal audit program in each operating unit were addressed during this meeting. The minute was prepared by Mr. Mohamad Syafiq Aiman Bin Zulkifly (Sustainability Coordinator, Jeram Padang Complex) on 03.07.2020 and verified by Senior Sustainability Manager, Ms Lee Kuan Yee.

The management review meeting was conducted and participated by all estate representatives under Jeram Padang Complex.

**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** Sustainability Management Review minute 2019/20 was conducted on 24.06.2020. all findings detected during the internal audit program in each operating unit were addressed during this meeting. The minute was prepared by Mr. Mohamad Syafiq Aiman Bin Zulkifly (Sustainability Coordinator, Jeram Padang Complex) on 03.07.2020 and verified by Senior Sustainability Manager, Ms Lee Kuan Yee.

Among the agenda discussed during the Sustainability Management Review FY 2019/2020

1. Follow up action with previous management review
2. Issues/items pertaining to stakeholders engagement
3. Compliance to legal requirements
4. Annual budget and projection
5. Waste reduction
6. Training

7. Policies
8. Pollution and Greenhouse gas (GHG) Emissions
9. Internal Audit Findings
10. External Audit Findings
11. Status of preventive and corrective actions
12. Environmental Impact Assessment
13. High Conservation Value (HCV) Area
14. Social Impact Assessment
15. Customer feedback
16. Process performance and product conformity
17. Changes that could affect Management System
18. Recommendations for Improvement
19. Optimization in Yield of FFB

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

#### **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** Continual improvement plan was made available to the audit team. The plan was prepared by Mr. Kamal Fawwaz Muhamad (Mill Sr Assistant Manager) and verified by Mr. Cheah Seng Chew (Mill Manager) on 16.07.2020. sighted the plan as follow:

Description of Improvement	Activity	PIC	Target Date	Status
Environmental impacts/ pollution and GHG reduction	Installation of ESP to reduce dust particulate	Executive	2020 – 2021	On going
By product evacuation	EFB mulching	Executive	Continuous	Continuous
Waste reduction	Maximize of biogas engine	Executive	Continuous	Continuous
Road maintenance	Patching of damaged road	Executive	Continuous	Continuous

**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** Mill management has established training program based on the training need analysis. However, should there be any new information or new technique available in the market and planning to be implemented in the mill compound, it will be notified by the mill

management and will be slot in the training program. This however will depend on the current situation and priority.

**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 has established Standard Operating Procedures (SOP) for Stakeholders Engagement/Negotiation–SOP No.1 (Rev.4/3) dated on 1<sup>st</sup> January 2020.

The SOP has identified mechanism for Request and Respond, Consultation & Meeting and Complaint & Grievances with their relevant stakeholders and how their concern and view are addressed.

Stakeholder Meeting was held on 19<sup>th</sup> February 2020 at Jeram Padang POM's Meeting Room, attended by 58 participated. The meeting was chaired by Mr. Mohamad Syafiq Aiman bin Zulkifly (Sustainability Department-Region Base).

There are a few Request/Consultation/Communication from the stakeholders. Among the request:

#### Minimum Salary

- Consultation & Communication
  - Mr. Murugaya from NUPW asking for minimum salary implementation in KLK
- Response
  - KLK management already start implement the new salary RM 1,200.00/monthly by February 2020. Company will pay the arrears payment on August 2020.

#### Minimum Salary

- Consultation & Communication
  - Mr. Rasul asking for Fire Certificate status
- Response
  - The status still in progress

**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** The Management has established SOP 9 - Control of Documents & Records. Issue/rev: 2/1 dated on 1<sup>st</sup> January 2020. This SOP provides the guide for the estate management to determine the confidentiality status or available for public disclosure.

Example publicly documents listed:

1. Permit to work (Contract)
2. Employee Training Record
3. Legal Compliance
4. SIA
5. Management Review

Among the documents listed under 1) confidential are:

- SOP No. 17 – FFB pricing mechanism
- Sexual Harassment logbook
- Bank guarantee
- E-Checkroll report

All the documents are available in mill office, confidential document able to be viewed upon approval by Mill Manager or Assistant Mill Manager whom make the decision.

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

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

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

**Summary** KLK has established Standard Operating Procedures (SOP) for Stakeholders Engagement/Negotiation–SOP No.1 (Rev.4/3) dated on 1<sup>st</sup> January 2020. The policy has identified mechanism for Request and Respond, Consultation & Meeting and Complaint & Grievances with their relevant stakeholders and how their concern and view are addressed.

Flow chart has been established on the consultation and communication process. The flow chart is available at the estate notice board.

Interview with the staff and mill workers confirmed they have been informed and updated during the stakeholder meeting and that they are aware of the above process.

**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 person in charge for consultation and communication agenda is led by Mr. Abdussyakur Abd Wahab and Mr. Kamal Fawwaz Muhamad (Mill Sr Assistant Manager) and appointed on 01<sup>st</sup> January 2020 by Mr. Cheah Seng Chew (Mill Manager).

**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** KLK has established Standard Operating Procedures (SOP) No. 1 for Stakeholders List dated on 1<sup>st</sup> January 2020.

Sighted latest stakeholder list updated on 04<sup>th</sup> February 2020. Prepared by Mr. Abdussyakur Abd Wahab and approved by Mr. Cheah Seng Chew (Mill Manager).

a) Government / Statutory Bodies

- Malaysian Palm Oil Board (MPOB)
- Department of Safety and Health (DOSH)
- Department of Labour (JTK)
- Department of Environment (DOE)
- The Department of Orang Asli Development (JAKOA)
- Fire and Rescue Department of Malaysia
- Social Security Organisation (Socso)
- Hospital Tuanku Ampuan Najihah
- Hospital Jempol
- Balai Polis Jempol
- Balai Polis Bahau

b) Non-Governmental Organisation (NGO)

- All Malayan Estates Staff Union (AMESU)
- National Union of Plantation Workers (NUPW)
- National Multipurpose Cooperative Society Limited

c) Service Providers / Contractors / Suppliers

- MPOA
- TNB
- FOMEMA Sdn Bhd
- Maybank
- Procoma
- Organo (Asia) Sdn Bhd
- Technology and Quality Control Centre (TQCC)
- Lung Seng Chemical Sdn Bhd
- Avery Malaysia Sdn Bhd
- Sing Chuan Aik Transport Sdn Bhd

d) Medical/Health

- Poliklinik Rama
- Klinik Jeram Padang

- Procoma Environmental (M) Sdn Bhd
- e) Approved Certified Supplier List
  - Batang Jelai Estate
  - Gunong Pertanian Estate
  - Jeram Padang Estate
  - Kombok Estate
  - Renjok Estate
  - Sungei Kawang Estate
  - Tuan Estate
  - Ulu Pemas Estate
  - Ayer Hitam Estate
- f) Neighbouring Community /Plantation /Smallholders
  - Kampung Orang Asli Sg Raya
  - Negeri Sembilan Cement Industries
  - SJK (T) Ladang Jeram Padang
- g) Estate Community / Estate Representatives
  - NUPW Chairman
  - Women's Committee Chairman
  - Temple Committee Chairman
  - Surau Committee Chairman

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

Criterion 3 Traceability	
<b>Indicator 1</b>	The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.

**Summary**                      KLK has established Standard Operating Procedures (SOP) for Supply Chain No.18 (Rev.4/3) dated on 1<sup>st</sup> January 2020.

The purpose of this procedure is to establish a suitable identification and traceability of oil palm Fresh Fruit Bunch (FFB) production traceable from the plantation activities till dispatch of Palm Oil Mill.

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



Sighted FFB flow chart from harvesting designated block to mill weighbridge (tickets), FFB harvesting supervision report, Standard operating procedure, In-field checking, reception and FFB grading

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

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

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

**Summary** KLK has established Sustainability Manual. It's done by KLK Sustainability Department. Sighted SOP 19.0 titled "Internal Audit Procedures" dated 1<sup>st</sup> June 2015.

During mill visit, sighted the weighbridge operator able to demonstrate on how the system tracks the FFB input from own estates and also from external suppliers.

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

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

**Summary** The person in charge for traceability agenda is led by Mr. Abdussyakur Abd Wahab and Mr. Kamal Fawwaz Muhamad (Mill Sr Assistant Manager) and appointed on 01<sup>st</sup> January 2020 by Mr. Cheah Seng Chew (Mill Manager).

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

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

**Summary** Purchases and sales will base on demand and has agreeable documentation with the supplier. Sighted CPO/PK sales as per in their online system. The mill has good system for tracking the movement of 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).

Seen the records of sales, delivery or transportation of FFB. This record being maintained and the documents are kept by the both site (estate and mill).

- Date Delivery: 30/06/2020
- Weighbridge Ticket No: A376387
- Transporter: Jeram Padang Transport
- Driver name: How Kim Nyok
- Weight: 5.71 MT

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

## 2.3 Principle 3 : Compliance to legal requirements

### Criterion 1 Regulatory requirements

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

**Summary** The Company has established and updated SOP No. 2.0 Title: List & summary of applicable laws and regulations that are applicable for the Mill is updated by Sustainability Team, verified by the Mill Manager, Mr Cheah Seng Chew on 25.04.2020.

Some of applicable laws includes:

1. Prevention and Control of Infectious Diseases Act 1988, Act 342
2. Occupational Safety and Health Act 1994 (Act 514)
3. Environmental Quality Act 1974 (Act 127)
4. Environmental Quality Act (Scheduled Waste Regulations) 2005
5. Factories and Machinery Act with regulations 1967 (Act 139)
6. Pesticides Act 1974 (Act 149)
7. Kementerian Perdagangan Dalam Negeri
8. MPOB Act 1998 (Act 582)
9. Road Transport Act 1987 (Act 333)
10. Employees Social Security Act 1969 (Act 4)
11. Industrial Relations Act 1967 (Act 177)
12. Trade Union Act 1959 (Act 262)
13. Employees Provident Fund 1991 (Act 452)
14. Aboriginal Peoples Act 1954 (Act 134)
15. Arm Act 1960 (Act 206)
16. Human Rights Commission of Malaysia Act 1999 (Act 597)
17. Children and Young Persons (Employment) Act 1966 (Act 350)
18. Commercial vehicles licensing Board Act 1987 (Act 334)
19. Destruction of Disease-Bearing Insects Act 1975 (Act 154)
20. Employment Act 1955 (Act 265)
21. Electricity Supply Act 1990 (Act 447)
22. Security offences (special measures) Act 2012 (Act 747)
23. Irrigation area Act 1953 (Act 386)
24. Land conservation Act 1960 (Act 385)
25. National Forestry Act 1984 (Act 313)
26. Estate Hospital Assistants (Registration) Act 1965 (Act 435)
27. National Heritage Act 2005 (Act 645)
28. Petroleum (Safety Measures) Act 1984 (Act 302)
29. Police Act 1967 (Act 344)
30. Malaysian Anti-Corruption Commission (Amendment) Act 2018
31. Protection of Wild Life Act 1972 (Act 76)
32. Weights and Measures Act 1972 (Act 71)
33. Passport Act 1966 (Act 150).
34. Industrial Relations Act and Regulations (Act 177)
35. Workman Compensation Act 1952 (Act 273)
36. Street, Drainage and Building Act 1974 (Act 133)
37. Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446)

38. Minimum Wages Order 2016 (Latest amendment 28.11.2018)

39. Wetlands and Climate Change, 1999.

The Mill had implemented its Checklist (Linesite Inspection & Domestic Waste) on weekly basis. Linesite inspection was carried out by the Technical Assistant as follow;

Mill	Staff/ EHA Name	Date of Visit
Jeram Padang	Mr Mathialagan A/L Subramaniam	3, 8, 15 & 22.06.2020

Sighted letter of appointment for Mr Mathialagan A/L Subramaniam to carry out line site inspection, appointed by the Mill Manager on 01.01.2020.

The monthly Visiting Medical Officer visit are recorded in a VMO Visiting Record controlled by the Jeram Padang Estate. As a sample evidence of the VMO visit, sighted a debit note from Poliklinik Rama (RM187.00) for treatment attended to 3 mill workers during his visit on 19.06.2020, 23.06.2020 and 27.06.2020.

**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

The List of legal correspondences for permits/licenses is updated by Puan Zalina Binti Keliwon (2<sup>nd</sup> Clerk), verified by the Mill Manager, Mr Cheah Seng Chew on 14.07.2020.

The lists of permits/licenses which has to be monitored and updated periodically such as

1. Permit potongan daripada gaji pekerja-pekerja di bawah Seksyen 24 Akta Kerja 1955, No. Siri: PP3/26/0179 bagi tujuan Bayaran Bekalan Elektrik (TNB) w.e.f. 10.07.2000, tertakluk kepada potongan hendaklah atas permintaan bertulis pekerja. Sighted surat persetujuan yang ditandatangani oleh pekerja individually.
2. Permit potongan Tabung Kuil dengan bayaran sebanyak (RM10.00 sebulan) dan kenduri Yassin sebanyak RM21.00 sebulan, No Siri: PP3/26/1011 (Potongan Upah Di bawah Seksyen 24 Akta Kerja 1955) w.e.f. 15.04.2011, tertakluk kepada potongan hendaklah atas permintaan bertulis pekerja. Sighted surat persetujuan yang ditandatangani oleh pekerja.
3. Permit Potongan Gaji daripada gaji pekerja (Seksyen 24 (4) Akta Kerja 1955 bagi pembayaran premium insurans (RM10.00 sebulan) Group Term Life Policy No. 56423 anjuran AIA, No. Siri: PP 3/34/1481 w.e.f. 15.04.2011. Sighted surat persetujuan yang ditandatangani oleh pekerja.
4. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(3) Akta Kerja 1955 – bagi tujuan “potongan gaji dalam Koperasi Kebangsaan Berhad”, Ref No. (103) dlm. Buruh NS.S/11121/73 Jld. II dated 30.05.2000.
5. MPOB license No. 500110504000 expiry 30.09.2019. for menjual dan mengalih PK, CPO, SPO, membeli dan mengalih FFB, menyimpan PK, CPO,

- SPO dan mengilang FFB (250,000mt FFB setahun) for a period of 01.10.2019 to 30.09.2020.
6. Syarat-Syarat Lesen Premis, Jadual Pematuhan, DOE license No 004097, kapasiti maksimum pemprosesan buah tandan kelapa sawit segar (FFB) sebanyak 55MT sejam, kaedah pelupusan efluen: Atas tanah dengan kepekatan BOD, 3hari, 30°C tidak melebihi 5,000mg/L, expired 30.06.2020. Sighted letter of invitation from Jabatan Alam Sekitar Negeri Sembilan dated 16.07.2020 for the Mill to collect the renewed license on 27.07.2020.
  7. Lesen menduduki atau menggunakan premis, no. Lesen: 004097 effective 25.06.2014.
  8. Lesen Pelanggaran, No. Lesen: 005006 – mengeluarkan dan melepaskan apa-apa benda berbahaya kepada alam sekeliling, pencemar atau buangan ke dalam udara dengan melanggar syarat-syarat yang boleh diterima ditentukan di bawah Seksyen 21 yang memerlukan suatu lesen sebagaimana dikehendaki oleh Seksyen 22(1) Akta Kualiti Alam Sekeliling 1974 iaitu tidak boleh melebihi 400mg/M<sup>3</sup> bagi jumlah jirim zarah (PM) for a period of 31.07.2019 to 30.07.2020.
  9. Registration Notice for Class Licence Bahagian Pelesenan & Tarif, Suruhanjaya Perkhidmatan Air Negara (SPAN), Jadual Kelima (Subperaturan 23(1), Water Services Industry Act 2006, Water Services Industry (Licensing) Regulations 2007, Suruhanjaya Perkhidmatan Air Negara, No. Lesen: SPAN/EKS/(PT)/800-4(1)/1/16, SPAN/EKS/(PT)/800-4(1)/2/16 valid from 15.05.2019 to 14.05.2022.
  10. Permit Barang Kawalan Berjadual (Peraturan-peraturan bekalan kawalan bekalan 1974, Peraturan 9(2), No.Siri P: N000093 for 27,300 liters diesel for a period of 05.12.2019 till 04.12.2020
  11. Lesen Abstraksi Air Permukaan, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA-JPL/700-11/2/1-2/2020/0800 with kadar abstraksi yang dibenarkan adalah 700,000m<sup>3</sup> air mentah setahun, lokasi Sg Muar, Mukim Jelai, Daerah Jempol for a period of 01.01.2020 till 31.12.2020.
  12. Permit to Purchase , Store and Use of Sodium Hydroxide, Permit No: 004163 to purchase Solid:1, Kiquid:1,300 kg Sodium Hydroxide effective 01.01.2020 until 31.12.2020.
  13. Permit Kebenaran Menggunakan Bekalan Air Persendirian (Tubewell) di bawah Seksyen 6 (1) (a) Akta Standard-standard Minimum Perumahan dan Kemudahan Pekerja 1990” effective 09.11.2017 till 08.11.2020.
  14. Perakuan Penentuan Timbang dan Sukat - No. Siri Alat:162150251, for 60mt , stamping done by Metrology Corporation Malaysia Sdn Bhd on 14.07.2020
  15. Perakuan Pendaftaran,Akta Bekalan Elektrik 1990, Pepasangan No. ST(MLK)P/S/NS/00682, aggregate kuasa 4,124kW effective 22.03.2020 until 21.03.2021.
  16. Perakuan Kelayakan Dandang – Dandang Stim Tiub Air, Ref PMD-NS/20 31674, Kelumpang 3,400 kilo pascal expiring 10.06.2021.
  17. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Steam Separator, Ref PMT-NS/20 31675, Kelumpang 3,103 kilo pascal expiring 10.06.2021.

18. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Back Pressure Receiver, Ref PMT-NS/20 31676, Kelumpang 450 kilo pascal expiring 10.06.2021.
19. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Vacuum Dearator Vessel, Ref PMT-NS/20 31677, Kelumpang -103 kilo pascal expiring 10.06.2021.
20. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Cation Exchanger, Ref PMT-NS/20 31678, Kelumpang 345 kilo pascal expiring 10.06.2021.
21. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver, Ref PMT-NS/20 31679, Kelumpang 862 kilo pascal expiring 10.06.2021
22. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Horizontal Air Receiver, Ref PMT-NS/20 31680, Kelumpang 1,380 kilo pascal expiring 10.06.2021
23. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Compressor, Ref PMT-NS/20 31681, Kelumpang 1,000 kilo pascal expiring 10.06.2021
24. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver, Ref PMT-NS/20 31682, Kelumpang 965 kilo pascal expiring 10.06.2021.
25. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver, Ref PMT-NS/20 31683, Kelumpang 965 kilo pascal expiring 10.06.2021.
26. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Water Softener Tank, Ref PMT-NS/20 31684, Kelumpang 344 kilo pascal expiring 10.06.2021.
27. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Pressure Filter, Ref PMT-NS/20 31685, Kelumpang 344 kilo pascal expiring 10.06.2021.
28. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Pressure Filter, Ref PMT-NS/20 31686, Kelumpang 310 kilo pascal expiring 10.06.2021.
29. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Back Pressure Steam Receiver, Ref PMT-NS/20 31687, Kelumpang 314 kilo pascal expiring 10.06.2021.
30. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Vacuum Oil Dryer, Ref PMT-NS/20 31688, Kelumpang -103 kilo pascal expiring 10.06.2021.
31. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Vacuum Oil Dryer, Ref PMT-NS/20 31689, Kelumpang -103 kilo pascal expiring 10.06.2021.
32. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Vertical Sterilizer, Ref PMT-NS/20 31690, Kelumpang 345 kilo pascal expiring 10.06.2021.
33. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Vertical Sterilizer, Ref PMT-NS/20 31691, Kelumpang 345 kilo pascal expiring 10.06.2021.
34. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Vertical Sterilizer, Ref PMT-NS/20 31692, Kelumpang 345 kilo pascal expiring 10.06.2021.
35. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Vertical Sterilizer, Ref PMT-NS/20 31693, Kelumpang 345 kilo pascal expiring 10.06.2021.
36. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver, Ref PMT-NS/20 31695, Kelumpang 999 kilo pascal expiring 10.06.2021.
37. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver, Ref PMT-NS/20 31696, Kelumpang 1,000 kilo pascal expiring 10.06.2021.
38. The Distribution List of Fire Extinguisher for 2020 valid until 31.12.2020 (13nos), 09.03.2021 (14nos.), 19.05.2021 (14nos), 14.07.2021 (3nos), 22.07.2021 (14nos) and 13.09.2021 (2nos).

39. Fire Certificate – Still in the process of application. The chronology of the application includes;
- a) Mill submitted a letter of application to Ibu Pejabat Bomba Negeri Sembilan, Seremban dated 29.08.2018.
  - b) Follow up letter on 20.09.2018 informing the appointment of Contractor C.H. Chuah Perunding (Consultant) to perform the next process of application.
  - c) Letter from Ibu Pejabat Bomba Negeri Sembilan, Seremban dated 12.11.2018 stated "Permohonan lanjutan tempoh masa bagi notis Borang FC6 bagi Perakuan Bomba" has been "ditangguhkan".
  - d) On 29.11.2018, the Mill Manager replied and submitted the documents required by Ibu Pejabat Bomba Negeri Sembilan, Seremban.
  - e) On 17.12.2018, the Mill application has been rejected by Ibu Pejabat Bomba Negeri Sembilan, Seremban Ref No. JBPM/NS:700-3/1/7/94.
  - f) On 28.02.2019, the Mill Manager and the representatives, the Consultants and 3 Bomba Officers from Seremban has organized the meeting at the Mill. On the same date, the Consultant submitted all relevant documents to Ibu Pejabat Bomba Negeri Sembilan, Seremban, received on 01.03.2019.
  - g) On 21.05.2019, the Mill Manager went to see Pn Haslinda of Ibu Pejabat Bomba Negeri Sembilan, Seremban with the objective to know the development of the application of Fire Certificate for the Mill. Pn Haslinda replied that the application has not been discussed yet at the Bomba Committee Meeting.
  - h) On 25.06.2019, the Mill Manager met Mr Irman Bin Ali at Ibu Pejabat Bomba Negeri Sembilan, Seremban where he issued copy of letter addressed to C.H. Chuah Perunding requesting few more documents to be provided to Ibu Pejabat Bomba Negeri Sembilan, Seremban.
  - i) On 03.07.2019, the Mill Manager and the Consultant met Mr Ismail to discussed further on the application.
  - j) On 08.10.2019, the Consultant submitted the Revised Plan, received by Bomba on 10.10.2019.
  - k) Letter from Bomba to the Consultant dated 21.10.2019 (received by Mill on 17.12.2019) stated another relevant documentation to be submitted to Ibu Pejabat Bomba Negeri Sembilan, Seremban.
  - l) The Consultant C.H. Chuah Perunding pulled out from taking part of the application process.
  - m) On 07.02.2020, the Mill Manager has appointed new Consultant, SBN Fire Engineering Sdn Bhd (Fire Contractor).
  - n) On 03.03.2020, the Fire Contractor brought in PP Jasa Aki Consult Sdn Bhd as a new Consultant. Due to pandemic COVID 19 (17<sup>th</sup> March 2020 - June 2020), the Contractor and the Consultant were unable to attend the Fire Certificate application process due to Movement Control Order by Malaysian Government.



- o) On 11.06.2020, the Mill Manager has to deal with another Consultant, Atoz Ingenieur (M) Sdn Bhd to continue with the Fire Certificate application process.
- p) On 15.07.2020, the Mill has submitted all the relevant documents to Consultant Atoz Ingenieur (M) Sdn Bhd for them to pursue with the application process.
- q) The application is still in progress.

The following documents as evidence of competency of Mill's personnel:

1. Steam Engineer Gred 1 – Mr Cheah Seng Chew (831005-08-5259) No Perakuan 023/2015 effective 03.03.2015
2. Penjaga Jentera (Chargeman), Mr Sivakumar a/l Arumugam (701214055253), PJ-T-4-B-0079-2014, expiring 28.06.2021.
3. Internal Combustion Engine Driver Grade 2 for Mr. Azrizal Bin Mohd Noor, IC No. 780706015125, No Perakuan NS/11/EIP/02/2, effective 24.05.2011
4. Boilerman Grade 1 for Mr Muniswaran a/l Muniyandy, IC No. 700606-01-6101, No. Siri 018615, effective 25.05.1999

The monthly Returns for year 2020 include;

1. MPOB (Penyata Bulanan)
2. Jabatan Alam Sekitar (POME)
3. Jabatan Alam sekitar (Smoke Density)
4. Jabatan Alam sekitar (Penganalisaan Kualiti Air Sungai)
5. Jabatan Alam Sekitar (Waste Oil)
6. DOSH (JKKP 8) – Putrajaya
7. Laporan Suku Tahun (DOE)

**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** Based on interview with Mr Abdussyakur Bin Abd Wahab (Senior Mill Assistant Manager) that Puan Zalina Binti Keliwon (2<sup>nd</sup> Clerk) will update any new amendments or any new regulations received from the following sources:

- HQ Department
- Communication with law/enforcement officers
- 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** Puan Zalina Binti Keliwon (2<sup>nd</sup> Clerk) was appointed to maintain the regulatory requirement, and also permits and licences. The letter of appointment (as Sustainability

Related Matters – MSPO) dated 01.01.2020 has been signed by the Mill Manager, Mr Cheah Seng Chew.

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

## **Criterion 2 Land use rights**

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

**Summary** The mill was built on an area of 57,790 m<sup>2</sup> on its own land title of Lot 1130, GRN169204.

The “Syarat-syarat Nyata” is for “Perusahaan” with yearly quit rent amounted to RM27,740.00 paid by HQ.

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

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

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

**Summary** The mill was built on an area of 57,790 m<sup>2</sup> on its own land title Lot 1130, GRN169204.

**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 on an area of 57,790 m<sup>2</sup> on its own land title Lot 1130, GRN169204.

No boundary markers sighted in the mill premises. However, the permanent fence separated mill and the Jeram Padang Estate area.

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

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

**Summary** The mill was built on an area of 57,790 m<sup>2</sup> on its own land title Lot 1130, GRN169204. There is no evidence of conflict present in this mill. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

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

<b>Criterion 3 Customary land rights</b>	
<b>Indicator 1</b>	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.
<b>Summary</b>	The mill was built on an area of 57,790 m <sup>2</sup> on its own land title Lot 1130, GRN169204. Thus, there is no customary land in or surrounding all the mill. There are also no land disputes or claims involving this mill. The company has proper legal land title for the land ownership.
<b>In Compliance</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
<b>Indicator 2</b>	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.
<b>Summary</b>	The mill was built on an area of 57,790 m <sup>2</sup> on its own land title Lot 1130, GRN169204. Thus, no disputes have been recorded in mill area. There is no evidence of conflict present in this mill. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.
<b>In Compliance</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
<b>Indicator 3</b>	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available.
<b>Summary</b>	There no land conflict or dispute. The mill land titles and ownerships are legally identified and documented. However, the company has established SOP to identified process for acquiring land and disputes. Data as per below: <ul style="list-style-type: none"> <li>SOP on Sustainability: Land Acquisition (For OP Planting) – SOP 3A, date 01/01/2020</li> <li>SOP on Sustainability: Responsible Development of New Planting (SOP 3B, date 01/01/2020)</li> </ul>
<b>In Compliance</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> No <input type="checkbox"/> Not Applicable

## 2.4 Principle 4 : Social responsibility, health, safety and employment condition

<b>Criterion 1 Social impact assessment (SIA)</b>	
<b>Indicator 1</b>	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.
<b>Summary</b>	A Social Impact Assessment (SIA) and records of meetings maintained by Jeram Padang POM. All data has been gathered with the participation of external and internal stakeholders. The assessment has reported sampling and data collection procedure, demographic information, issues, complaints, suggestion from workers, interview with stakeholders (workers, union, contractors, suppliers, local community, local

government and private bodies) and summary analysis. Records of meeting were documented and made available.

Based on the records available, there is evidence that the assessment was done with the participation of affected parties, whose attendance was documented and sighted during the audit: The SIA was carried out with involvement from government agencies, contractors, suppliers and executives and staff.

Social impacts assessment was conducted by Mr. Mohamad Syafiq Aiman Bin Zulkifly (Sustainability Executive Region Based), prepared and reviewed by Mr. Kamal Fawwaz Bin Muhamad. The internal stakeholder assessment was done on 22.04.2020 whilst the external stakeholder assessment was conducted on 18.06.2020.

Concern raised by respondents	Action plan
Freedom of movement was restricted by the management	Management has debriefed the respondents as that was the protocols during MCO period as to ensure the safety of all workers and to prevent of COVID 19. All respondents were aware and understood clearly the procedure after the briefing.
Management did not provide the recreational area facilities.	Management has explained to the workers on where is the recreational area facilities provided by management as that area was share with Jeram Padang Estate area.
Salary received did not follow the Malaysia minimum wages order.	The salary increment was still in discussion at the HQ during the SIA was conducted. Later management was decided to raise the wages from RM1,100 to RM1,200 by June 2020, and the arrears will be paid by the company to the workers from February to May 2020.
Goods sold in the mill's sundry shop were expensive than nearby sundry shops.	Management will ensure and monitor the price at the sundry shop as accordance to the normal price at the outside sundry shops.

**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 Berhad has established the Stakeholders Engagement / Negotiation Procedure, reve:4/3, dated on 01.01.2020 which covers the complaint and grievance procedures.

SOP has outlined the

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

According to the procedure, "Complaint refers to something that stakeholder must have in order to thrive or something that might causes inconvenience or disturbance to them while grievances refers to an official statement of a complaint over something believed to be wrong or unfair.

There are 5 grievances channel available under this procedure:

- Grievances forms available at KLK website
- By calling the hotline number
- By email
- By post to head office
- By dropping it into the suggestion boxes

**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** The system used by the mill in resolving disputes exists in the procedure called Complaints and Grievances Procedure. It was confirmed through interviewed that all workers understand about this procedure. It is communicated to external stakeholders during stakeholders meeting.

Stakeholder logbook was made available to the audit team. The mill management has recorded and compiled all the complaints and grievances in Stakeholder Logbook. 32 complaints were recorded for year 2020.

Latest complaint was received by a kindergarten teacher on 29.06.2020. the complaint was attended on 14.07.2020 and verified on 16.07.2020.

**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** Stakeholder complaint Logbook (Appendix 2 of SOP 1.0 Issue 1/0 Date 1<sup>st</sup> June 2015) is used for all internal complaints, consultation and request. Briefing for both internal employee (from time to time) and external stakeholders (during Stakeholder Consultation Meeting).

All internal employee and external stakeholders' can deliver their complaints and grievances directly to the management through filling the complaints form at Office Drop Box. Sighted the complaint form and complaint box at the mill premise.

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

As per interviewed, Mr. Abdussyakur Abd Wahab and Mr. Kamal Fawwaz Muhamad (Mill Sr Assistant Manager) the mill regularly briefs the workers during morning Muster Call the process to make complaints or suggestion to mill management.

For external stakeholders, similar briefing was conducted during external stakeholder meeting.

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

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

**Summary** The Mill has established 'Complaint Log Book' and Grievances/Complaint Form which was reviewed and updated monthly since 2016.

Sighted complaints from internal stakeholders such as house defects, maintenance, request for charity and requests for electrical or carpentry works. No negative complaints made by external stakeholders within the last 24 months.

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

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

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

**Summary** The mill has contributed to the internal and external communities as part of their Corporate Social Responsibility program. Sighted the program as below:

Category	Program	Status
Education	Anugerah Akademik	Continuous
Community	• Repair post guard SJKT Jeram Padang Estate	19.07.2020
	• Donation of grocery & PPE to Kg Org Asli	21.03.2020
Environment	Flower & Plant at housing area	01.07.2020
Employee	Donation of grocery to employee	31.03.2020

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



Criterion 4	Employees safety and health
<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 Occupational Safety & Health Policy. Issue/Revised 2/1, dated 1<sup>st</sup> January 2020. Approved by Mr. Patrick Kee Chuan Peng (Group Plantations Director). The policy covers the following scope:

- Environmental
- Social - workplace and communities
- Occupational Safety & Health
  - Provide a safe and healthy workplace environment.
  - Provide all workers with adequate protective equipment's.
- Traceability
- Governance
- Implementation and compliance
- Monitor, evaluate & report.

The OSH Policy is in Bahasa Malaysia and English that can be easily understood by all levels of its employees. This policy is displayed in all the offices and on notice boards. This policy being adhered to with regards to the implementation of (OSH) requirements within the company.

The plan details out the training program to be conducted in 2020. Sighted some of the training as follows:

- Latihan kebakaran Bersama BOMBA Bahau dan Latihan ERP pada 10.02.2020.
- Training on chemical handling, laboratory OSH and water treatment operator was conducted on 29.02.2020.
- Training on BIOGAS Safety (biogas Plant Scrubber) was conducted on 10.01.2020.
- Safe working procedure briefing was conducted on 12.07.2020.

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

<b>Indicator 2</b>	<b>The occupational safety and health plan shall cover the following:</b> <ol style="list-style-type: none"> <li>A safety and health policy, which is communicated and implemented.</li> <li>The risks of all operations shall be assessed and documented.</li> <li>An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:                             <ol style="list-style-type: none"> <li>all employees involved are adequately trained on safe working practices; and</li> <li>all precautions attached to products should be properly observed and applied.</li> </ol> </li> <li>The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</li> <li>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.</li> </ol>
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- 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 Occupational Safety & Health Policy. Issue/Revised 2/1, dated 1<sup>st</sup> January 2019. Approved by Mr. Patrick Kee Chuan Peng (Group Plantations Director). The policy covers the following scope:

- a. Environmental
- b. Social - workplace and communities
- c. Occupational Safety & Health
  - Provide a safe and healthy workplace environment.
  - Provide all workers with adequate protective equipment's.
- d. Traceability
- e. Governance
- f. Implementation and compliance
- g. Monitor, evaluate & report.

The OSH Policy is in Bahasa Malaysia and English that can be easily understood by all levels of its employees. This policy is displayed in all the offices and on notice boards. This policy being adhered to with regards to the implementation of (OSH) requirements within the company.

HIRARC was established by KKK OSH and Jeram Padang POM OSH committee and approved by Mr. Cheah Seng Chew (Mill Manager) and reviewed annually. Guidelines of Group Policy on Occupational Safety and Health dated 1<sup>st</sup> July 2010 by KKK Sustainability Department.

OSH Training for 2020 sighted prepared by Mr. Kamal Fawwaz Bin Muhamad (Senior Assistant Mill Manager) and approved by Mill manager, Mr. Cheah Seng Chew.

As evidence, training for the employees exposed to the chemical hazard (Chemical Handling Procedure) was conducted on 25.06.2020. Total of 12 workers attended the training.

Medical surveillance for employees handling chemical was conducted on 23<sup>rd</sup> June 2020 – 25<sup>th</sup> June 2020 which involved 12 workers. The workers undergo the assessment at Klinik Raja & Surgeri in Bahau Town. The mill management has yet to received the assessment results.

The Mill issued PPE to its employees for their protection at workplace. Records of PPE issued are maintained individually for all employees. PPE issued to the workers is safety helmets, safety shoes. Special PPE for workers assigned to height, confined space. Safety shoes issued on a 6 monthly basis and recorded Sighted the records of issuance made to employees on selective basis. During the site visit the staff/workers were noted to be equipped with their proper attire & PPE.

SOP of handling of chemicals is available. Therein is shown requirement & selection of chemicals, assessment of chemicals hazards, selection of supplier and transportation of chemicals. Storage, handling and training of such is also stated in the procedure in accordance to OSH (USECHH 2000) The guidelines are adequate to address the requirement needed. The manual of the SOP is filed and functional.

The Mill Manager is appointed as the Chairman of their operating units ESH committee. The OSH meeting conducted once in 3 months. The meeting discusses all issues regarding worker's safety and health. All issues raised and discussed during the meeting has been resolve and action taken 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 displayed on the mill notice board.

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 displayed on the mill notice board.

Records of all accidents are available and discussed quarterly during OSH Meeting. Accident is handled according to the national OSH department (JKKP) includes reporting any accident case, investigation and calculation of LTA. Form JKKP 6,7 and 8 sighted. Mill has submitted Form JKKP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. JKKP 8 was submitted on 13.01.2020.

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

Criterion 5	Employment conditions
<b>Indicator 1</b>	The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.

**Summary** The mill establish policy on good social practices regarding human rights in respect of industrial harmony in the KLK Sustainability Policy Issue/Revised dated 30/8/2018 signed by Tan Sri Datuk Seri Lee Oi Han, Drive Positive Socio-Economic Impact For People And Communities, stated KLK respect, support and uphold fundamental human rights. Details as per below:

- a. Respect & Recognize the Rights in Workplace
  - i. Respect employees' rights
  - ii. No forced or bonded labor
  - iii. No child labors
  - iv. Occupational safety & health
  - v. Employment contracts
  - vi. Freedom of association and right to collective bargaining
  - vii. Minimum wages standard
  - viii. Working hours and record keeping
  - ix. Harassment and violence
  - x. Equal employment opportunities and diversity
- b. Respect the Rights of Indigenous and Local Communities
- c. Facilitate the Inclusion of Smallholders/Farmers into the Supply Chain

Communication of the policy to workforce communicated by training and also during muster.

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** All workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed through interview with workers at the mill and also personal interview with Mr. Abdussyakur Bin Abd Wahab (Senior Mill Assistant Manager) and also through verification of contracts of service and pay slips of workers.

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

During interviews, it is clearly stated no forced labour at Jeram Padang POM. Each employee is given an employment contract either local or foreigner.

**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** For the mill, documentation for salary is in the form of monthly pay slips. Conditions of pay were contained in the workers' respective employment contracts. Samples of the monthly pay slips and employment contracts were made available and reviewed during the audit.

There are local workers employed in the Mill. The salary is according to 'Guidelines on the Implementation on the Minimum Wages Order 2020'. National Wages Consultative Council Act 2011 (Act 732) Malaysian minimum salary as stated in the guidelines.

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.

Sampled of worker salary verified:

<b>Name: Worker A</b>	<b>Rate (RM)</b>	<b>Unit / Day</b>	<b>Amount</b>
Basic Salary	42.3100	27	1,142.37
Working on rest day	10.5750	4	42.30
Over time	7.9328	6	483.90
Over time on rest day	84.6200	2	169.24
Total			1,837.81
<b>Name: Worker B</b>	<b>Rate (RM)</b>	<b>Unit / Day</b>	<b>Amount</b>
Basic Salary	42.3100	26	1,100.06
Working on rest day	84.6200	2	169.24
Over time	7.9328	70	555.30
Over time on rest day	10.5750	8	84.60
Total			1,909.20

**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** Employment contract was made available to the audit team. Stated in the contract where the worker will be paid with the rate prescribed under the current MAPA/NUPW Agreement and National Minimum Wages Order. Sighted both parties (employer and employee) have signed the agreement.

**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** Records containing employee's personal information are well kept in the personal file. The record contains the information such as name, passport no / identification card no, employment contract, basic personal information, employee number and etc.

**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** A fair employment contract has been provided by the employer containing the details of job category, duration of contract, wages, working hours, annual leave and etc. has been made available to the audit team. Sighted both parties (employer and employee) have signed the agreement.

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

During site visit, sighted above data displayed at notice board.

Punch card system is used in recording the attended of the staffs and over time if any. This system is transparent for both parties (employer and employee) as they can monitor and checked the time they punched in and out.

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

Sighted gazette public holidays 2019 displayed on notice board. Verified with Mr. Abdussyakur Bin Abd Wahab (Senior Mill Assistant Manager) during interview on working hours and overtime.

Overtime is given to workers works more than 8 hours and above with a maximum of 104 hours per month.

**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.

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

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

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

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

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

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

**Summary** All workers are provided with housing facilities at workers linesite. Water and electricity are provided free. Sanitary and waste disposal is prepared by estate. 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** KLK Berhad has established the MSPO policy signed by Tan Sri Dato' Seri Lee Oi Hian (Chief Executive Officer) dated on 30<sup>th</sup> August 2018, issued: 3/2. The policy covers the following scope:

- Environmental
- Social - workplace and communities
- Traceability
- Governance
- Implementation and compliance
- Monitor, evaluate & report.



Stated in the policy, Section 2 – Social – Workplace & Communities, point no (ix) Harassment & Violence,” Zero tolerance of any type of harassment, intimidation or violence”.

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

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

**Summary** KLK Berhad has established the MSPO policy signed by Tan Sri Dato' Seri Lee Oi Hian (Chief Executive Officer) dated on 30<sup>th</sup> August 2018, issued: 3/2. The policy covers the following scope:

- Environmental
- Social - workplace and communities
- Traceability
- Governance
- Implementation and compliance
- Monitor, evaluate & report.

Stated in the policy, Section 2 – Social – Workplace & Communities, point no (vi), Freedom of Association and Right to Collective Bargaining:

- Recognize and respect the right of employees to form and join trade unions of their choice and to bargain collectively. KLK will not refuse any genuine opportunity to collectively bargain with workers who want to do so.
- Trade unions have access to the KLK estates and KLK will not interfere with the organizing of activities of workers, worker representatives or representative of trade unions. Workers representative are not discriminated against and have access to carry out their representative functions in the workplace.

**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 established and implemented minimum age policy and no child labour noted during this audit period. Interviews with workers and staff confirmed that there is no child labor employed in mill.

Stated in 'KLK Sustainability Policy approved by Tan Sri Dato' Sri Lee Oi Hian (KLK Group CEO) dated 01/12/2014 clause (3.2) (ii) 'No Child Labour' where company outlined the commitment to comply with national law in regards to minimum age requirement.

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

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

#### **Criterion 6 Training and competency**

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

**Summary** Jeram Padang POM has a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. The training plan for 2020 was sighted dated 05<sup>th</sup> January 2020 prepared by Mr. Abdussyakur Bin Abd Wahab (Senior Mill Assistant Manager).

Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training. Annual OSH Training programme for Jeram Padang 2020 was sighted dated 05<sup>th</sup> January 2020.

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

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

**Summary** All workers involved in the operations have been adequately trained in safe working practice. As evidence, sighted the training needs analysis prepared by the Mr. Abdussyakur Bin Abd Wahab (Senior Mill Assistant Manager) for each individual worker and reviewed by Mr. Cheah Seng Chew (Mill Manager).

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

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

**Summary** All workers involved in the operations have been adequately trained in safe working practice. Mill has a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. The training plan for 2020 was sighted.

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

- 1) KKK sustainability policy briefing, programmed on March 2020.
- 2) KKK code of conduct for employee programmed on Oct 2020.
- 3) Briefing on MAPA/NUPW agreement 2019
- 4) Briefing on triple rinsing and piercing

- 5) Briefing on implementation of IPM
- 6) Briefing on water sampling procedure
- 7) Briefing on scheduled waste management.
- 8) Post arrival orientation 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: 3/2 which applies to all its subsidiaries signed by Chief Executive Officer, Tan Sri Dato' Seri Lee Oi Hian on 30.08.2018.

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")

**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** Jeram Padang POM has established Environmental Impact Assessment Procedure titled "Environmental Aspect & Impact Assessment" document no. SOP 10.0 Rev 2/1 dated 01.01.2018 prepared by KLK Sustainability Department.

The Mill has conducted environmental aspect & impact assessment for all its' activities as reviewed/prepared by Mr. Kamal Fawwaz Bin Muhamad (Senior Assistant Mill Manager), verified by the Mill Manager, Mr. Cheah Seng Chew on 29.01.2020.

The environmental aspect & impact assessment has covered key processes such as FFB Intake, FFB reception, FFB Sterilization, Threshing & Stripping, Crushing, FFB Gathering Point & Shredded Hopper, Digestion, MPD Press, Clarification, Separation, Decanter, Depericarper, Kernel Despatch, Kernel recovery, Steam generation, Power generation, CPO storage, CPO despatch, Kernel storage, Effluent treatment, Empty Chemical Container Store, Raw water treatment, Maintenance at workshop, Scheduled

waste store, Laboratory, Chemical store, POL store, Diesel tank, Grass Cutting, POM Machinery, Purification, Raw water Intake, water pump house, etc.

Risk Matrix table has been established classifying risk levels as Low (1- 4) , Medium (5- 12) and High (13-25)

Processes/activities such as separating nuts from fibre, pumping/ recycling of POME, cracking of nuts, generation of electricity using Steam Turbine, and generating steam using water tube Boiler are identified as high for the mill which has the mitigation measures stated on the Environmental Management Plan (EMP), latest updated by Mr. Kamal Fawwaz Bin Muhamad (Senior Assistant Mill Manager), verified by the Mill Manager, Mr. Cheah Seng Chew on 29.01.2020.

The Environmental Management Plan (EMP) has identified columns for Process/Area, Major Activity/Aspect, Impact, Waste generated, management control, PIC, Status and Completed date.

Sample evidences of Environmental Management Plan (EMP) established by the estates includes;

No	Major Activity/Aspect	Impact	Impact Management Control
1	Separating nuts from fibre	Noise pollution	Reuse as biomass for steam generation
2	pumping/ recycling of POME	Global warming	Field irrigation in estates/ lead to methane capture/ treated through belt-press
3	cracking of nuts	Noise pollution	To install new nut cracking silencer – done in Feb 2020, PPE issuance record – continuous practices
4	generation of electricity using Steam Turbine	Noise pollution	To install new nut cracking silencer – done in Feb 2020, PPE issuance record – continuous practices
5	generating steam using water tube Boiler	Air and noise pollution	Boiler ash - Reuse in estates for mulching

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

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

**Summary** The Environmental Improvement Plan has been incorporated in the Continuous Improvement Plan Year 2020 (Environmental) prepared by Mr Kamal Fawwaz Bin Muhamad (Assistant Mill Manager), verified by the Mill Manager, Mr Cheah Seng Chew on 16.07.2020.

The sample evidence of improvement for Environmental Impacts/Pollution and GHG Reduction, By-product Evacuation & Waste Reduction include the following improvement activities;

1. Installation of ESP to reduce dust particulate of Boiler.
2. EFB mulching
3. Belt Press Cake send to estate
4. Briefing on energy saving
5. Maximize of Biogas Engine
6. Signboard reminder

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

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

**Summary** The program of Continuous Improvement Plan (Environmental) prepared by Mr. Kamal Fawwaz Bin Muhamad (Assistant Mill Manager), verified by the Mill Manager, Mr. Cheah Seng Chew on 16.07.2020.

The Continuous Improvement Plan includes;

7. Environmental impacts/ pollution and GHG Reduction – installation of ESP to reduce dust particulate of Boiler – target date 2020-2021, currently already get approval for quotation.
8. By-product evacuation – EFB mulching – target date as continuous, status continuous.
9. By-product evacuation – Belt Press Cake send to estate – target date as continuous, status continuous
10. Waste reduction – Briefing on energy saving – scheduled on July 2020, in a training programme
11. Waste reduction – maximize of Biogas Engine – target date as continuous, status continuous
12. Waste reduction – signboard reminder – target date December 2020, status on-going

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

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

**Summary** The training programme and implementation on Environmental aspects for year 2020 as follow;

Description	Training Schedules	Training Implementation	No. of Attendees
KLK Sustainability Briefing on Policy	February 2020	01.02.2020	5 executives, 24 staff & 81 workers
KLK Sustainability Briefing on 3 P's	February 2020	01.02.2020	5 executives, 24 staff & 81 workers
KLK Sustainability Briefing on Domestic waste management	February 2020	01.02.2020	5 executives, 24 staff & 81 workers
Briefing on water sampling procedure	March 2020	02.03.2020	1 executive, 1 staff & 2 workers
Briefing on scheduled waste management	March 2020	13.07.2020	1 executive, 7 staff & 13 workers

**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** The Sustainability Management Review meeting FY 2019 held on 28.01.2020, attended by 36 executives and staffs, discussed the following issues;

1. Waste Reduction – ESP were planned to install in nearest time
2. Pollution and GHG emissions – Management will continue to maintain optimum practices to reduce the GHG emission.
3. Environmental Impact Assessment -all new activities will be included in EAIA. Environmental impact from every process was identified and management plan was developed for level risk

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

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

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

**Summary** Monitoring of Diesel Usage is conducted based on SOP 12.0, Appendix 4, Rev 3/2 of Waste Management & Energy Use dated 01.01.2020 in terms of litre/mt FFB transported for a period of January to June 2020.



Description	JPPOM
FFB processed,mt	93,937.36
Diesel, liter	21,748
Average, Liter/mt FFB	0.23
Diesel baseline value	0.27
Electricity, kWH	2,967,009
Average, kWH/mt FFB	31.58
Electricity baseline value	31.93

**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 mill has estimated diesel and electricity consumption for the year 2020.

Description	JPPOM (2020)
FFB processed, mt	233,322
Diesel, liter	111,400
Average, Liter/mt FFB	0.477
Electricity, kWH	6,601,382
Average, kWH/mt FFB	28.29

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

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

**Summary** The Mill has utilized/disposed all its by-product in 2019 as follow;

By-product	Formed	Combusted	Sold	Field application
Fibre (mt)	26,632.779	26,632.779	-	-
Shell (mt)	15,347.363	12,760.1528	2,587.21	-
EFB (mt)	27,990.37	-	-	27,990.37
Belt Press Cake (mt)	7,134.07	-	-	7,134.07
Decanter Cake (mt)	4,534.77	-	-	4,534.77
Ecomat (mt)	2,537.46	-	-	2,537.46

**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** The SOP No.12 Title: Scheduled waste management Rev 1/0 dated 01.01.2020.

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

The mill has identified and documented 5 types of wastes (SW305, SW306, SW322, SW409, SW410) that generated from its operation in a waste management plan titled "Identification of all waste products and operational plan to reduce pollution"

The appointed contractor (Lung Seng Chemicals Sdn Bhd) has disposed the following;

SW Code	305 (Used engine oil)	306 (used hydraulic oil)	322 (Hexane)	409 (empty contaminated container)	410 (Rags, plastic, paper & filter)
Previous Disposal Date	07.12.2019	07.12.2019	07.12.2019	07.12.2019	07.12.2019
Quantity Disposed (Unit)	0.806	0.277	0.992	0.336	0.091
1 <sup>st</sup> Generated Date after Disposal	26.12.2019	19.03.2020	24.12.2019	30.12.2019	30.12.2019
Recent Disposal Date	04.06.2020	04.06.2020	04.06.2020	04.06.2020	04.06.2020
Quantity Disposed (mt)	0.583	0.572	1.086	0.069	0.107
Licensed Contractor	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd
Remarks	161 days	77 days	163 days	165 days	165 days

Note: e-Swis reporting has been submitted on 14.07.2020.

**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. 2/1 dated 01.01.2020.

As a sample evidence, the Mill has established its Waste Management Plan as follow;

1. Process area; Effluent Treatment
2. Major Activity: Pumping/ recycling of POME
3. Waste generated: POME
4. Method: Field irrigation
5. Management Plan: Field irrigation in estates/ lead to methane capture/ treated through Belt-Press.
6. Person-In-Charge: Assistane Manager
7. Status: Continuous practice
8. Remarks: Refer to Effluent pumping book records, biogas report and Belt Press report.

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

As a sample evidence, the Register of Chemicals Hazardous to Health 2020 prepared by Mr. Kamal Fawwaz Bin Muhamad (Senior Assistant Mill Manager), verified by the Mill Manager, Mr. Cheah Seng Chew on 24.12.2019 for the following Location/Process;

1. Main Laboratory – 23 chemical names
2. Lubricant store – 10 chemical names
3. Diesel store & Control – 1 chemical name
4. Kaolin/Calcium Carbonate store – 1 chemical name
5. Oxygen/Acetylene and general store – 3 chemical names
6. Water treatment store – 5 chemical names
7. Boiler water treatment store – 6 chemical names
8. Workshop and all Machinery – 13 chemical names
9. Clay bath system (kernel plant) – 1 chemical name
10. Water treatment plant – 4 chemical names
11. Boiler water treatment plant – 6 chemical names
12. Belt press plant – 1 chemical name

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

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

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

The domestic waste from the housing area and mill premises is well managed and all domestic wastes are collected and disposed at the designated landfill;

Collection frequency (times per week)	Location of landfill
2 or 3 times done by Jeram Padang Estate	PM2013A

**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** All by-products produced from mill operation are disposed to the state of:

1. Decanter cake sent to estates (Ayer Hitam, Batang Jelai, Jeram Padang Estates) as fertilizer
2. EFB sent to estates (Ayer Hitam, Batang Jelai, Jeram Padang, Sungei Kawang, Gunong Pertanian, Kombok dan Tuan Estates) for oil palm mulching
3. Belt pressed cake to estates (Ayer Hitam, Batang Jelai, Jeram Padang Estates) as fertiliser
4. POME to estate (Jeram Padang Estate) as land application (irrigation & fertilizer – furrow system). For 2019 the discharged POME amounted to 115,044<sup>m</sup>, while for January to June 2020 amounted to 83,612<sup>m</sup>.

The Mill has implemented its GHG Calculator to calculate the following emissions parameter/source;

1. Land conversion – 105,959.44mt
2. CO<sub>2</sub> emissions from Fertilizer – 16,638.99mt
3. NO<sub>2</sub> emissions from Fertilizer – 9,250.82mt
4. Fuel consumption – 1,162.56mt
5. Crop sequestration – (95,270.99mt)
6. Total – 38,222.44mt

To-date CO<sub>2</sub> emissions for a period of October 2018 to September 2019 for processing of 204,867.53mt FFB is 38,222.44tCO<sub>2</sub> or equal to 0.1866 tCO<sub>2</sub>/ton FFB.

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

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

**Summary** The Environmental Management Plan reviewed/ prepared by Mr. Kamal Fawwaz Bin Muhamad (Senior Assistant Mill Manager), verified by the Mill Manager, Mr. Cheah Seng Chew on 29.01.2020 includes the following activities;

1. Major Activity/Aspect: Discharge of POME
2. Impact: Water pollution
3. Impact Management Control: To carry out regular monitoring of effluent results, POME waste water is treated using ponding system before discharging into cascaded pits for land application, operation of belt press to remove effluent solids, in-house testing of BOD and COD
4. Monitoring Plan: Monthly effluent result, effluent pumping book record, belt press report, effluent test result.
5. Status: Continuous practices

**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 Jeram Padang Estate for land application. For the month of June 2020 – POME generated (22,095m<sup>3</sup>) vs applied (20,990 m<sup>3</sup>) with BOD 94ppm.

To-date POME discharge for a period of January 2020 to June 2020 is 87,458m<sup>3</sup> for land application measured using Flowmeter. DOE Limits for final discharge/Land application – 5,000ppm.

The POME final discharge has been analysed by Technology & Quality Control Centre, KLK Bhd Kota Damansara on 16.06.2020 – 19.06.2020.

Parameter	Results	DOE Limits
pH	8.4 @ 26.0°C	N/A
COD	925ppm	N/A
BOD	94ppm	5,000 ppm max
Sus. Solid	319ppm	N/A
Amm-N	67ppm	N/A
Tot N	106ppm	N/A
Oil& Grease	39ppm	N/A
Tot Solid	6,260ppm	N/A

**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**

The Company has established Surface & Groundwater management SOP No. 5 Rev 1/0 dated 01.06.2015 was established for the mill to source from the following;

- River water, Water catchment ponds (WCP) wetlands
- Water for consumption (from hill/tube well/spring)
- Raw/treated water – at water treatment plant
- Domestic wastewater
- Palm oil effluent

Source of water for mill processes is from nearby river (Sg Muar) and pumped to clarifier and overhead storage tank. The water is not treated as it is not for human consumption. Water supply for workers and staffs is from treated water.

The raw water quality from Sg Muar for date sample drawn on 08.04.2020 analysed by Technology & Quality Control Centre, KLK Bhd Kota Damansara tabulated below;

Parameter	Results	MOH Limits
pH	6.0	N/A
Sus. Solid	16ppm	N/A
Tot Solid	116ppm	N/A

The Domestic Wastewater samples analysis results for linesite, analyzed by Technology & Q.C. Centre, Kuala Lumpur Kepong Bhd, Kota Damansara are;

Estate	JPPOM Linesite
Sampling Date	10.01.2020
BOD (ppm)	18
DOE's Limit	50ppm max.

Note: BOD results passed the DOE's limit

The treated water quality for drinking water analysed by Organo (Asia) Sdn Bhd, Shah Alam reported on 13.07.2020.

Parameter	Results	MOH standard
pH	7.3	6.5 – 9.0
Turbidity	0.26	< 5
Alum (as Al)	ND (<0.01)	< 0.20
Free Chlorine	0.25	> 0.20
E-Coli	ND (<1.1)	ND/ 100ml

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

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

**Summary** The POME is sent to the estate for land application. The BOD is below approved limit of 5000ppm by DOE for land application 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** Mill capacity 55 MT/Hr – Sterilization is by vertical sterilizer. The mill has implemented Good Milling Practice (GMP) as seen from visit to the mill and seen from the document and also interviewing the workers.

Palm Oil Mill has 6 types of Manuals-

- 1) Sustainability Manual & Standard Operating Procedure
- 2) Mill Standard Operation Procedure (SOP)
- 3) Group Policy Occupational Safety & Health - Guidelines
- 4) Group Policy Occupational Safety & Health – Manual
- 5) COVID 19 by Majlis Keselamatan Negara (MKN) - SOP Sektor Agrikomoditi
- 6) COVID 19 Emergency Preparedness and Response Guidelines for Plantation (Estate and Mill Operations) – Malaysia March 2020.

The document was well maintained and implemented.

- 1) Sustainability Manual & Standard Operating Procedure (20) includes:
  - i. SOP 1 – Stakeholders Engagement
  - ii. SOP 2 – Legal Compliance
  - iii. SOP 3 – Land Acquisition (OP Planting)

- iv. SOP 4 – Soil Erosion & Fertility and Road Maintenance
  - v. SOP 5 – Surface Water & Groundwater Management
- 2) Mill Standard Operating Procedure includes:
- i. Weighbridge
  - ii. Boiler
  - iii. Capstan
  - iv. Crude Oil Tank
  - v. Deoiling Tank
  - vi. Digester & Pressing
  - vii. Kernel Plant
- 3) Group Policy Occupational Safety & Health – Guidelines includes:
- i. Safe Operating Procedure (SOP)
  - ii. Safety Guidelines
  - iii. Safety Checklist
  - iv. Training Material
  - v. Safety Signages
- 4) Group Policy Occupational Safety & Health – Manual includes:
- i. GP/OSH 01 – Policy
  - ii. GP/OSH 02 – OSH Management System (1-5)
  - iii. GP/OSH 03 – SOP 1
  - iv. GP/OSH 04 – Emergency Plan 1-2
  - v. GP/OSH 05 – Health & Safety
- 5) COVID 19 by Majlis Keselamatan Negara (MKN) - SOP Sektor Agrikomoditi includes:
- i. Saringan Kesihatan
    - Pemeriksaan dan Pemantauan Kesihatan Sebelum Operasi
    - Tindakan Pencegahan Semasa Operasi
    - Pemeriksaan Kesihatan ke atas Pelawat/Pembekal
  - ii. Laporan kesihatan (di premis dan penginapan pekerja yang disediakan syarikat)
  - iii. Aplikasi Sejahtera
  - iv. Protokol Pencegahan Penyakit & Sekatan
  - v. Saringan Kesihatan
  - vi. Laporan kesihatan (di premis dan penginapan pekerja yang disediakan syarikat)
  - vii. Aplikasi Sejahtera
- 6) COVID 19 Emergency Preparedness and Response Guidelines for Plantation (Estate and Mill Operations) – Malaysia March 2020 includes:
- i. Education On COVID-19 For Workers
  - ii. Standard Operating Procedures (SOPs) and Guidelines
    - Preventive Actions at Operating Centres
    - Health Screening and Monitoring
    - Guidance for Managing Suspected or Confirmed COVID1-9 cases



- Disinfection Services
- iii. Workforce Management at Estates and Palm Oil Mills
- iv. Protocol of Estates and Mills Closure Order by Government
- v. Appendix
  - Emergency contact
  - List of private hospitals and healthcare providers for home sampling
  - List of designated hospital for handling COVID-19 cases

As evidence, sighted the training for "Perintah Kawalan Pergerakan & Langkah-langkah Pencegahan dan Kawalan Menangani COVID-19" on 19<sup>th</sup> March 2020. Attended by 204 participants (executives/staffs/workers/stakeholders)

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

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

**Summary** The mill is not certified by MPOB Codes of Milling Practice (CoP). However, mill has implemented Good Milling Practice (GMP) as per their own SOP's.

As evidence, the mill is operating in accordance to Jadual Pematuhan – Syarat-Syarat Lesen Premis Minyak Kelapa Sawit Mentah, Jabatan Alam Sekitar Ref No. ASNS(B)31/152/000/004; License No: 004097; valid until 30.06.2020. The mill is complying with the BOD limit stipulated under "Pengurusan Efluen – Kepekatan Oksigen Biokimia Yang Diperlukan (BOD, 3 hari, 30°C) tidak melebihi 5000mg/l".

Final discharge analysis carried out on monthly basis. Sighted water discharge (furrow) to trenches monitoring for Jeram Padang POM.

**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** Jeram Padang POM has an annual budget for the financial year 2019/2020. The palm oil mill budget includes the projected FFB to be processed, CPO and PK production for the period of three years from 2019/2020 until 2021/2022.

It is also incorporated items such as general charges, mill maintenance, process shift labour, general services, processing cost, fixed assets, etc. Sighted documented Business and Management Plan prepared by Mr. Cheah Seng Chew (Mill Manager).

Supply Base/FY	2019/20	2020/21	2021/22
FFB (MT)	233,322	229,350	223,602

Projected OER (%)	22.10	22.10	22.10
Projected PK (%)	5.00	5.00	5.00
Ex- Mill Cost Per Tonne	176	175	174
MPOB CPO Price Per Tonne Forecast	2,400	2,450	2,500
Net Profit (RM)	125,434,947	128,228,903	129,821,435

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

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

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

**Summary** No signage of FFB pricing at the gate or at weighbridge station as FFB is only from own estates.

However, KLK has developed SOP for FFB Pricing Mechanism, SOP No. 17 Issue/Rev 2/1 dated 01/01/2020. Stated:

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

Based on the above, the FFB price will be determined by the KLK HQ at month end. Jeram Padang POM is acted as a processing center for the FFB received.

The company will make an announcement for tender for other services like CPO/PK transportation, hiring excavator/backhoe and etc.

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

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

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

- Sighted the Contract Agreement between mill with Sing Chuan Aik Transport Sdn Bhd (Hire of CPO Transporter) sealed on 01<sup>st</sup> May 2020.
- Sighted the Contract Agreement between mill with Hup Soon Huat Transport (Hire of PK Transporter) sealed on 01<sup>st</sup> January 2020.
- Sighted the Contract Agreement between mill with Sim Lian Huat Holdings Sdn Bhd (Hire of PK Transporter) sealed on 01<sup>st</sup> January 2020.

Payment will be paid 60 days after the estate received the invoice from contractors.

As evidence sighted the invoice send by:

- Sing Chuan Aik Transport Sdn Bhd (Hire of CPO Transporter) to mill on 31<sup>st</sup> March 2020. Mill paid to the contractor on 21<sup>st</sup> April 2020.; Cheque no: 206333; RM 71,984.05.
- Sim Lian Huat Holdings Sdn Bhd (Hire of PK Transporter) to mill on 30<sup>th</sup> March 2020. Mill paid to the contractor on 20<sup>th</sup> April 2020.; Cheque no: 206363; RM 13,246.48.

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

Criterion 4	Contractor
<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.

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

As evidence, sighted of evidence of MSPO clause for contractor in agreement:

- Sing Chuan Aik Transport Sdn Bhd (Hire of CPO Transporter); Contract Agreement Terms and Conditions; Appendix I; "KLK Berhad – Occupational Safety and Health and Sustainability Requirement. Sighted the contract agreement/payment slip for their workers.
  - i.      Workers A
    - Mar 2020
    - = RM 2,858.00
  - ii.     Workers B
    - Mar 2020
    - = RM 1,580.82

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

<b>Indicator 2</b>	The management shall provide evidence of agreed contracts with the contractor.
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**Summary**      All the contractors aware that mill already certified under MSPO. Therefore, the contractor has been instructed by mill management to follow the MSPO standard requirement when carrying out their work in the mill premise.

All the contract agreements are kept in contractor's file. Sighted the contract that sign by contractors with the company.

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

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

**Summary** The mill was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 24<sup>th</sup> July 2020. Sighted audit plan dated 18<sup>th</sup> July 2020 (2<sup>nd</sup> Revised) which have been accepted address to Ms. Lee Kuan Yee, the KLK Sustainability Sr. Manager. All the auditors are qualified MSPO auditor. As per agreed, the KLK Berhad accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed.

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

## 2.7 Details of Audit Findings

### Details Non-Conformity

- See Appendix B -

### Details of Area of Concern

- See Appendix B -

### Details of Noteworthy / Positive Findings

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

## Appendix A: Audit Plan

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
19 <sup>th</sup> July 2020	TBA	➤ <b>Travelling to Bentong, Pahang.</b>	MS	ABS MFM
20 <sup>th</sup> July 2020	08:00 – 09:00	➤ <b>Centralize Opening Meeting at Sungei Kawang 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>	MS	ABS MFM
	09:00 – 13:00	<b>Sungei Kawang 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>	MS	ABS MFM
	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>	MS	ABS MFM
	13:00 – 14:00	➤ <b>Lunch/Rest</b>	MS	ABS MFM
	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>	MS	ABS MFM
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	MS	ABS MFM

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
21 <sup>st</sup> July 2020	08:00 – 13:00	<b>Ayer Hitam 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,</li> </ul> </li> </ul>	MS	ABS MFM



		FFB 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></li> <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>	MS	ABS MFM
	13:00 – 14:00	➤ <b>Lunch/Rest</b>	MS	ABS MFM
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</b></li> <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>	MS	ABS MFM
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	MS	ABS MFM

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
22 <sup>nd</sup> July 2020	08:00 – 13:00	<b>Gunong Pertanian Estate</b> <ul style="list-style-type: none"> <li>➤ <b>Document Audit:</b></li> <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>	MS	ABS MFM
	10:30 – 12:30	<ul style="list-style-type: none"> <li>➤ <b>Estate inspection:</b></li> <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>	MS	ABS MFM
	13:00 – 14:00	➤ <b>Lunch/Rest</b>	MS	ABS MFM
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</b></li> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint</li> </ul>	MS	ABS MFM





		records, workers records, training records, permits, CIP, etc.		
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 3.	MS	ABS MFM

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
23 <sup>rd</sup> July 2020	08:00 – 13:00	<b>Jeram Padang 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>	MS	ABS MFM
	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>	MS	ABS MFM
	13:00 – 14:00	➤ <b>Lunch/Rest</b>	MS	ABS MFM
	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>	MS	ABS MFM
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 4.	MS	ABS MFM

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
24 <sup>th</sup> July 2020	08:00 – 13:00	<b>Jeram Padang Palm Oil Mill</b> <ul style="list-style-type: none"> <li>➤ <b>Document Audit:</b> <ul style="list-style-type: none"> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.</li> </ul> </li> </ul>	MS	ABS MFM

	10:30 – 12:30	<ul style="list-style-type: none"> <li>➤ <b>Mill Inspection:</b></li> <li>• Workshop, Laboratory, Environment, OHS, Chemical Stores, Workers Welfare and Interview, Clinic, Landfill, Mill Housing, Biogas System, WWTP, Schedule Waste, POME.</li> </ul>	MS	ABS MFM
	13:00 – 14:00	➤ <b>Lunch/Rest</b>	MS	ABS MFM
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</b></li> <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>	MS	ABS MFM
	16:00 – 16:30	➤ Verify any outstanding issues and auditor discussion.	MS	ABS MFM
	16:30 – 17:00	<ul style="list-style-type: none"> <li>➤ <b>Centralize Closing Meeting at Jeram Padang POM:</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>	MS	ABS MFM

## Appendix B : Non-Conformity details

### Non-Conformities Identified During This Audit

<b>Major Nonconformities:</b>	Non-were raised during this audit.
<b>Minor Nonconformities:</b>	Non-were raised during this audit.
<b>Area of Concern:</b>	Non-were raised during this audit.

### Non-Conformities Identified During Previous Audit [ASA1]

<b>Major Nonconformities:</b>	Non-were raised during this audit.
<b>Minor Nonconformities:</b>	Non-were raised during this audit.
<b>Area of Concern:</b>	Non-were raised during this audit.

## Appendix C: List of Stakeholders Contacted

### Attendance List

#### Internal Stakeholders

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

#### External Stakeholders

- 1) Contractors
- 2) Suppliers