

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

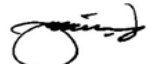
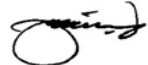

CERTIFICATION AUDIT REPORT


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

Kuala Lumpur Kepong Berhad
Jeram Padang Complex [Estates]

-Group Certification-

ANNUAL SURVEILLANCE AUDIT 03
20th July 2020 – 23rd 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 Complex [Estates]. During this Annual Surveillance Audit (ASA 3), the audit team briefed by sustainability member, of the supply base disposition. The source of FFB supplies to Jeram Padang POM are from their own estates [Batang Jelai Estate, Gunong Pertanian Estate, Jeram Padang Estate, Kombok Estate, Renjok Estate, Sungei Kawang Estate, Tuan Estate, Ulu Pemas Estate, Ayer Hitam Estate and Kemasul Estate].

This assessment was conducted onsite on 20th July 2020 – 23rd July 2020 to assess the compliance of the certification unit against the "MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholder". The scope of certification is "Management of Sustainable Oil Palm Plantations from Cultivation, Planting and Production of Fresh Fruit Bunches".

1.2 Company details and Contact information

Company Name Kuala Lumpur-Kepong Berhad

Business Address Wisma Taiko, 1, Jalan S.P Seenivasagam, 30000 Ipoh, Perak.

Contact Person Ms. Lee Kuan Yee

Office Telephone +6052408000

E-Mail kuanyee.lee@klk.com.my

1.3 Certification Unit**Name of the Certification Unit**

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Ayer Hitam Estate	KM 18, Jalan Bahau – Temerloh, Bandar Sri Jempol, 72109 Negeri Sembilan.	E 102.41818	N 2.94078
2.	Batang Jelai Estate	KM 7, Jalan Rompin – Jelai, 73500 Rompin, Negeri Sembilan.	E 102.47211	N 2.7043
3.	Gunong Pertanian Estate	KM 4, Jalan Simpang Durian – Bahau, 72400 Simpang Durian, Negeri Sembilan.	E 102.26922	N 3.07719

4.	Jeram Padang Estate	KM 12, Jalan Jelai – Rompin, 72109 Bahau, Negeri Sembilan.	E 102.40389	N 2.71806
5.	Kemasul Estate	Ladang Kemasul, 28200 Mengkarak, Pahang.	E 102.39247	N 3.29873
6.	Kombok Estate	KM 4, Jalan Sg Gadut – Rantau, 71209 Rantau, Negeri Sembilan.	E 101.98771	N 2.62103
7.	Renjok Estate	KM 17, Jalan Karak – Mancis, 28600 Karak, Pahang.	E 102.08123	N 3.30526
8.	Sungei Kawang Estate	KM 18, Jalan Karak – Temerloh, 28500 Lanchang, Pahang.	E 102.14000	N 3.47111
9.	Tuan Estate	KM 22, Jalan Karak – Mancis, 28600 Karak, Pahang.	E 102.10222	N 3.27849
10.	Ulu Pedas Estate	KM 24, Jalan Seremban – Tampin, 71409 Pedas, Negeri Sembilan.	E 102.06652	N 2.63173

MPOB License Information

No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
1.	Ayer Hitam Estate	501780002000	31/05/2021	"Menjual & mengalih FFB"
2.	Batang Jelai Estate	501781802000	30/05/2021	"Menjual & mengalih FFB"
3.	Gunong Pertanian Estate	538838002000	30/04/2021	"Menjual & mengalih FFB"
4.	Jeram Padang Estate	501787702000	31/05/2021	"Menjual & mengalih FFB"
5.	Kemasul Estate	616386002000	31/03/2021	"Menjual & mengalih FFB"
6.	Kombok Estate	501786902000	31/05/2021	"Menjual & mengalih FFB"
7.	Renjok Estate	501403702000	31/03/2021	"Menjual & mengalih FFB"
8.	Sungei Kawang Estate	503707002000	30/06/2021	"Menjual & mengalih FFB"
9.	Tuan Estate	503714202000	31/07/2020	"Menjual & mengalih FFB"
10.	Ulu Pedas Estate	501785102000	31/05/2021	"Menjual & mengalih FFB"

Others Sustainability Certification

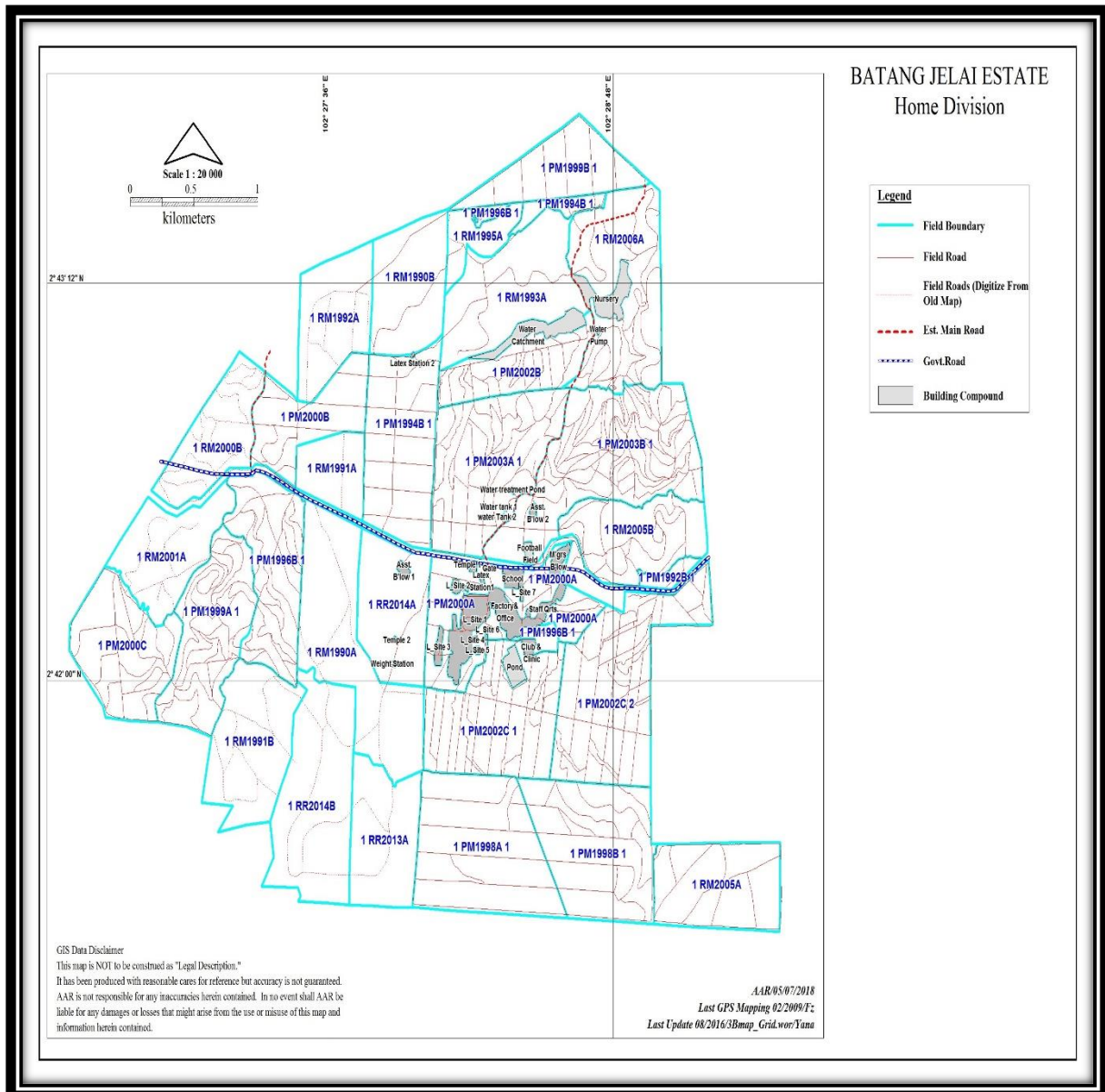
No	Name Of The Site	Others Sustainability Certifications
1.	Ayer Hitam Estate	Roundtable on Sustainable Palm Oil (RSPO) & International Sustainability and Carbon Certification (ISCC)
2.	Batang Jelai Estate	
3.	Gunong Pertanian Estate	
4.	Jeram Padang Estate	
5.	Ulu Pedas Estate	
6.	Kombok Estate	
7.	Renjok Estate	
8.	Sungei Kawang Estate	
9.	Tuan Estate	
10.	Kemasul Estate	-

1.4 Map Showing Geographical Location

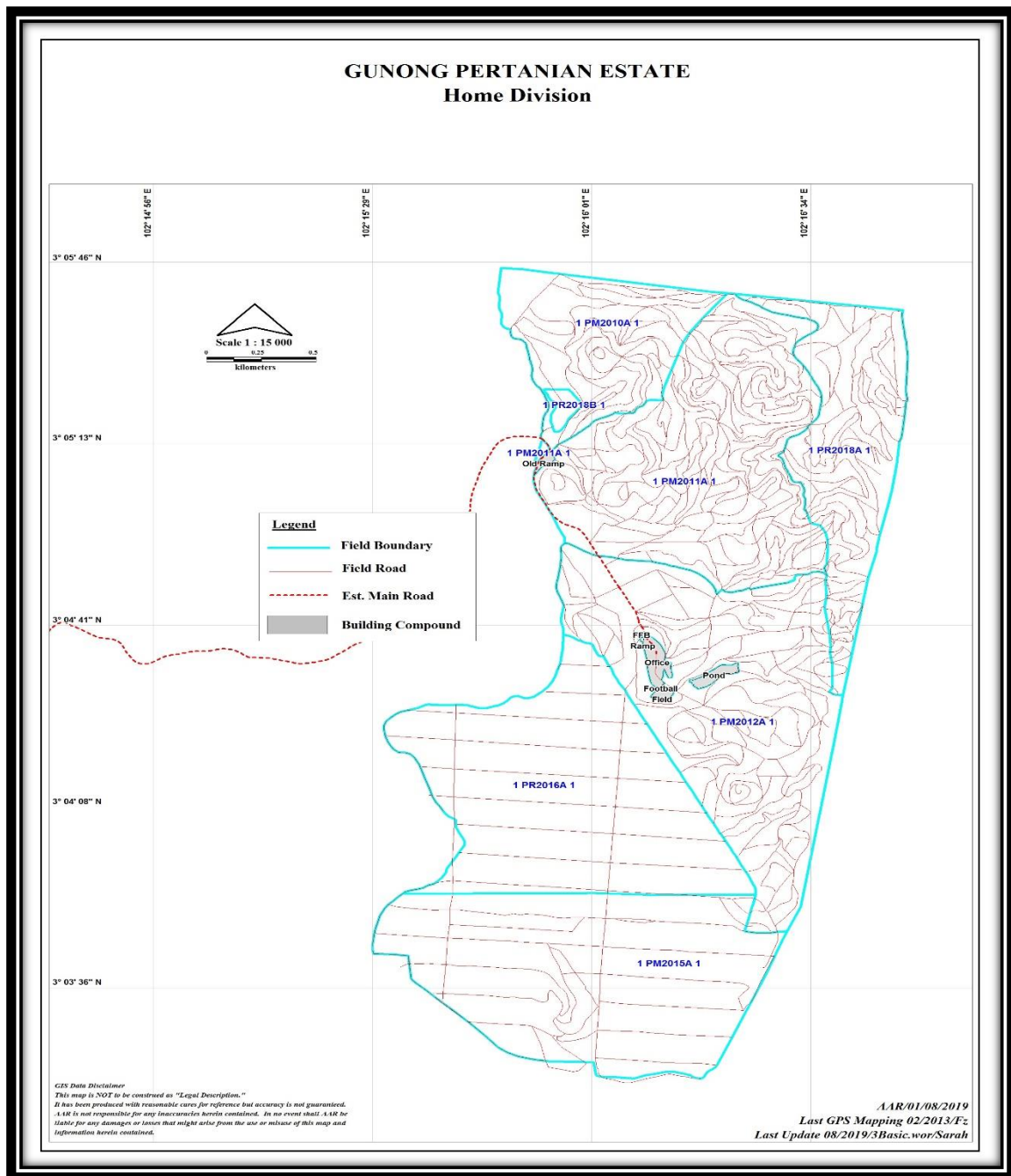
1) KLK Jeram Padang Complex [Estates]



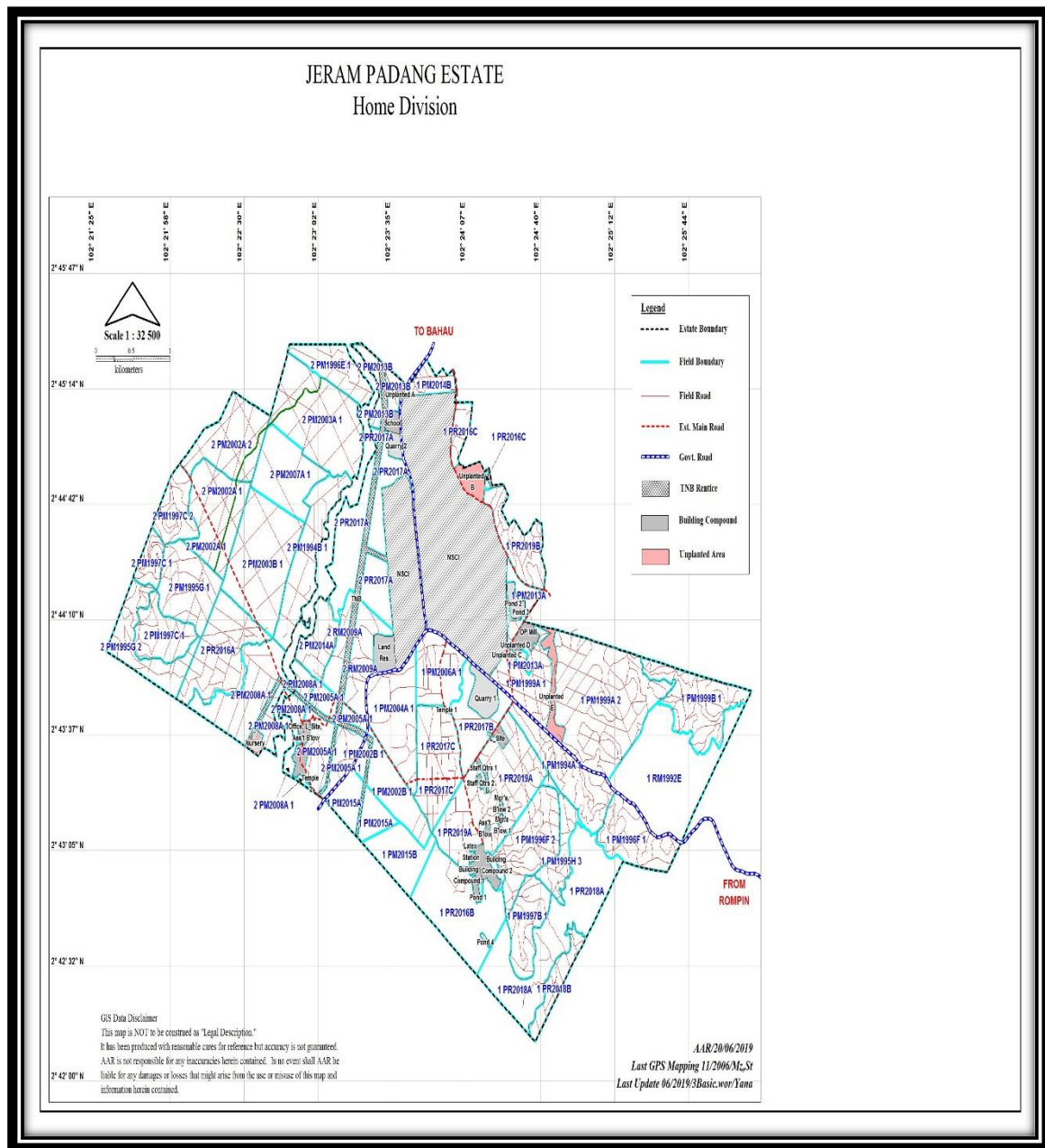
2) Batang Jelai Estate (Home Division)



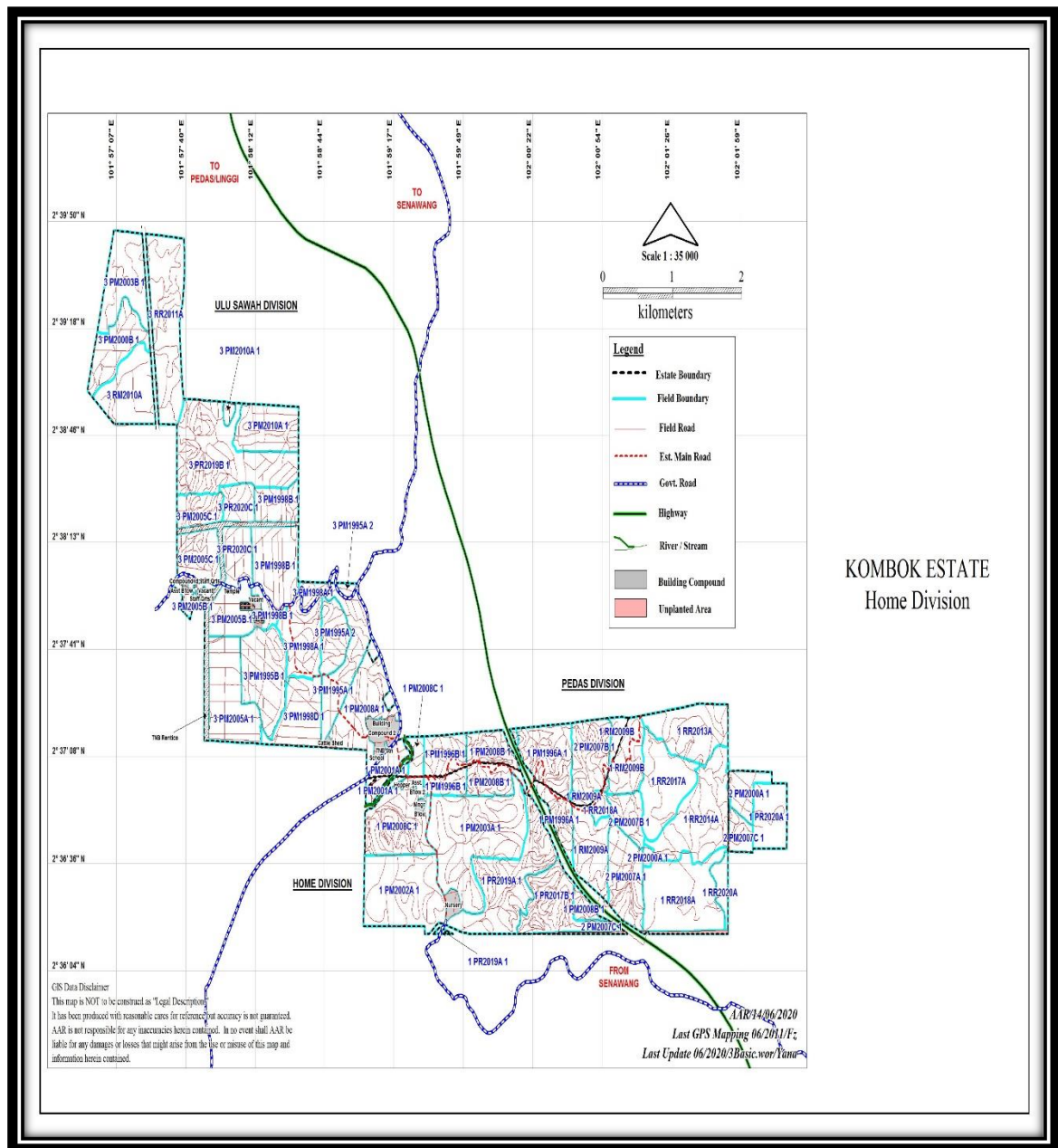
4) Gunong Pertanian Estate (Home Division)



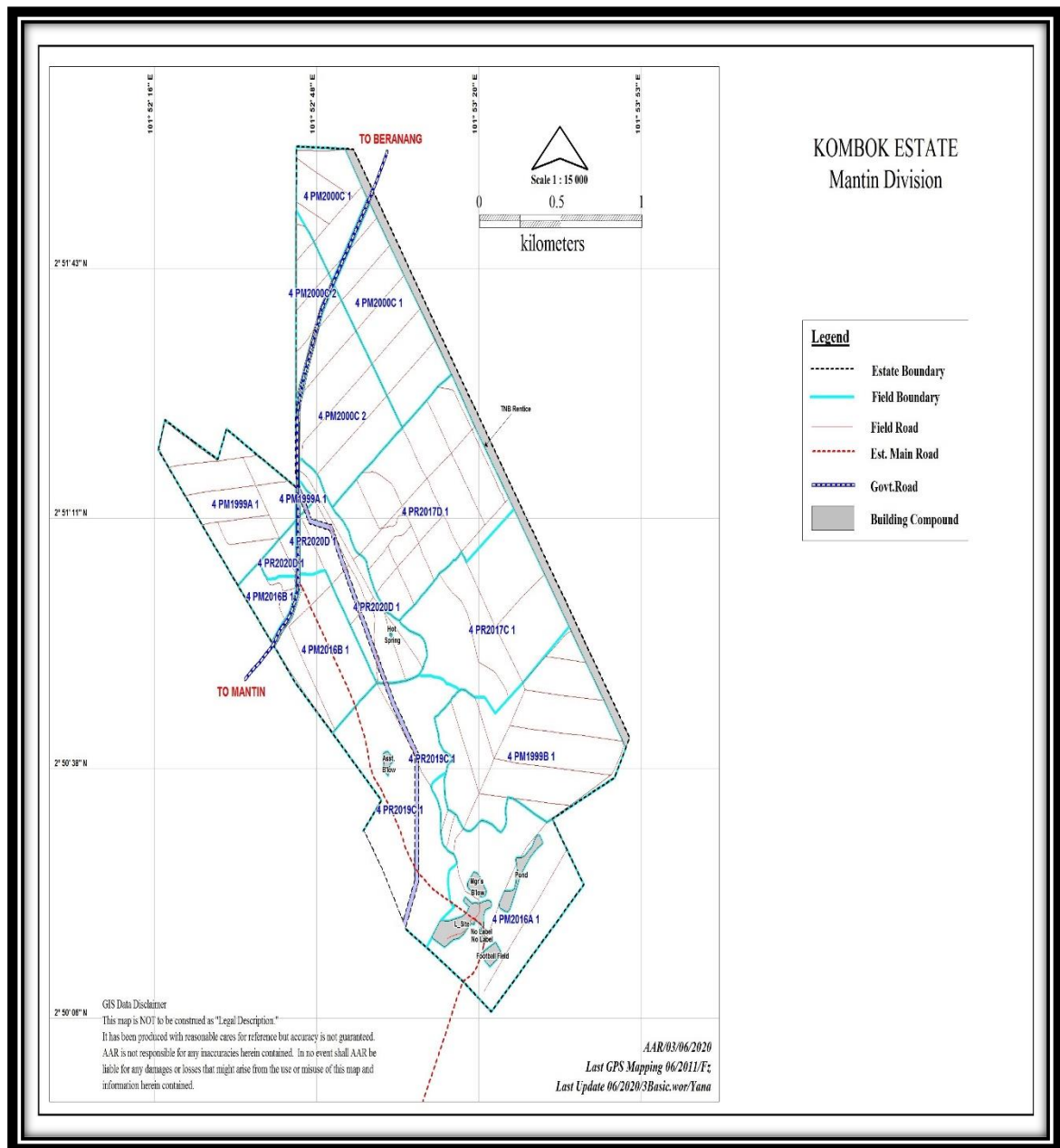
5) Jeram Padang Estate (Home and Kepis Division)



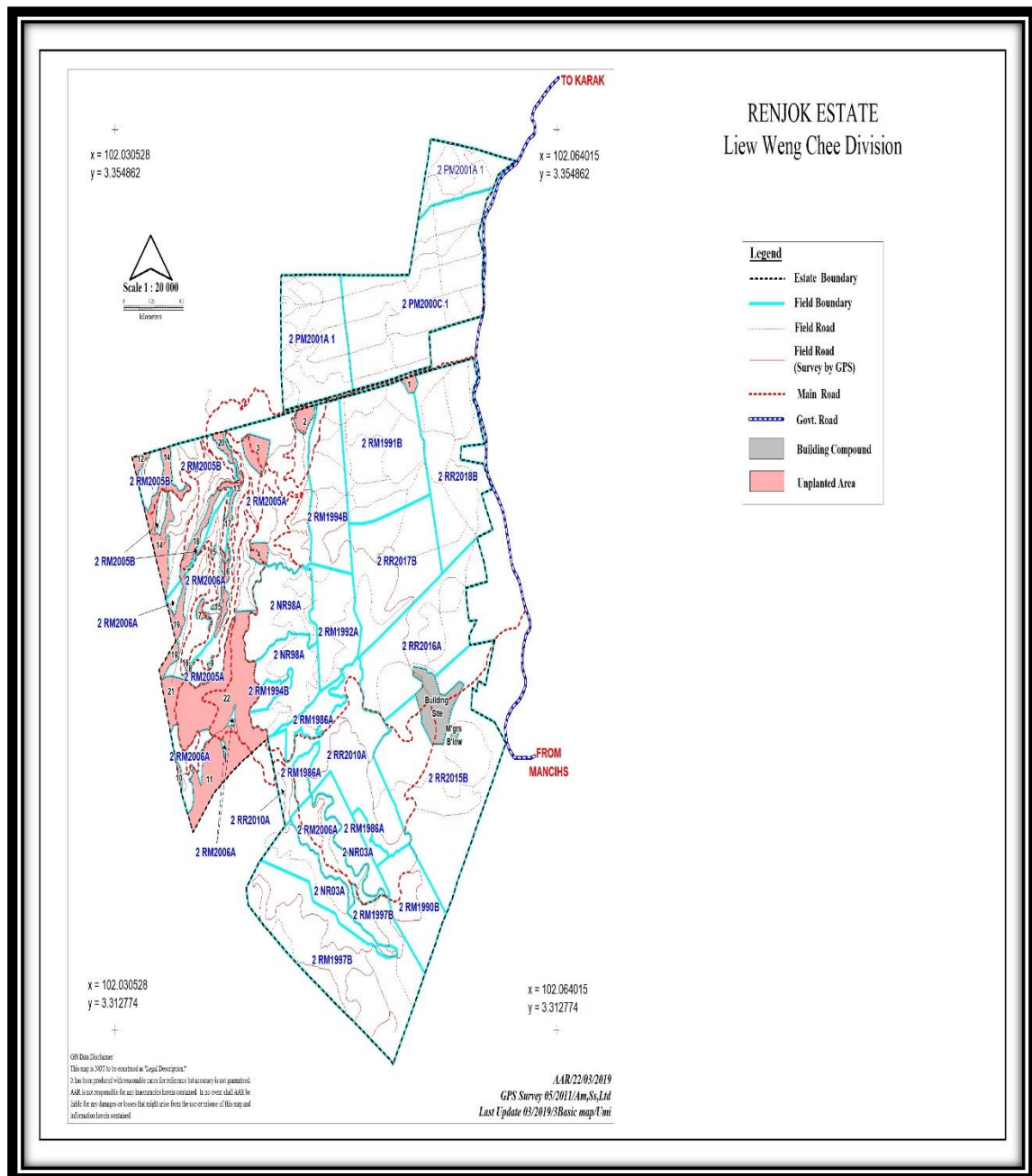
6) Kombok Estate (Home and Ulu Sawah Division)



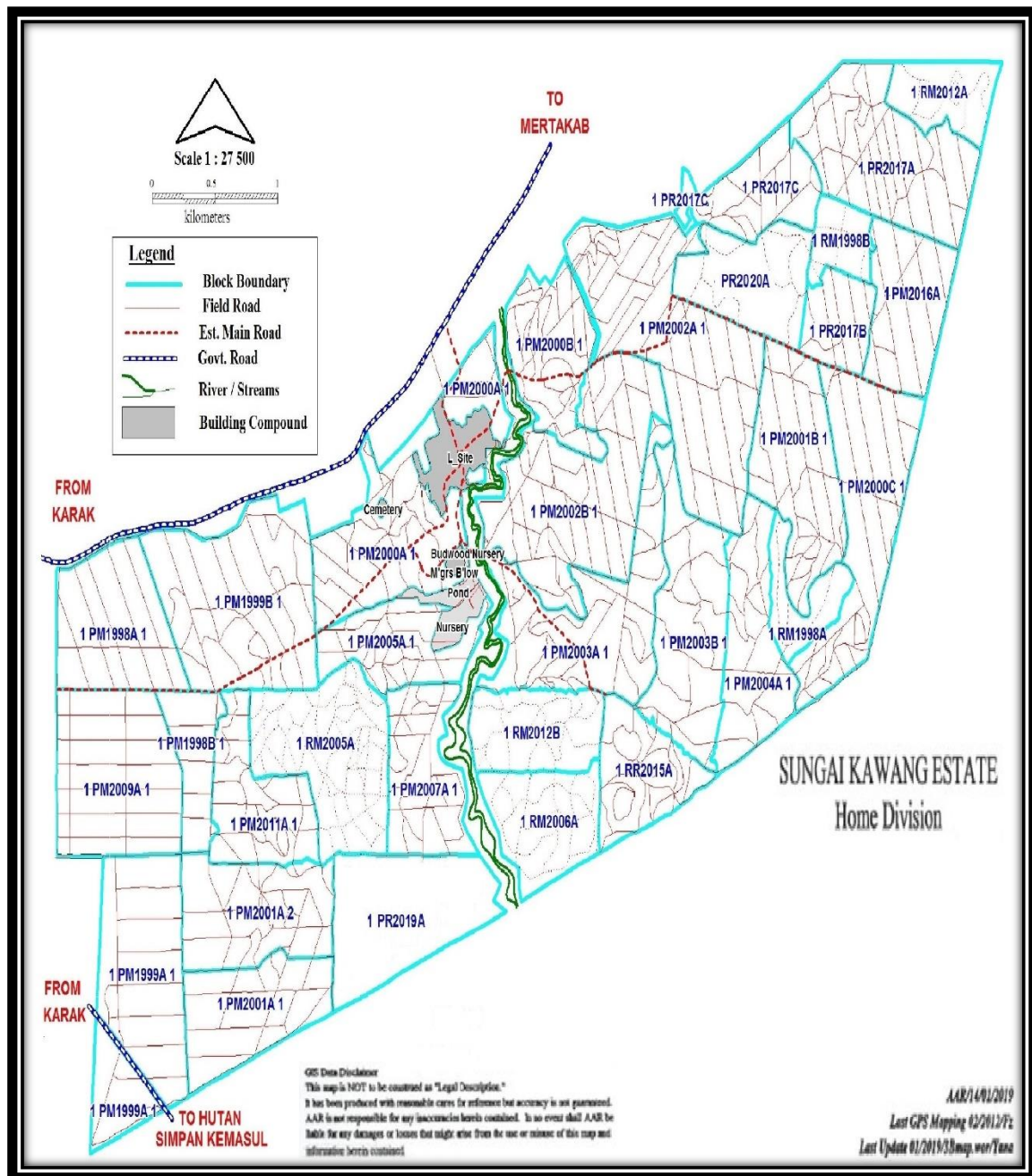
7) Kombok Estate (Mantin Division)



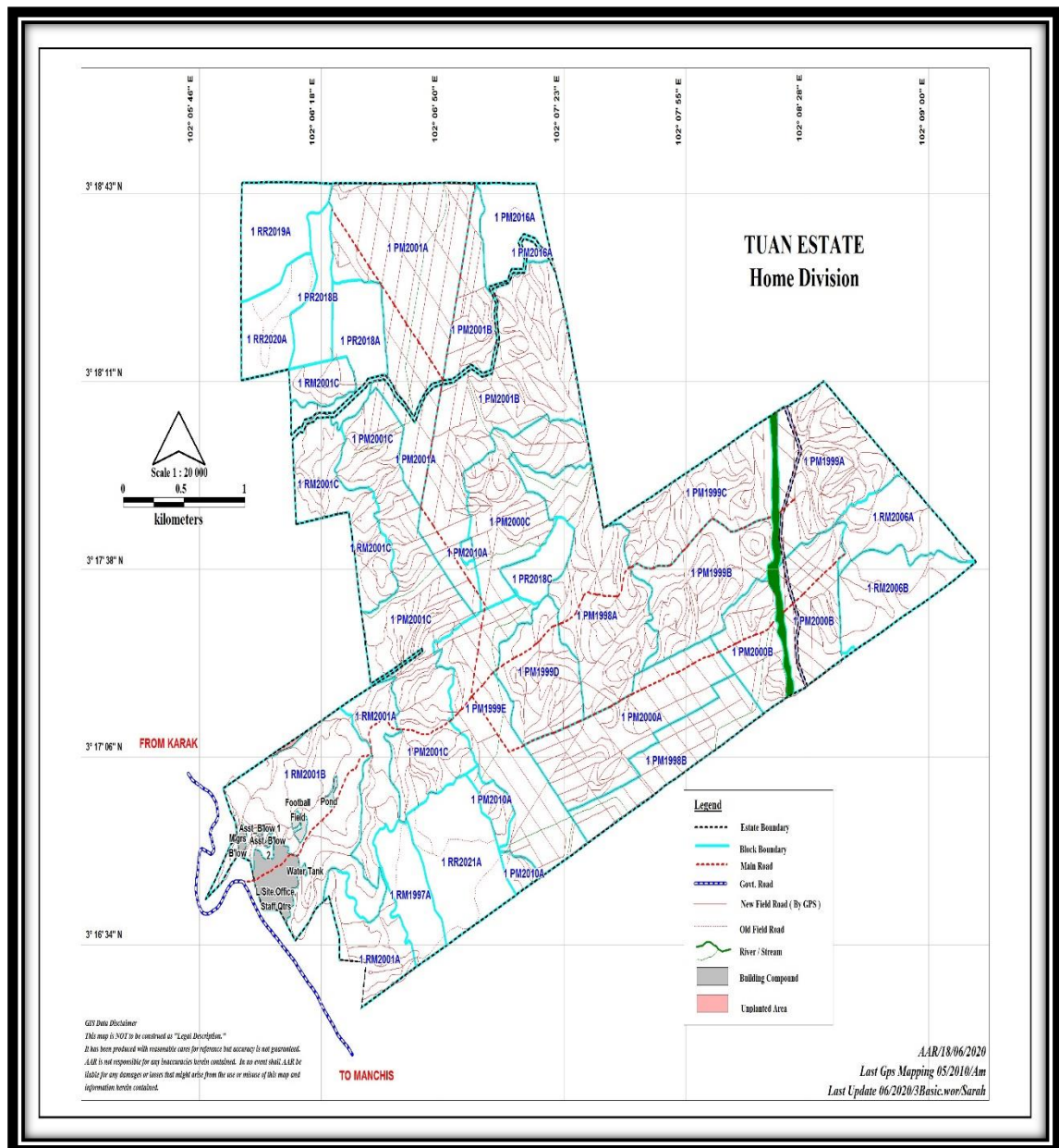
9) Renjok Estate (Liew Weng Chee Division)



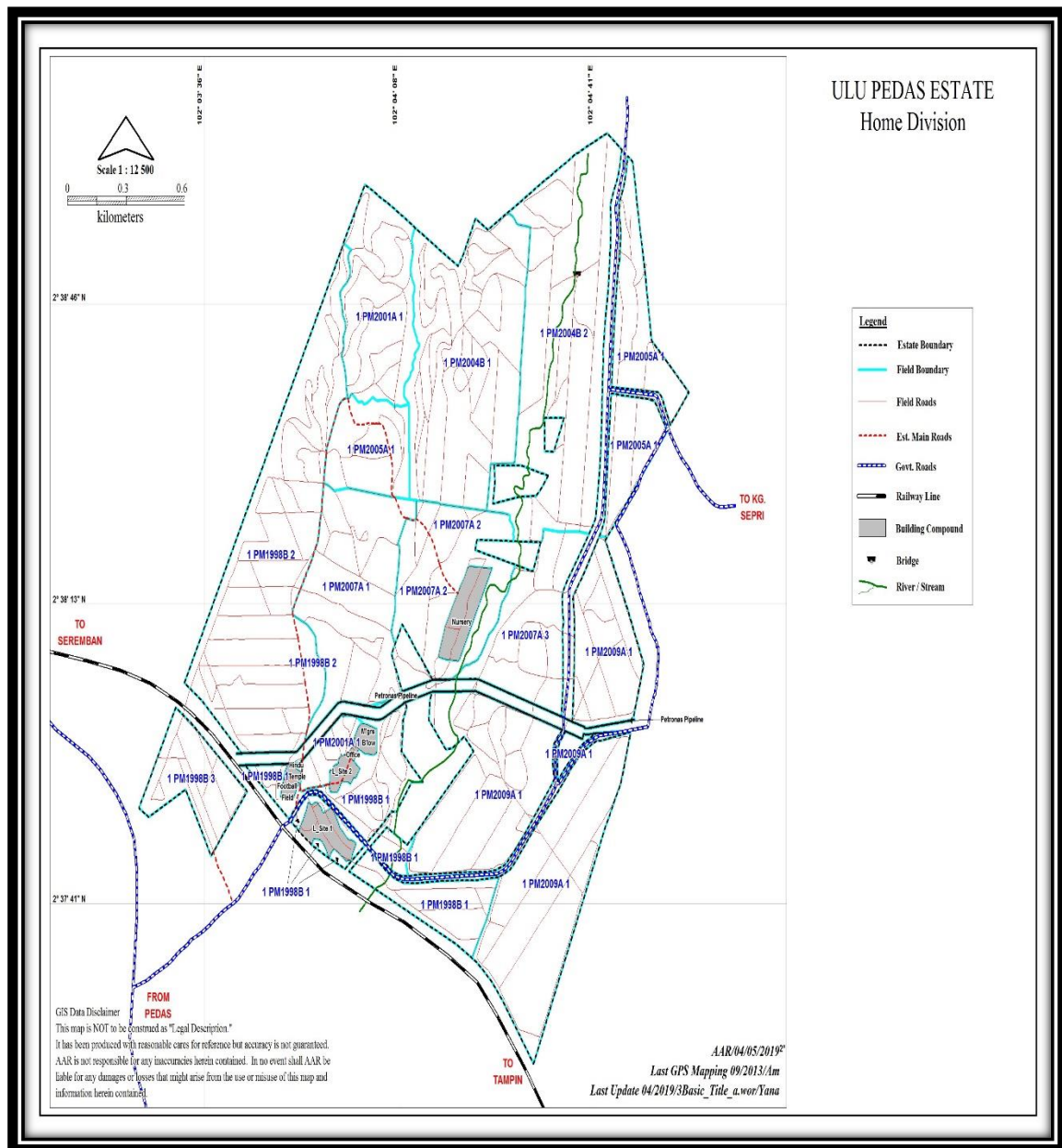
10) Sungai Kawang Estate (Home Division)



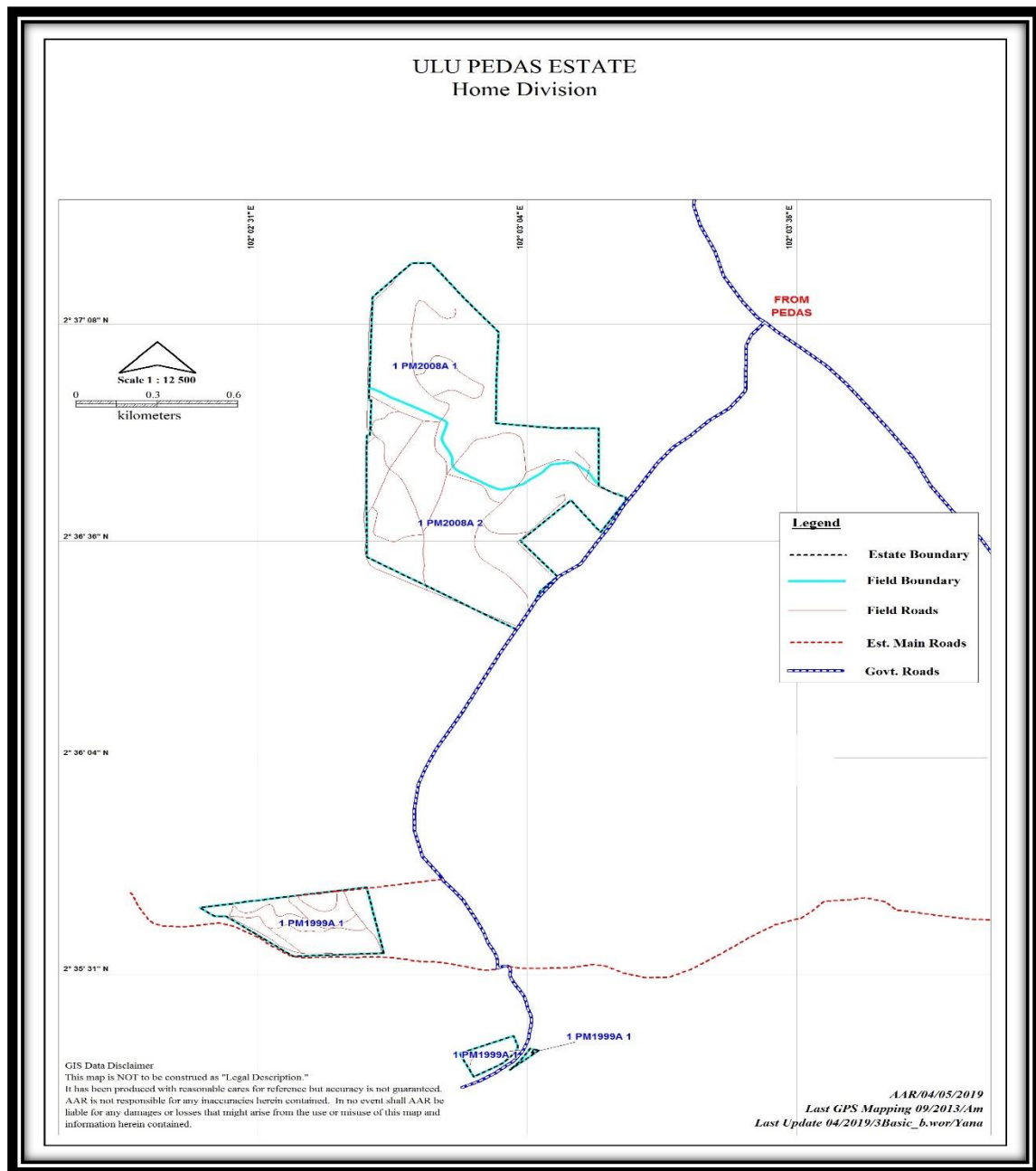
11) Tuan Estate (Home Division)



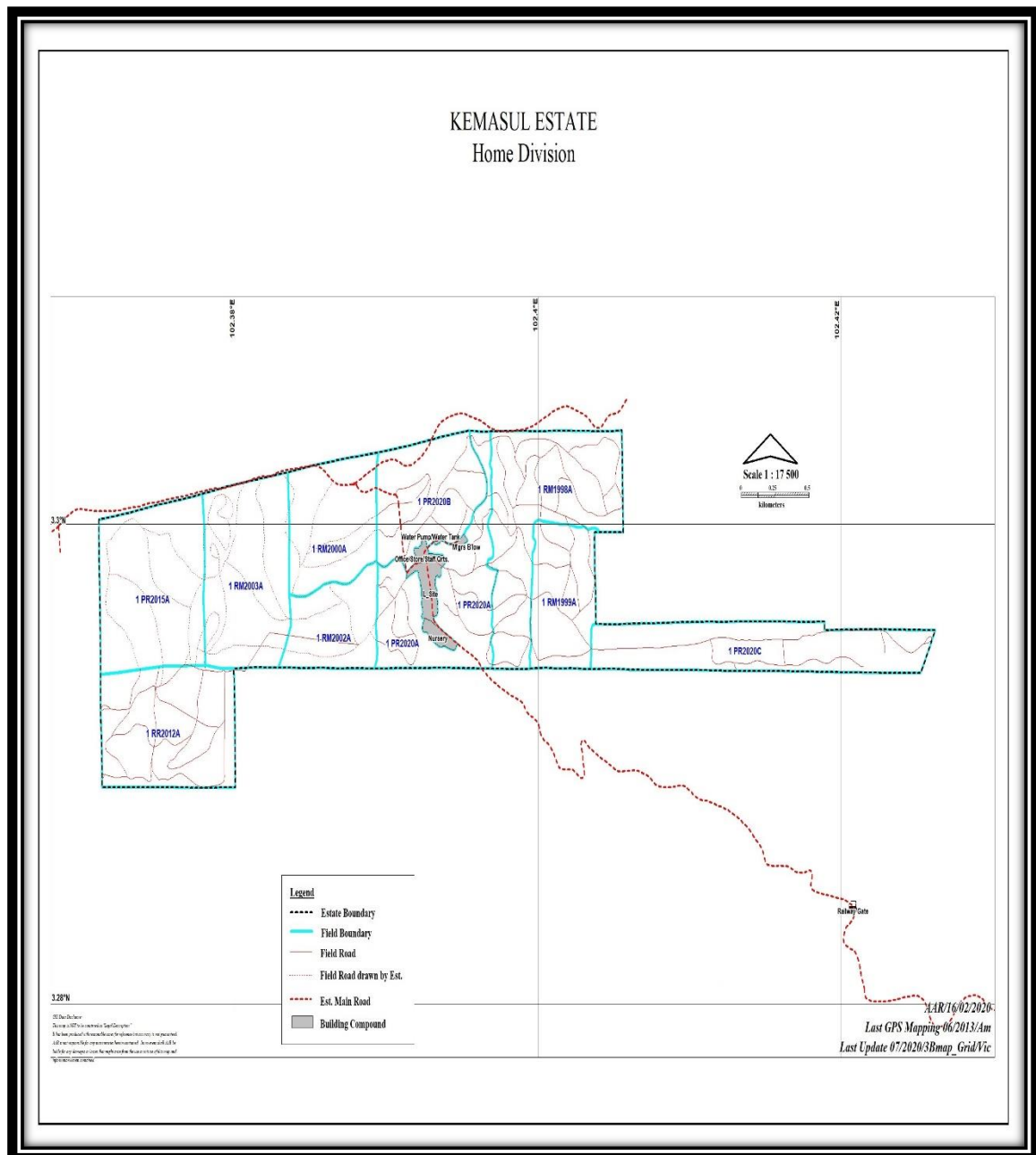
12) Ulu Pedas Estate (Home Division)



13) Ulu Pedas Estate (Home Division)



15) Kemasul Estate (Home Division)



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

Name of the Certification Unit	Area Summary (HA)		
	Certified Area (per Land Title)	Planted	Mature
Ayer Hitam Estate	2,640	2,603	2,165
Batang Jelai Estate	2,050	1,457	1,076
Gunong Pertanian Estate	686	638	586
Jeram Padang Estate	2,114	1,673	1,203
Kemasul Estate	459	186	55
Kombok Estate	2,331	1,803	1,341
Renjok Estate	1,578	258	258
Sungei Kawang Estate	1,889	1,591	1,439
Tuan Estate	1,353	963	911
Ulu Pedas Estate	922	894	791
Total	16,022	12,066	9,825

Name of the Certification Unit	Area Summary (HA)		
	Conservation Area	HCV	Others
Ayer Hitam Estate	1	0	36
Batang Jelai Estate	5	0	588
Gunong Pertanian Estate	1.2	0	46.8
Jeram Padang Estate	1	0	440
Kemasul Estate	0	0	273
Kombok Estate	3.9	0	524.1
Renjok Estate	0	0	1320
Sungei Kawang Estate	27	0	271
Tuan Estate	15	0	375
Ulu Pedas Estate	16	0	12
Total	70.1	0	3,885.9

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit [Jul 2019-Jun 2020]	Actual Production for 12 Months [Jul 2019-Jun 2020]	Projected Production for next 12 Months [Jul 2020-Jun 2021]
Ayer Hitam Estate	50,357	40,402.90	53,322
Batang Jelai Estate	19,170	17,843.64	19,368
Gunong Pertanian Estate	13,542	11,228.72	13,824
Jeram Padang Estate	29,051	24,968.67	26,961
Kombok Estate	38,124	33,144.00	34,866
Renjok Estate	6,582	5,516.80	5,268
Sungei Kawang Estate	34,425	25,309.09	34,703
Tuan Estate	22,962	15,854.31	23,519
Ulu Pedas Estate	19,308	14,723.05	18,531
Kemasul Estate	-	442.42 (Didn't sent to JPPOM)	880
Total	233,521	188,991.180	231,242



		(Exclude Kemasul)	
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1.6 Certificate Details

Certification body	Global Gateway Certifications Sdn. Bhd., No. 10 Jalan Rasmi 7, Taman Rasmi Jaya, 68000 Ampang, Selangor Darul Ehsan, Malaysia. Tel.: +603 4256 2689; Fax: +603 4256 2687 Website: www.ggc.my
Assessment standard	(MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders
Certificate number	GGC-KLK005-MSPO-03-2017
Initial certificate issued date	25 th September 2017
Certificate expiry date	24 th September 2022
Stage 1 assessment date	Not Applicable as client certified for RSPO, ISCC and SCCS
Stage 2 / Main Assessment	25 th July 2017 – 27 th July 2017
Annual Surveillance 1 [ASA 1]	27 th August 2018 – 30 th August 2018
Annual Surveillance 2 [ASA 2]	8 th July 2019 – 10 th July 2019
Annual Surveillance 3 [ASA 3]	20 th July 2020 – 23 rd July 2020
Annual Surveillance 4 [ASA 4]	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 (3rd 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 applied. Therefore, total numbers of supply based assessed in the audit are 4 estates out of 10 estates.

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 9th June 2020 and replaced with the Recovery Movement Control Order (RMCO). The RMCO would take effect from 10th June 2020 until 31st August 2020 with more lenient restrictions.

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

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

1.9 Audit Plan Information

Audit Date	20 th July 2020 – 23 rd July 2020
Name of site(s) visited	1) Sungei Kawang Estate 2) Ayer Hitam Estate 3) Gunong Pertanian Estate 4) Jeram Padang Estate
Total number of man-days spent	12 man-days

1.10 Audit Result Summary Findings

Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	0	No action requires
Minor Nonconformities	0	No action requires
Area of Concern	0	No action requires
Noteworthy /Positive Comments	6	No action requires

1.11 Stakeholder Consultation

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

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 estate 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 estate 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.	Stakeholders A (Sprayers Gang)	<ul style="list-style-type: none"> They have good understanding about MSPO. They have good understanding about complaint and grievance mechanism. PPE given by company – free. 	No action requires	Positive findings

		<ul style="list-style-type: none"> • They were treated equally with no discrimination based on gender. • They claimed that the management provides good living quarters with proper domestic waste collection and promptly attend to quarters repairs. • They confirmed wages are being paid more than the Minimum Wage Order 2020 of RM1,100.00 per month and understand all the deductions being made. 		
2.	Stakeholders B (Harvesting Gang)	<ul style="list-style-type: none"> • Good understanding about MSPO. • They are very happy with the management and hopes to extend their contract. • They have good understanding about complaint and grievance mechanism. • PPE given by company – free. • They claimed that the management provides good living quarters with proper domestic waste collection and promptly attend to quarters repairs. • They confirmed wages are being paid more than the Minimum Wage Order 2020 of RM1,100.00 per month and no issue on wages received as well as the deductions made. 	No action requires	Positive findings
3.	Stakeholders C (Contractors)	<ul style="list-style-type: none"> • They have good understanding about MSPO. • They informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work. • They were aware that any complaints or suggestions could be forwarded to the mill/estate management. 	No action requires	Positive findings

		<ul style="list-style-type: none"> The company has good relation with supplier and there is no issue with company's performance. 		
4.	Stakeholders D (Suppliers)	<ul style="list-style-type: none"> Informed that the payment was made promptly. The contract agreement with the management is fair and transparent. The company has good relation with supplier and there is no issue with company's performance He has good understanding about complaint and grievance mechanism. 	No action requires	Positive findings
5.	Stakeholders E (Estate - Gender Committee Representatives)	<ul style="list-style-type: none"> There was no discrimination, sexual harassment or violence case reported thus far. The Management is quite supportive on the Committee activities. 	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 Complex [Estates]. All Estate Senior Manager/Estate Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual. These sites also assist 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 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders, there was no non-conformity has been raised to the facilities that being audited.

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted was no major non-conformity findings. Therefore, the Lead Auditor recommends to continuing a certificate of compliance "MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders" to KLK Jeram Padang Complex [Estates].

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
MPOCC	Malaysian Palm Oil Certification Council
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating Procedure
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 A 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.

For Sungei Kawang Estate, training and briefing on the company's policies was conducted to the workers as below:

- 1) KLK sustainability briefing conducted on 02.01.2020
- 2) MAPA/NUPW Agreement 2019 Briefing conducted on 02.03.2020.

For Jeram Padang Estate, the training conducted are as follow;

- 1) Briefing on the triple rinse and piercing, 25.05.2020.
- 2) KLK Sustainability Policy, 09.05.2020.
- 3) Briefing on schedule waste management, 16.06.2020.

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

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

Summary The Continuous Improvement Plan for the year 2020 for Gunong Pertanian Estate was last updated by Estate Sr Assistant Manager includes the following description of improvement:

- 1) Pesticides reduction
- 2) GHG Reduction
- 3) FFB Yield Optimization
- 4) Boundary stones survey and marker
- 5) Social improvement
- 6) Waste reduction

As a sample evidence, in an effort to improve pesticides reduction, the estate has carried out the following activities;

- Spraying pump performance monitoring
- Beneficial plant upkeep
- Training for chemical preparation and handling

Sighted as well Good Agricultural Practices (GAP) Policy, Standard Operation Procedure On Sustainability and OSH Guidelines & Manual). All the SOPs are established and controlled by Head Quarters.

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, Mrs 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 2/1 dated 01.01.2020 of Standard Operating Procedure on Sustainability for Internal Audit Procedures prepared by the KLK Sustainability Department. The procedures cover 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 Sungei Kawang Estate, internal audit program was conducted on 16.03.2020 and 21.05.2020, led by Mr. Mohamad Faruq Bin Norazman and assisted by Mr. Vemalan Palanchiandiran. The internal audit report is well kept in internal audit files. The audit was conducted based on the KLK Sustainability Manual & SOPs.

Result shows total 8 findings, 6 for document review and 2 findings for site visit. The estate manager has responded to the internal audit findings.

For Ayer Hitam Estate, internal audit program was conducted on 15th May 2020 – 16th May 2020, led by Mr. Mohammad Faruq Norazman and assisted by Mr. Tong Wing Chuen.

Result shows total 12 findings, 8 for document review, 2 findings for site visit and 2 findings during interview session. The estate manager has responded to the internal audit findings.

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

Indicator 3 Report 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, Mrs 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, Mrs 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 consideration of the main social and environmental impact and opportunities of the company.

Summary Sighted SOP on Sustainability No 16.0, Appendix 1.0, Issue/Rev. 2/1 on Continuous Improvement Plan dated 01.01.2020.

For Sungei Kawang Estate, continual improvement plan was made available to the audit team. Among the improvements are:

Description of Improvement	Activity	PIC	Target Date	Status
Chemical usage reduction	Spraying pump nozzle calibration	AM	Sept 2020	July 2020
	Planting beneficial plant	AM	Sept 2020	On going
	IPM	AM	Sept 2020	On going
FFB yield optimization	EFB mulching	AM	Sept 2020	On going
	Fronde stacking to reduce agriculture waste	AM	Sept 2020	On going

Gunong Pertanian Estate, continual improvement plan was made available to the audit team.

Description of Improvement	Activity	PIC	Target Date	Status
Chemical usage reduction	Spraying pump nozzle calibration	Yudish	Every 4 months	On going

	Planting beneficial plant	Ahmad Azani	September 2020	On going
	IPM	Yudish	September 2020	On going
Waste reduction	Brifieng on 3R program	Lim Hock Seng	April 2020	On going
	Fronnd stacking to utilize agriculture waste	Alias	On going	Continuous monitoring
Demarcation of boundary marker	To allocate and trace location of marker	Lim Hock Seng	Feb 2020	Completed

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

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

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

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

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

Summary The estate management will conduct training or briefing to the work force if there is any new information or technique available in the market and ready to be adopted in the estate practices.

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

2.2 Principle 2 : Transparency

Criterion 1 Transparency of information and documents relevant to MSPO requirements

Indicator 1 The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.

Summary

KLK has established Standard Operating Procedures (SOP) for Stakeholders Engagement/Negotiation–SOP No.1 (Rev.4/3) dated on 1st 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.

Stakeholder Meeting was held on 13th February 2020 at Sungei Kawang Meeting Room, attended by 33 participated. The meeting was chaired by Mr. Xavier Navaratnam (Estate Manager).

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

Mr. Faezakamal – SJKC Sg Kawang

- Request
 - The school request to the estate management to upkeep the roads around the schooling compounds.
- Response
 - Estate Manager replies the request granted. Estate will do the necessary repair and roads patch up around the estate compounds once the rainy season over. The estate has been done repair on March/April 2020.

Mr. Razi – Taman Murni/Kg Kuala Kaung/Jerangan

- Request
 - The villagers are thanking the estate for the gazebo at the Malay cemetery area
- Response
 - The Manager replies that if the villagers are welcome to fill up the stakeholder's logbook again if there are any request or communication and estate will process it.

Stakeholder Meeting was held on 17th March 2020 at Gunong Pertanian Estate's Meeting Room, attended by 33 participated. The meeting was chaired by Mr. Lim Hock Seng (Estate Manager).

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

Smallholders

- Request
 - Requesting to open the access road for them to use as there is area which the estate boundary with smallholders
- Response
 - Estate Management will open that access road for smallholders as for their ease of use from 06:30 am to 06:30 pm.

For Ayer Hitam Estate, stakeholder Meeting was held on 18th February 2020 at Ayer Hitam Estate's Meeting Room, attended by 28 participated. The meeting was chaired by Mr. S. Vijayakumar A/L Sakthivelu (Estate Sr Manager).

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

SPAN License

- Consultation & Communication
 - Mr. Tahsilazam Othman, Head Officer of SPAN Melaka, mentioned that is alert on the application of SPAN class license for Ayer Hitam Estate and there will be officer coming to Ayer Hitam Estate for site visit as part of procedures in license application.
- Response
 - Mr. M. Makilan A/L Muniandy (Estate Sr Assistant Manager) stated that had received the call from SPAN officer regarding site visit for SPAN class license application and arrangement for the visit have been done.

Medical check-up for new foreign workers

- Consultation & Communication
 - Mr. Kamarulzaman Danial, officer from Pusat Kesihatan Daerah Jempol stated that management need to arrange medical check-up for new foreign workers upon their arrival.
- Response
 - Mr. Too Chee Kau (Estate Sr Assistant Manager) explained that whenever there is arrival of new foreign workers, will proceed to FOMEMA medical check-up.

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.
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Summary The Management has established SOP 9 - Control of Documents & Records. Issue/rev: 2/1 dated on 1st 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 these documents were sighted in the estate office. Requests for official documents through the estate office will have to go through the Estate Manager.

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 1st 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 estate 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	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.
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Summary Person in charge for consultation and communication is available. Sighted the appointment letter :

- 1) Sungei Kawang Estate
The person in charge for consultation and communication agenda is led by Mr. Ahmad Rahmat Hashim (Estate Sr Assistant Manager) and appointed on 17th June 2020 by Mr. Liew Thein Yeen (Estate Sr. Manager).
- 2) Gunong Pertanian Estate
The person in charge for consultation and communication agenda is led by Mr. Ahmad Azani bin Sarmin (Estate Staff) and appointed on 01st January 2020 by Mr. Lim Hock Seng (Estate Manager).
- 3) Jeram Padang Estate
The person in charge for consultation and communication agenda is led by Mr. Muhamad Aizad bin Kasmin (Estate Assistant Manager) and appointed on 02nd January 2020 by Tn. Hj. Zamri bin Zainalabidin (Estate Sr. Manager).
- 4) Ayer Hitam Estate
The person in charge for consultation and communication agenda is led by Mr. Too Chee Kau and Mr. M. Makilan A/L Muniandy (Estate Sr Assistant Manager) and appointed on 02nd January 2020 by Mr. S. Vijayakumar A/L Sakthivelu (Estate Sr Manager).

There are trained by KLK Sustainability Department to maintained all the requirements.

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

Indicator 3 List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.

Summary KLK has established Standard Operating Procedures (SOP) No. 1 for Stakeholders List dated on 1st January 2020.

Sighted latest stakeholder list at Sungei Kawang Estate updated on 02nd January 2020. Prepared by Mr. Ahmad Rahmat Hashim (Estate Sr Assistant Manager) and approved by Mr. Xavier Navaratnam (Estate Manager).

- a) Government / Statutory Bodies
 - Malaysian Palm Oil Board (MPOB)
 - Department of Safety and Health (DOSH)
 - Department of Labour (JTK)
 - Department of Environment (DOE)
 - Department of Immigration Malaysia
 - Social Security Organisation (Perkeso)
 - Hospital Sultan Haji Ahmad Shah, Temerloh
 - Balai Polis Lanchang
 - SJK (T) Ladang Sg Kawang
 - SJK (C) Ladang Sg Kawang
- b) Non-Governmental Organisation (NGO)
 - All Malayan Estates Staff Union (AMESU)
 - National Union of Plantation Workers (NUPW)
 - World Wild Life (WWF) Malaysia
- c) Service Providers / Contractors / Suppliers
 - MPOA
 - FOMEMA Sdn Bhd
 - Maybank
 - Union Harvest Sdn Bhd
 - Technology and Quality Control Centre (TQCC)
 - Firewise Trading Sdn Bhd
 - Permata Upaya (M) Sdn Bhd
 - SSRJ Enterprise
 - Berkat Netas Enterprise
 - Malik Family Resources Technology Sdn Bhd
 - Kualiti Alam Sdn Bhd
- d) Neighbouring Community /Plantation /Smallholders
 - Kampung Taman Murni

- Kampung Bukit Ngeri
- Dusun Buah-buahan
- e) Estate Community / Estate Representatives
 - NUPW Secretary
 - Women's Committee Chairman
 - Temple Committee Chairman
 - Surau Committee Chairman

For both estates the stakeholder list is evident as documented in SOP 1.0: Stakeholder list. The list is updated on 1st Jan 2019. The list includes:

- Government
- Statutory Bodies
- NGO's
- Suppliers & Contractors
- Surrounding Stakeholders
- Estate Community / Estate Representatives

For Gunong Pertanian Estate, sighted latest stakeholder list updated on 1st January 2020. Prepared by Mr. Ahmad Azani bin Sarmin (Estate Staff) and approved by Mr. Lim Hock Seng (Estate Manager).

- a) Government / Statutory Bodies
 - Malaysian Palm Oil Board (MPOB)
 - Department of Safety and Health (DOSH)
 - Department of Labour (JTK)
 - Department of Environment (DOE)
 - Department of Immigration Malaysia
 - Social Security Organisation (Perkeso)
 - Hospital Kuala Klawang
 - Balai Polis Simpang Durian
- b) Non-Governmental Organisation (NGO)
 - All Malayan Estates Staff Union (AMESU)
 - National Union of Plantation Workers (NUPW)
 - World Wild Life (WWF) Malaysia
- c) Service Providers / Contractors / Suppliers
 - MPOA
 - FOMEMA Sdn Bhd
 - Maybank
 - Sri RJV Enterprise
 - Mycrop
 - G-Planter
- d) Neighbouring Community /Plantation /Smallholders
 - Kampung Lakai
 - Felcra Lakai
 - Smallholders

e) Estate Community / Estate Representatives

- NUPW Secretary
- Women's Committee Chairman

Jeram Padang Estate, sighted latest stakeholder list updated on 1st January 2020. Prepared by Mr. Muhamamd Aizad Kasminn (Estate Assistant Manager) and approved by Tn. Hj. Zamri bin Zainalabidin (Estate Sr Manager).

a) Government / Statutory Bodies

- Malaysian Palm Oil Board (MPOB)
- Department of Safety and Health (DOSH)
- Department of Labour (JTK)
- Department of Environment (DOE)
- Department of Immigration Malaysia
- Social Security Organisation (Perkeso)
- Hospital Tuanku Ampuan Najihah
- Klinik Kesihatan Bahau
- Balai Polis Bandar Seri Jempol

b) Non-Governmental Organisation (NGO)

- All Malayan Estates Staff Union (AMESU)
- National Union of Plantation Workers (NUPW)
- World Wild Life (WWF) Malaysia

c) Service Providers / Contractors / Suppliers

- MPOA
- FOMEMA Sdn Bhd
- Maybank
- Siri Enterprise
- T.T.Tai Trading
- Tek Lee Construction
- G-Planter
- Lung Seng Chemical Sdn Bhd

d) Neighbouring Community /Plantation /Smallholders

- Kampung Sg Tamarong
- Kampung Temeris
- Ladang IOI Kuala Jelai
- Ladang St. Helier Sialang Division
- Felda Kepis
- Felda Bukit Rokan

e) Estate Community / Estate Representatives

- NUPW Secretary
- Women's Committee Chairman
- Temple Committee Chairman
- Surau Committee

The Ayer Hitam Estate, sighted latest stakeholder list updated on 13th February 2020. Prepared by Mr. Too Chee Kau and Mr. M. Makilan A/L Muniandy (Estate Sr Assistant Manager) and approved by Mr. S. Vijayakumar A/L Sakthivelu (Estate Sr Manager).

- a) Government / Statutory Bodies
 - Malaysian Palm Oil Board (MPOB)
 - Department of Safety and Health (DOSH)
 - Department of Labour (JTK)
 - Department of Environment (DOE)
 - Ministry of Domestic Trade, Co-operatives and Consumerism (KPDNKK)
 - Inland Revenue Board of Malaysia (LHDN)
 - Social Security Organisation (Perkeso)
 - Hospital Jempol
 - Klinik Kesihatan Jempol
 - Balai Polis Ayer Hitam
 - SJK (T) Ladang Ayer Hitam
- b) Non-Governmental Organisation (NGO)
 - All Malayan Estates Staff Union (AMESU)
 - National Multi-Purpose Co-Operative Society
 - National Union of Plantation Workers (NUPW)
 - World Wild Life (WWF) Malaysia
- c) Service Providers / Contractors / Suppliers
 - MPOA
 - Puspakom Sdn Bhd
 - FOMEMA Sdn Bhd
 - Maybank
 - Union Harvest Sdn Bhd
 - Syarikat Air Negeri Sembilan
 - Organo (Asia) Sdn Bhd
 - Mahin Varrmaa Enterprise
 - M. Kanna Enterprise
 - Eurostar Tractors (M) Sdn Bhd
 - Avery Malaysia Sdn Bhd
- d) Neighbouring Community /Plantation /Smallholders
 - Kampung Melor
 - Kampung Sungai Sampo
 - Kampung Ayer Hitam
 - Ladang Bahau (IOI)
 - Ladang Sungai Sebaling (Sime Darby)
 - Ladang Kok Foh (Sime Darby)
- e) Estate Community / Estate Representatives
 - NUPW Secretary

- Women's Committee Chairman
- Temple Committee Chairman
- Surau Committee Chairman
- Estate Sundry Shop

The requests made will be processed / approved by Estate Sr Manager/Manager or Assistant Manager. Sighted the above request and others as stated in the log book effectively responded by estate management.

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

Criterion 3 Traceability	
Indicator 1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).
Summary	<p>KLK has established Standard Operating Procedures (SOP) for Supply Chain No.18 (Rev.4/3) dated on 1st January 2020.</p> <p>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</p> <p>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</p> <p>Verified bunch chit and weighbridge tickets that effectively carries the information of harvested Fresh Fruit Bunches (FFB).</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 2	The management shall conduct regular inspections on compliance with the established traceability system.
Summary	<p>All estates conduct the inspection on traceability system by daily. After the bunch counter/mandore check FFB at the platform. They will issue the bunch ticket. Then the supervisor/staff in charge will verify all the FFB record.</p> <p>The regular inspection on compliance with the established traceability through;</p> <ul style="list-style-type: none"> • Random check conducted on platform/weighbridge tickets. • Internal Audit conducted by KLK Sustainability Dept. <p>As evidence, sighted the "Executive Override Staff Verification" for FFB ripeness % Summary May 2020 done by staffs and executives.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>

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

Summary Person in charge for all records of traceability is available. Sighted the appointment letter :

- 1) Sungei Kawang Estate
The person in charge for consultation and communication agenda is led by Mr. Ahmad Rahmat Hashim (Estate Sr Assistant Manager) and appointed on 17th June 2020 by Mr. Liew Thein Yeen (Estate Sr. Manager).
- 2) Gunong Pertanian Estate
The person in charge for consultation and communication agenda is led by Mr. Ahmad Azani bin Sarmin (Estate Staff) and appointed on 01st January 2020 by Mr. Lim Hock Seng (Estate Manager).
- 3) Jeram Padang Estate
The person in charge for consultation and communication agenda is led by Mr. Muhamad Aizad bin Kasmin (Estate Assistant Manager) and appointed on 02nd January 2020 by Tn. Hj. Zamri bin Zainalabidin (Estate Sr. Manager).
- 4) Ayer Hitam Estate
The person in charge for consultation and communication agenda is led by Mr. Too Chee Kau and Mr. M. Makilan A/L Muniandy (Estate Sr Assistant Manager) and appointed on 02nd January 2020 by Mr. S. Vijayakumar A/L Sakthivelu (Estate Sr Manager).

There are trained by KLK Sustainability Department to maintained all the requirements.

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

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

Summary FFB being sell to Jeram Padang POM, own mill and being monitored by Marketing Department.

As evidence in Sungei Kawang Estate, sighted the records of sales, delivery or transportation of FFB. This record being maintained and the documents are kept by the both site (estate and mill).

- Date Delivery: 30/06/2020
- Weighbridge Ticket No: A051812
- Transporter: NTH Transport Agency
- Driver name: Hegeswaran Sankaran
- Weight: 40.59 MT

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

- Date Delivery: 21/07/2020
- Weighbridge Ticket No: A017819
- Transporter: Sri Rju Transport
- Driver name: Raguraju A/L Neelaswami
- Weight: 26.48 MT

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

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

Indicator 1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.

Summary

The Company has established and updated SOP No. 2.0, Appendix 1, Issue/rev 2/1, dated 01.01.2020 with a Title: List & summary of applicable laws and regulations that are applicable for the estate. The Legal Register has been revised and approved by the respective person-in-charge (PIC) and the Estate Manager for the following estates;

Estate	Revision Date	PIC	Manager
Sungei Kawang	24.03.2020	Sustainability Team	Mr Ahmad Rahmat Bin Hashim (Asst. Mgr)
Gunong Pertanian	24.03.2020	Sustainability Team	Mr Lim Hock Seng (Manager)
Jeram Padang	24.03.2020	Sustainability Team	Mr Muhamad Aizad Bin Kasmin (Asst Mgr)
Ayer Hitam	24.03.2020	Sustainability Team	Mr Vijayakumar A/L Sathivalu (Senior Manager)

The applicable laws include:

1. Prevention and Control of Infectious Diseases Act 1988, Act 342
2. Occupational Safety and Health Act 1994 (Act514)
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 estates had implemented its Checklist (Linesite Inspection & Domestic Waste) on weekly basis. Linesite inspection was carried out by the Estate Hospital Assistant as follow;

Estate	Staff/ EHA Name	Date of Visit
Sungei Kawang	Mohd Misnan Bin Mohamed (EHA)	9, 16, 23 & 30 th June 2020
Gunong Pertanian	Mr Ahmad Azani Bin Sarmin (Staff)	2, 10, 17, 24 & 30 th June 2020
Jeram Padang	Mr Shankaran A/L Ravindran (Staff) and Mr Mohd Razali Bin Mohd Yusoff (Staff)	4, 8, 18 & 24.06.2020
Ayer Hitam	Mr Leong Hon Choon (Assistant Manager)	4, 9, 18 & 23.06.2020

The monthly Visiting Medical Officer visit are recorded in a VMO Visiting Record;

Estate	VMO Name	Date of Visit
Gunong Pertanian	Klinik Jelebu	26.06.2020
Jeram Padang	Poliklinik Rama	08.07.2020 & 22.07.2020
Ayer Hitam	Klinik Raja & Surgeri	16.07.2020 & 23.07.2020

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

Also lists of permits available for estate. There are permits/licenses to be monitored and updated periodically such as permits/licenses for MPOB license, diesel, charge man certificate, fire hydrant, and etc. List of legal correspondences permit will be updated by all Person Incharge in all estates.

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

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

Summary The Legal Compliance Checklist – permits and licenses has been revised and approved by the respective person-in-charge (PIC) and the Estate Manager as follow;

Estate	Revision Date	PIC	Manager
Sungei Kawang	17.07.2020	Mdm Vilashini a/p Donesworo	Mr Ahmad Rahmat Bin Hashim (Asst. Mgr)
Gunong Pertanian	01.01.2020	Mr Ahmad Azani Bin Sarmin (Staff)	Mr Lim Hock Seng (Manager)
Jeram Padang	03.07.2020	Mr Shankaran A/L Ravindran (Staff)	Mr Muhamad Aizad Bin Kasmin (Asst Mgr)
Ayer Hitam	15.01.2020	Mr Too Chee Kau (Sen. Asst. Manager)	Mr Vijayakumar A/L Sathivalu (Senior Manager)

For Sungei Kawang Estate, the lists of permits/licenses which has to be monitored and updated periodically include;

1. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(2) Akta Kerja 1955 – bagi tujuan skim "Life Insurance", Permit No. PP3/10604/2011/0004 effective 01.05.2011.
2. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(2) Akta Kerja 1955 – bagi tujuan "bayaran Tambang Bas Sekolah", Permit No. PP3/10604/2011/0005 effective 01.05.2011.
3. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(2) Akta Kerja 1955 – bagi tujuan bayaran Cas Elektrik daripada TNB, Permit No. PP3/10604/2011/0003 effective 01.05.2011. Surat persetujuan yang ditandatangani oleh pekerja yang membenarkan potongan gaji hendaklah disimpan dan ditunjukkan kepada Pegawai Buruh pada bila-bila masa diminta olehnya.

4. Permit Barang Kawalan Berjadual (Peraturan-peraturan bekalan kawalan bekalan 1974, Peraturan 9(2), No.Siri P: C000201 for 13,500 liters diesel for a period of 16.06.2020 till 15.06.2021
5. Permit Barang Kawalan Berjadual (Peraturan-peraturan bekalan kawalan bekalan 1974, Peraturan 9(2), No.Siri PK: C000170 for 200 liters petrol RON95 per day for a period of 27.02.2020 till 26.08.2020.
6. Lesen MPOB (menjual dan mengalih FFB) for 1,591ha, Ladang Sungai Kawang, No Lesen 503707002000 for a period of 11.06.2020 to 30.06.2021.
7. Lesen MPOB (menghasilkan SLGBIJI, Menjual dan Mengalih SLGBIJI, Menyimpan SLGBIJI) for Nuresery, Ladang Sungai Kawang, No Lesen 615698111000 for a period of 01.09.2019 to 31.08.2020.
8. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver, Ref PMT-PH/19 27186, 1,380 kilo pascal expiring 05.11.2020.
9. Weighbridge Stamping, Akta Timbang dan Sukat 1972, Ref No. A3385830 carried out by Avery Malaysia Sdn Bhd on 17.02.2020.
10. Short Gun License Winchester No. Siri L1279723 and L1277279 under Mr T. Xavier a/l Navaratnam, I/C No. 820901-10-5197 has been handed over to Ketua Polis daerah, IPD Temerloh, Pahang pending renewal for new Manager.
11. Lesen Penggunaan Sumber Air Kerajaan Negeri Pahang, No. Siri: 0394, No. Lesen: SWUL/LPSA/123/2019 for a period of 01.01.2019 to 31.12.2019. Sighted a letter from Pejabat Setiausaha Kerajaan Pahang on matter of "Penangguhan Pengeluaran Lesen dan Caj Penggunaan Sumber Air Mentah" dated 15.07.2020.
12. List of Fire Extinguisher Record Dry Powder for 2019/2020 valid until 02.07.2021 (29nos).

For Gunong Pertanian Estate, the lists of permits/licenses which has to be monitored and updated periodically include;

1. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(2) Akta Kerja 1955 – bagi tujuan bayaran Cas Elektrik daripada TNB, Permit No. PP3/26/0360 effective 23.08.2002. Surat persetujuan yang ditandatangani oleh pekerja yang membenarkan potongan gaji hendaklah disimpan dan ditunjukkan kepada Pegawai Buruh pada bila-bila masa diminta olehnya.
2. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Pressure Filter, Ref PMT-NS/19 22235, 414 kilo pascal expiring 08.08.2020.
3. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Air Receiver D3, Ref PMT-NS/19 22234, 980 kilo pascal expiring 08.08.2020.
4. Permit Barang Kawalan Berjadual (Peraturan-peraturan bekalan kawalan bekalan 1974, Peraturan 9(2), No.Siri P: N000311 for 10,000 liters diesel for a period of 01.09.2019 till 31.08.2020.
5. Permit Khas Barang Kawalan Berjadual (Peraturan-peraturan bekalan kawalan bekalan 1974, Peraturan 9(2), No.Siri PK: N000882 for 200 liters petrol RON95 ONE-OFF from ZNZ Brilliance, Petronas Simpang Durian, for a period of 20.06.2020 till 19.12.2020.
6. Lesen MPOB (menjual dan mengalih FFB) for 638ha, Ladang Gunong Pertanian, No Lesen 538838002000 for a period of 01.05.2020 to 30.04.2021.
7. The Distribution List of Fire Extinguisher for 2020 valid until 06.03.2021 (12nos).

8. 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)/2/16 valid from 09.04.2019 to 08.04.2022.
9. Lesen Abstraksi Air Permukaan, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA-JLB/700-11/2/1-3/2019/0725 with kadar abstraksi yang dibenarkan adalah 24,000m³ air mentah setahun for a period of 01.01.2019 till 31.12.2020.

For Jeram Padang Estate, the lists of permits/licenses which has to be monitored and updated periodically include;

1. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(4) Akta Kerja 1955 – bagi tujuan membuat potongan daripada gaji pekerja-pekerja bagi pembayaran premium insurans "Group Term Life Policy No. 56423, anjuran AIA, Permit No. PP3/34/1481 effective 15.04.2011.
2. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(3)(a) Akta Kerja 1955 – bagi tujuan skim "yuran kesatuan sekerja", Ref No. (120)dlm.BSM 7/2/35/68 Jld. 26 dated 16.05.2002.
3. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(3)(a) Akta Kerja 1955 – bagi tujuan "potongan gaji dalam Koperasi Kebangsaan Berhad", Permit No. PTK. SEGT. (PMK) BIL.00340/01115(56) dated 16.05.2005.
4. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(2) Akta Kerja 1955 – bagi tujuan bayaran Bil Elektrik daripada TNB, Permit No. PP3/26/1009 effective January 2011. Surat persetujuan yang ditandatangani oleh pekerja yang membenarkan potongan gaji hendaklah disimpan dan ditunjukkan kepada Pegawai Buruh pada bila-bila masa diminta olehnya.
5. Permit Barang Kawalan Berjadual (Peraturan-peraturan Bekalan Kawalan Bekalan 1974, Peraturan 9(2), No.Siri P: N000070, Ref No. KPDNHEP(KP)05/709/P/1999/138 for 16,200 liters diesel for a period of 24.09.2019 till 23.09.2020
6. License for Storage of Non-Dangerous Petroleum, Licence No. 5/2019, to store not exceeding 2,000 gallons, expiring 31.12.2020.
7. Lesen MPOB (menjual dan mengalih FFB) for 1,673ha, Ladang Jeram Padang, No Lesen 501787702000 for a period of 02.06.2020 to 31.05.2021.
8. Lesen MPOB (menghasilkan SLGBIJI, Menjual dan Mengalih SLGBIJI, Menyimpan SLGBIJI) for Nursery, Ladang Jeram Padang, No Lesen 602166011000 for a period of 01.10.2019 to 30.09.2020.
9. Akta Levi Keuntungan Luar Biasa 1998, No Pendaftaran: A10-200800000054 Code 505-Buah Kelapa Sawit effective 15.07.2008.
10. Lesen Abstraksi Air Permukaan, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA-JPL/700-11/2/1-5/2019/0724 with kadar abstraksi yang dibenarkan adalah 43,362m³ air mentah setahun, Lokasi: Sg Muar, for a period of 01.01.2019 till 31.12.2020.
11. Lesen Abstraksi Air Permukaan, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA- JPL/700-11/2/1-5/2019/0723 with kadar abstraksi yang dibenarkan adalah 16,593m³ air mentah setahun, Lokasi: Water Catchment Pond, for a period of 01.01.2019 till 31.12.2020.

12. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Bekas Udara, Ref PMT-NS/19 23009, Kelumpang 990 kilo pascal expiring 27.08.2020.
13. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Bekas Udara, Ref PMT-NS/19 23008, Kelumpang 980 kilo pascal expiring 27.08.2020.
14. Lesen Abstraksi Air Bumi, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA- AB/JPL/700-11/2/2-42/2020/0379 with kadar abstraksi yang dibenarkan adalah 29,200m³ air mentah setahun, Lokasi: Tube Well #1, for a period of 01.01.2020 till 31.12.2021.
15. Lesen Abstraksi Air Bumi, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA- AB/JPL/700-11/2/2-42/2020/0380 with kadar abstraksi yang dibenarkan adalah 29,200m³ air mentah setahun, Lokasi: Tube Well #2, for a period of 01.01.2020 till 31.12.2021.
16. 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)/11/16 and SPAN/EKS/(PT)/800-4(2)/11/16 valid from 07.11.2019 to 06.11.2022.
17. Permit Kebenaran Menggunakan Bekalan Air Persendirian (Tubewell) di bawah Seksyen 6 (1) (a) Akta Standard-standard Minimum Perumahan dan Kemudahan Pekerja 1990” effective 24.10.2019 till 21.10.2020.
18. Permit Kebenaran Menggunakan Bekalan Air Persendirian (Air Sungai) di bawah Seksyen 6 (1) (a) Akta Standard-standard Minimum Perumahan dan Kemudahan Pekerja 1990” effective 09.11.2017 till 08.11.2020.
19. Lesen Jabatan Alam Sekitar under Seksyen 18(1A) Akta Kualiti Alam Sekeliling 1974, No Lesen: 003853 untuk pembawa yang ditetapkan, kenderaan bagi tujuan pengumpulan, pemindahan dan pengangkutan buangan terjadual for Lung Seng Chemicals Sdn Bhd effective 28.04.2017.
20. Perakuan Penentuan Timbang dan Sukat, No Siri Alat: 182550087 (60mt) last inspected by Metrology Corporation Malaysia Sdn Bhd on 06.02.2020.
21. The Distribution List of Fire Extinguisher for 2020 valid until 23.07.2020 (8nos), 03.12.2020 (10nos.), 17.06.2021 (8nos), 16.07.2021 (1nos), 21.07.2021 (4nos), 23.07.2020 (2nos) and 10.10.2020 (14nos).

For Ayer Hitam Estate, the lists of permits/licenses which has to be monitored and updated periodically include;

1. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(3)(a) Akta Kerja 1955 – bagi tujuan skim “Yuran Kesatuan Sekerja sebanyak RM8.00 sebulan”, Ref No. (120) dlm.BSM 7/2/35/68 Jld. 26 dated 16.05.2002.
2. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(3)(a) Akta Kerja 1955 – bagi tujuan “potongan gaji dalam Koperasi Kebangsaan Berhad”, Permit No. PTK. SEGT. (PMK) BIL.00340/01115(56) dated 16.05.2005.
3. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(4) Akta Kerja 1955 – bagi tujuan bayaran Bil Elektrik daripada TNB, Permit No. PP3/26/0173 effective 14.06.2000. Surat persetujuan yang ditandatangani oleh pekerja yang membenarkan potongan gaji hendaklah disimpan dan ditunjukkan kepada Pegawai Buruh pada bila-bila masa diminta olehnya.

4. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(4) Akta Kerja 1955 – bagi tujuan bayaran Tabung Wayang Gambar sebanyak RM1.50 sebulan, Permit No. PP3/26/0114 effective July 1999. Surat persetujuan yang ditandatangani oleh pekerja yang membenarkan potongan gaji hendaklah disimpan dan ditunjukkan kepada Pegawai Buruh pada bila-bila masa diminta olehnya.
5. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(4)(c) Akta Kerja 1955 – bagi tujuan skim “Sumbangan Surau sebanyak RM2.00 sebulan”, Ref No. (6) PMT 10502/2017/0018 effective 05.10.2017.
6. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 24(4)(c) Akta Kerja 1955 – bagi tujuan skim “Sumbangan Kuil Hindu sebanyak RM10.00 sebulan”, Ref No. (6) PMT 10502/2017/0019 effective 05.10.2017.
7. Permit Potongan Daripada Gaji Pekerja di bawah Seksyen 22(1)(e) Akta Kerja 1955 – bagi tujuan skim “Membeli Kerbau tidak melebihi RM100.00 sebulan”, Ref No. (6) PMT 10502/2017/0019 effective 05.01.2018.
8. Permit Barang Kawalan Berjadual (Peraturan-peraturan Bekalan Kawalan Bekalan 1974, Peraturan 9(2), No.Siri P: N000451, Ref No. KPDNHEP(KP)05/709/P/1999/032 for 13,500 liters diesel (EURO 2M) and 400 liter petrol (RON95) for a period of 09.08.2020 till 08.08.2021
9. Lesen MPOB (menjual dan mengalih FFB) for 2,606ha, Ladang Ayer Hitam, No Lesen 501780002000 for a period of 01.06.2020 to 31.05.2021.
10. Lesen MPOB (menghasilkan SLGBIJI, Menjual dan Mengalih SLGBIJI, Menyimpan SLGBIJI) for Nursery, Ladang Ayer Hitam, No Lesen 601281011000 for a period of 01.09.2019 to 31.08.2020.
11. Lesen Abstraksi Air Permukaan, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA-JPL/700-11/2/1-224/2021/0781 with kadar abstraksi yang dibenarkan adalah 14,600.00m³ air mentah setahun, Lokasi: Water Catchment Pond Home Division, for a period of 01.01.2020 till 31.12.2021.
12. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Bekas Udara, Ref PMT-NS/19 26427, Kelumpang 1,075 kiilo pascal expiring 02.01.2021.
13. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – Bekas Udara, Ref PMT-NS/19 26428, Kelumpang 990 kilo pascal expiring 02.01.2021.
14. Lesen Abstraksi Air Bumi, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA-AB/JPL/700-11/2/2-46/2019/0365 with kadar abstraksi yang dibenarkan adalah 88,695m³ air mentah setahun, Lokasi: Tube Well #1, for a period of 01.01.2019 till 31.12.2020.
15. Lesen Abstraksi Air Bumi, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA-AB/JPL/700-11/2/2-46/2019/0366 with kadar abstraksi yang dibenarkan adalah 55,845m³ air mentah setahun, Lokasi: Tube Well #2, for a period of 01.01.2019 till 31.12.2020.
16. Lesen Abstraksi Air Bumi, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: BKSA-AB/JPL/700-11/2/2-39/2019/0367 with kadar abstraksi yang dibenarkan adalah 10,950m³ air mentah setahun, Lokasi: Tube Well #3, for a period of 01.01.2019 till 31.12.2020.
17. Permit Kebenaran Menggunakan Bekalan Air Persendirian (Tubewell) untuk Ladang Ayer Hitam (Main Division) Ref No. PMT. S(6)(1)(a) Akta 446/2015/0001 di bawah Seksyen 6 (1) (a) Akta Standard-standard Minimum Perumahan dan Kemudahan Pekerja 1990” effective 05.12.2018 till 04.12.2021.

18. Permit Kebenaran Menggunakan Bekalan Air Persendirian (Tubewell) untuk Ladang Ayer Hitam (Malay Rompin Division) Ref No. PMT. S(6)(1)(a) Akta 446/2015/0001 di bawah Seksyen 6 (1) (a) Akta Standard-standard Minimum Perumahan dan Kemudahan Pekerja 1990" effective 05.12.2018 till 04.12.2021.
19. Letter "Permohonan Lesen Kelas bagi Sistem Bekalan Air Persendirian" from Ayer Hitam Estate addressed to Suruhanjaya Perkhidmatan Air Negara, Cyberjaya, Selangor Darul Ehsan with regards to Jadual Kelima (Subperaturan 23(1), Water Services Industry Act 2006, Water Services Industry (Licensing) Regulations 2007, dated 29.11.2019 and 10.07.2020.
20. Perakuan Penentuan Timbang dan Sukat, No Siri Alat: 155350022 (60mt) last inspected by Metrology Corporation Malaysia Sdn Bhd on 19.12.2019.
21. Gun License (Lesen Memiliki Senjata dan Peluru), Registration No.: JPL/1055 under the name of Mr Vijayakumar A/L Sathivalu, I.C No.: 740621-14-5477 renewed on 02.07.2020.
22. The Distribution List of Fire Extinguisher for 2020 according to location;

Location	No of Unit	Expiry date
Office, Clinic, lubricant store, weighbridge, diesel tank, tractor garage, fertilizer store, water treatment plant, diesel pump house, electric pump house, nursery and linesite	20	11.05.2021
General/Chemical Store & Workshop	5	11.05.2021 18.05.2021

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

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

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

1. Enquiring the laws books publisher
2. Communication with law/enforcement officers
3. Website

List of legal correspondences permit will be updated by all Person Incharge in both estates.

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

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

Summary The person in charge (PIC) to monitor compliance and to track and update the changes in regulatory requirements are as follow;

Estate	PIC	Manager	Letter Date
Sungei Kawang	Mdm Vilashini a/p Donesworo (Staff)	Mr Liew Thein Yeen (Senior Manager)	16.05.2020
Gunong Pertanian	Mr Ahmad Azani Bin Sarmin (Staff)	Mr Lim Hock Seng (Manager)	01.01.2020
Jeram Padang	Mr Muhamad Aizad Bin Kasmin (Asst Manager)	Mr Haji Zamri Bin Zainalabidin (Senior Manager)	02.01.2020
Ayer Hitam	Mr Too Chee Kau (Sen. Asst Manager)	Mr Vijayakumar A/L Sathivalu (Senior Manager)	02.01.2020

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

Criterion 2 Land use rights

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

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

For Sungei Kawang Estate, the estate has one Land Title with the following details;

Lot No	Ha	Syarat Nyata	Cukai tanah (RM)
2464	256.1612	Rubber	64,050.00
2465	98.8426	Rubber	24,725.00
2466	15.0363	Rubber	1,057.00
1797	128.5865	Tiada	-
1798	324.7597	Tiada	-
1796	781.8380	Tiada	-
1575	0.6829	Nil	21.00
2220	1.8033	Padi	38.00
3082	254.4413	Nil	-
3083	19.3740	Nil	-
3090	7.9494	Nil	560.00
	1,889.4752		90,451.00

Note:

1. Sighted letter from Administration Director of KLK Berhad, addressed to Ladang Sungei Kawang dated 18th April 2019 and 2nd March 2020 stated the effort by the KLK Head Office for the conversion of land use.
2. Sighted another follow-up letter from "Pengarah Pentadbiran (Perladangan)" of KLK Berhad, addressed to Pejabat Daerah dan Tanah Temerloh with regards to "Permohonan Penukaran Kategori Penggunaan Tanah dan Syarat-Syarat



Nyata dalam Hakmilik (mengelakkan cukai tanah yang tinggi) – Ladang Sg Kawang” dated 18.05.2020.

Verified evidence of annual payment of quit rent for 2020 paid to the Pejabat Tanah Daerah Temerloh, Negeri Pahang amounted to RM90,451.00.

For Gunong Pertanian Estate, the estate has one Land Title with the following details;

Lot No	Ha	Syarat Nyata	Cukai tanah (RM)
3216	688	Oil Palm	96,320.00

Total Land Titled Ha = 688 ha

Less: Land acquired for Flood Mitigation Scheme 1994 = 2.0696 ha

Net land titled Ha = 685.9304 ha

Verified evidence of annual payment of quit rent for 2019 paid to the Bendahari Negeri, Negeri Sembilan (Lampiran A) amounted to RM96,320.00 for 685.9304 ha.

For Jeram Padang Estate, the land title details as tabulated below;

Lot No	Land Title (Ha)	Acquisition (Ha)	Quit Rent (Ha)	Syarat Nyata	Cukai tanah (RM)
545 (7354)	50.7374	8.7840	42.5441	Pertanian	6916.00
546 (20002)	402.6616	0.1975	402.4572	Pertanian	56350.00
545	2.4534	0	2.4534	Getah & Kelapa sawit	93.00
546	2.4155	0	2.4154	Getah & Kelapa sawit	93.00
736, 737	7.4589	0	7.4587	Tiada	353.00
745 (5321)	81.1393	0.0793	81.0883	Tiada	11,354.00
744	125.8065	0.0065	125.8065	Tiada	17,626.00
691 (5355)	242.4063	59.4063	182.9942	Tiada	10,980.00
641	41.9608	0	41.9601	Pertanian	5,880.00
710 (8186)	201.3131	172.1831	29.0704	Tiada	1,974.00
699 (20001)	178.3649	13.5249	164.8543	Tiada	9,290.00
547	80.937	0	80.9356	Tiada	4,860.00
738	1.2141	0	1.2140	Getah & Kelapa sawit	49.00

539	2.3548	0	2.3547	Getah & Kelapa sawit	89.00
547	2.4306	0	2.4306	Getah & Kelapa sawit	93.00
769	242.7098	0.0098	242.7057	pertanian	33,992.00
785	259.0996	0	259.0951	pertanian	36,274.00
1049 (30167)	325.8830	0.0037	325.8793	Getah & Kelapa sawit	44,814.00
858	0.5949	0	0.5944	Tiada	36.00
585	32.0839	0	32.0834	Tiada	1,926.00
1130	5.779	0	5.7816	Perusahaan	JPPOM 27,740.00
1800	78.3067	0	77.7610	Getah & Kelapa sawit	10,892.00
Total	2,368.1331	254.1951	2,113.938		281,674.00

Verified evidence of annual payment of quit rent for 2019 paid to the Bendahari Negeri, Negeri Sembilan (Lampiran A) amounted to RM281,674.00 for 2,113.938 ha.

For Ayer Hitam Estate, the land title details as tabulated below;

Lot No	Land Title (Ha)	Acquisition (Ha)	Quit Rent (Ha)	Syarat Nyata	Cukai tanah (RM)
80	1,036.02		1,035.9759	Tiada	62,160.00
84	1,012.14		1,012.0999	Tiada	69,842.00
163	592.258		592.1794	Tiada	40,869.00
	2,640.418		2,640.2552		172,871.00

Verified evidence of annual payment of quit rent for 2019 paid to the Bendahari Negeri, Pejabat Tanah Daerah Jempol, Negeri Sembilan (Lampiran A) amounted to RM172,871.00 for 2,640.2552ha.

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

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

Summary The estate has demonstrated legal ownership of its land by having legal land titles to the land. The copy of land title is kept in the estate's office and was sighted during the audit.

All the land titles are under the ownership of Kuala Lumpur Kepong Berhad.

The detail of estates Area Statement is tabulated below;

Description	Sungei Kawang (Ha)	Gunong Pertanian (Ha)	Jeram Padang (Ha)	Ayer Hitam (Ha)
Mature Oil Palm	1,342	586	1,203	2,165
Immature Oil Palm	249	52	470	441
Mature Rubber	180		143	
Immature Rubber	62		0	
Nursery	6		2	3
Building site, roads, etc.	23	5	100	30
Wasteland and Swamps	27		38	1
Unplanted area		25		
Others		18		
Kepis Division (TOL)			-7	
Land Acquisition (CIMA)			165	
Total as per Titled	1,889	686	2,114	2,640

Note: Kepis Division is a Temporary Occupation License land.

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 Boundary Markers Monitoring Checklist for the Estate has been updated by the following Person-In-Charge;

Estate	PIC	Revised Date	No. of Boundary Marker
Sungei Kawang	Mr Muhammad Azim Bin Nawan (Staff)	25.02.2020	119
Gunong Pertanian	Mr Ahmad Azani Bin Sarmin (Staff)	03.03.2020	24
Jeram Padang	Mr Shankaran A/L Ravindran (Staff)	10.01.2020	48
Ayer Hitam	Mr Mohamad Syafiq Bin Mohd Amran (Staff)	24.06.2020	60

The identification of Boundary markers/stones has been carried out in stages. As a sample evidences, some of the coordinates determined by the estates are;

Estate	Boundary ID No.	GPS Coordinate
Sungei Kawang	203	3°29'24.03233" N, 10°21'043.90433" E
Gunong Pertanian	141	3°03'43.2688" N, 102°15'28.50502" E
Jeram Padang	148	2°44'1.33" N, 102°22'48.5142" E
Ayer Hitam	216	2°55'52.81" N, 102°23'53 E

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

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

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

Estates land fully owned by Kuala Lumpur Kepong Berhad.

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

Criterion 3 Customary rights

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

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

Estates land fully owned by Kuala Lumpur Kepong Berhad.

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

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

Summary There is no customary land within or surrounding the estates. There are also no land conflict or disputes recorded by the estate. The estate land titles and ownerships are legally identified and documented.

Estates land fully owned by Kuala Lumpur Kepong Berhad.

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

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

Summary There is no land conflict or disputes recorded by the estate. The estate land titles and ownerships are legally identified and documented.

Estate's land fully owned by Kuala Lumpur Kepong Berhad.

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

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

Criterion 1 Social impact assessment (SIA)

Indicator 1 Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.

Summary A Social Impact Assessment (SIA) and records of meetings maintained by all estates. 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.

For Sungei Kawang Estate, sustainability department has conducted assessment for internal stakeholder on 30.06.2020. the report was made available to the audit team. Concern from the internal stakeholders were taken and attended. Below is the action taken to mitigate the negative impact and promote the positive ones:

Concern Raised by respondents	Mitigation measures
They don't know who to contact in case of emergency	Management will continuously give briefing on safety procedure and ERT team during muster call to ensure that all workers are aware on the ERT and ERP at the operating center. The emergency contact number also displayed at the notice board.

The workers felt that the prices of goods sold in the estate sundry shop were expensive than nearby sundry shops.	Management will ensure and monitor the price at the sundry shop is displayed and in accordance to the normal price at the outside sundry shop. The management also don't stop the workers from buying to the other sources and give an option to the workers based on their own preference.
The workers mentioned that the management didn't organized any campaign and health activities in the estate	Management has scheduled fogging activities and explained to all the workers that a health activity will be conducted as it deemed necessary and after arrangement has been made with the nearest Klinik Kesihatan or hospital. Workers will be informed before the activities been conducted.

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, rev: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 resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.

Summary The system used by the estate in resolving disputes exists in the procedure called Complaints and Grievances Procedure. It was confirmed through interviewed that all workers understand about this procedure. The complaints from workers was resolved in effective, timely and appropriate manner.

As evidence in Gunong Pertanian Estate, complaint records were made available to the audit team. Sighted the records is well kept in the Complaint Record Files. As of the audit time, there were only 2 complaints received by the estate management.

- a. Complain by Mr. Ram Mahis dated on 03.04.2020, complaining about unfunctional fluorescence lamp. The management has repaired and sighted the verification date on 04.04.2020.
- b. Complain by Mr. Umish Kumar dated on 13.05.2020, complaining about roof leakage. The management has repaired and sighted the verification date on 15.05.2020.

For Ayer Hitam Estate, complaint records were made available to the audit team. Sighted the records is well kept in the Complaint Record Files. As of the audit time, there were only 7 complaints received by the estate management.

- a. Mohammad Khyrul Islam – sinki rumah patah (17.01.2020), repaired on 18.01.2020.
- b. Alamin – kerosakan elektrik (09.03.2020), repaired on 14.03.2020.
- c. Ramilingam – sinki rumah patah (12.05.2020) repaired on 13.05.2020).

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 a complaint.

Summary The complaints and grievances logbook are available at the admin and estate office in order to ease the employees and relevant stakeholders to lodge the complaint.

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

Indicator 4 Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.

Summary Sighted on the notice board the KLK Sustainability Policy mention regarding the complaints procedure.

Employees and surrounding committees are aware of the complaint form. They have been briefed during the social impact assessment session and acknowledged the effort made by the estate management.

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

Indicator 5 Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.

Summary Sighted records of Stakeholders complaint forms dated from 2019/2020 and record is fully filled up and filed. All the complaints resolved.

No negative complaints made by external stakeholders within last 24 months.

The internal stakeholder's complaint is usually on repairing at the workers quarters such as house light not functioning etc.

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

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

Summary All estates are committed and have contributed to the communities. As evidence:

- 1) Gunong Pertanian Estate:
The estate management has contributed to the internal and external communities. Contribution records were signed as below:
 - Regional football tournament, 15.09.2019
 - Food distribution for workers during MCP, 27.03.2020
 - Distribute chicken for workers during hari raya 21.05.2020.
 - Lunch for harvesters for crop achievement 09.08.2019
- 2) Ayer Hitam Estate:
The estate management has arranged CSR program for their internal and external stakeholders.
 - Badminton tournament NS region, conducted on 25 August 2019.
 - Visit to Seremban Children Welfare Organization on 30 April 2019.

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

Criterion 4	Employees safety and health
Indicator 1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.

Summary Sighted the Occupational Safety & Health Policy. Issue/Revised 2/1, dated 1st 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.

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

- 1. KLK Sustainability Policy Briefing, conducted on 26.02.2020, conveyed by Mr. Debpankumar.
- 2. Safety and OSH policy briefing conducted on 02.01.2020, delivered by Mr. Sim Wee Kee
- 3. Safety & SOP briefing for working in ramp conducted on 20.02.2020, delivered by Mr. Ahmad Rahmat Mohamad.

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

Indicator 2 The occupational safety and health plan shall cover the following:

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations shall be assessed and documented.
- c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:
 - i) all employees involved shall be adequately trained on safe working practices; and
 - ii) all precautions attached to products shall be properly observed and applied.
- d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.
- f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.
- g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.
- h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.
- i) Employees trained in First Aid should be present at all field operations. A First Aid

Kit equipped with approved contents should be available at each worksite.
j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.

Summary

Sighted the Occupational Safety & Health Policy. Issue/Revised 2/1, dated 1st January 2020 Approved by Mr. Patrick Kee Chuan Peng (Group Plantations Director).

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.

Risk assessment was conducted through HIRARC based on the severity and the likelihood. HIRARC sighted for the followings work operation includes harvesting, manuring, spraying, nursery, Loading ramp and etc.

Appropriate training to the workers exposed to the chemical has been planned and conducted. Training records has been sighted accordingly. As evidence in Sungei Kawang Estate:

- Briefing on the triple rinse & piercing conducted on 02.03.2020 by Mr. Sim Wee Kee.
- SOP Briefing on the spraying conducted on 02.03.2020 by Mr. Sim Wee Kee

PPE Issuance and replacement record sighted for all estates in "Personal Protective Equipment (PPE) Issue Form" includes :-

- Executives
- Staffs/AP
- Field Workers
- General Workers

All workers involved in the operations have been adequately trained in safe working practice. SOP for chemical handling is available SOP 6, Issue/Rev ; 3/2 dated 1/1/2020. CHRA assessment has been conducted for all estate.

Sighted at Gunong Pertanian Estate, medical surveillance report was made available to the audit team. 17 of the workers who are exposed to the chemical hazard were examined, conducted by Dato Dr L Krishnan (OHD), in Bahau (Klinik Raja & Surgeri). Medical surveillance was conducted on 12/03/2020-13/03/2020. Visiting Medical Officer logbook was made available to the audit team, meanwhile, the record did not state the details of the of the assessment such as; number of patients, criteria of assessment, condition of the patient and result of the assessment.

For all estates the assigned person for Safety and Health is available. All the estate managers is the appointed person as the responsible person for health and safety.

For Jeram Padang Estate, Tn. Hj. Zamri bin Zainalabidin (Estate Sr. Manager) has been appointed as the person in charge for occupational safety and health, dated on

13.06.2020. OSH committee meeting was conducted every 3 months. First meeting was conducted on 04.04.2020 followed by second meeting on 03.07.2020.

All estates' issues raised and discussed during conducted meeting has been resolve and taken action by estate management with proper action and target date.

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

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 cases, investigation and calculation of LTA.

- a) Ladang Jeram Padang
Estate has submitted JKKP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. JKKP 8 was submitted on 03rd January 2020.
- b) Ladang Ayer Hitam :
Estate has submitted JKKP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. JKKP 8 was submitted on 25th January 2020.

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

Criterion 5 Employment conditions	
Indicator 1	The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.
Summary	<p>The policy on good social practices is established in KLK Sustainability Policy Issue/Rev 1/0 dated 30th August 2018 signed by CEO Tan Sri Datuk Seri Lee Oi Hian.</p> <p>The 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</p> <p>Communicated to internal and external stakeholders during stakeholders meeting</p>
In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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 The equal opportunity policy is available in KLK Sustainability Policy Issue/Rev 1/0 dated 30th.August 2018 signed by CEO Tan Sri Datuk Seri Lee Oi Hian.

The 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> All workers enjoy the same scale of pay and provided with equal housing and work facilities.

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. Communicated to internal and external stakeholders during stakeholders meeting.

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

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

Summary Pay and conditions are documented in the appointment letter of the staff and workers. Interview with both estate staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment. No confinement history and no illegal or forced deduction as per this audit period.

The salary is according to 'Guidelines on the Implementation on the Minimum Wages Order 2020'. The workers will receive wages RM1,100 per month. However, new amendment has come into force where the minimum wages standard has been increased from RM 1,100 to RM 1,200. KLK Berhad responded to this new amendment and has exercised this effectively from June 2020 onwards.

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

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

Summary The 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 is RM1,100.00 – RM1,200.00 as stated in the guidelines.

As evidence at Gunong Pertanian Estate, the estate management has engaged Nrajoo Transport & Trading for FFB transportation to Jeram Padang Palm Oil Mill. Sighted the pay slip for Mr. Ganesan Ramasamy and Mr. Raguraju Neelaswami for 6 months, and it was confirmed that the wages received is based on the minimum standards.

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

Indicator 5 The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises).

The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.

Summary Each operating unit's management has kept their employees' personal details in their personal file. This information includes the name, ID number (passport or IC number), date of birth, place of origin, job description, wages 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 is available for each and every employee indicated in the employment records.

Summary Contracts for local and Indonesian foreign workers were sampled. The terms and conditions of employment are contained in the employment contracts and include duration of employment, place of work, salary, working hours, medical benefits, accommodation, annual leave, sick leave, termination of service, and other benefits provided (housing, employment cost, etc).

For contracts that were prepared in Bahasa, explanation and briefing were given to the workers prior to signing. A copy of employment contract is given to the individual worker and this was further confirmed by the workers during interviews.

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

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

Summary Working hours is 8 hours. From 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. Barcode Scan time chit being use for the workers attendance record.

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

Indicator 8 The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.

Summary Working hours allowed as per described in the contract agreement is 8 hours per day. The time break was brief by the estate/mill representative during the muster call. The workers can demonstrate a good understanding regarding on the overtime rate and the payment was made accordingly. Pay slip was made available to the audit team. Sighted the item such as basic salary, over time, deductions and etc. The calculation for over time was clearly stated in the pay slip.

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 according 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 the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.

Summary All workers have been provided with medical and accident insurance. Since 1st Jan 2019 foreign worker are cover under SOCSO.

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

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

Indicator 11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.

Summary All employees are provided with a house complete with house facilities. Any damages will bare by the estate management. Site visit to the resident area shows that house provided is habitable as per guided by the Workers Minimum Standards Housing & Amenities Act 1990.

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

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

Summary In KKK Sustainability Policy Issue/Rev 1/0 dated 30th.August 2018 signed by CEO Tan Sri Datuk Seri Lee Oi Hian. The Policy is displayed at the office notice boards.

For all estates, the appointment letter was given to the woman committee and signed by the respective estate managers. The committee will serve for 2 years.

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

Indicator 13 The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their

work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.

Summary The policy is available In KLK Sustainability Policy Issue/Rev 1/0 dated 30th.August 2018 signed by CEO Tan Sri Datuk Seri Lee Oi Hian.

The 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/> Local or foreign workers are given the freedom which it is an optional for them to join worker union formed in estate. Interview with both estates asst. Confirmed that foreign workers are allowed to join Union if any.

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

Indicator 14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.

Summary The policy on children and young persons is available In KLK Sustainability Policy Issue/Rev 1/0 dated 30th August 2018 signed by CEO Tan Sri Datuk Seri Lee Oi Hian.

The Policy is displayed in notice boards. The policy also publicly available through the official website: <http://www.klk.com.my/>. It is communicated to internal and external stakeholders during stakeholders meeting.

The company has established and implemented minimum age policy and no child labor. Interviews with workers and staff confirmed that there is no children employed in estate. There are no children below ages of 18 working in the estate at time of audit.

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

Criterion 6 Training and competency

Indicator 1 All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.

Summary All estates have established a comprehensive annual OSH training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers.

An appropriate training program related to the job scope, safety & health, environment and briefing has been programmed, executed and well kept in the Training Record Files. Some of the training records are as follow:

- SOP training for harvesters and loaders, conducted on 03.03020 by Mr. Mohd Alias.

- SOP training for spraying and premixer conducted on 15.07.2020 by Mycorp Sdn Bhd.
- SOP training for fertilizer applications conducted on 22.05.2020 by Mr. Lim Hock Seng.

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 Each operating unit has identified the training need for each of their employees and each employee were given training or briefing based on their work station or job description. This may include from the management until the general workers. Training needs analysis and training program were made available to the audit team and the audit team has confirmed that all employees were scheduled to attend a training related to their job or work station.

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

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

Summary All workers involved in the operations have been adequately trained in safe working practice. Both estates have 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 2019/2020 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 KLK Berhad has established the SOP 10.0 - "Environmental Aspect & Impact Assessment" Issue/Rev 3/2 dated 01.01.2020 prepared by the Sustainability Department with the objective to identify all activities or aspects of the Estate/ Palm Oil Mill that have impact to the environment.

The estates management has conducted environmental aspect and impact assessment for all its' activities in year 2020. The environmental assessment findings are recorded in document titled "Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan (WMP) SOP 10.0, Appendix 1.0, Issue/Rev 3/2 prepared and approved by the following personnel;

Estate	Revision Date	PIC	Manager
Sungei Kawang	28.03.2020	Mr Sim Wee Kee (Asst. Mgr)	Mr Ahmad Rahmat Bin Hashim (Asst. Mgr)
Gunong Pertanian	03.02.2020	Mr Ahmad Azani Bin Sarmin (Staff)	Mr Lim Hock Seng (Manager)
Jeram Padang	05.02.2020	Mr Muhamad Aizad Bin Kasmin (Asst Manager)	Mr Haji Zamri Bin Zainalabidin (Senior Manager)

Ayer Hitam	16.01.2020	Mr Too Chee Kau (Sen. Asst. Manager)	Mr Vijayakumar A/L Sathivalu (Senior Manager)
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The environmental aspect & impact assessment (EAIA) register has identified columns for Major Activity, Waste Generated, Aspect, Impact, Risk assessment (likelihood (L), Consequence (C), Score (LXC) & Management Plan Required (Y/N). EAIA is being reviewed on annual basis.

The environmental aspect & impact assessment has covered 24 keys process/Area and its Major Activity includes;

1. Chemical Premix Area - Chemical mixing, PPE washing, triple rinse
2. Chemical Store - Intake and issue of Class 1,2,3 and 4 chemicals
3. Clinic – provides treatment to patients
4. Diesel tank – diesel handling during intake and issue
5. Empty chemical containers store – storage and disposal of triple rinsed empty chemical containers
6. Empty fertilizer bags store – storage of empty fertilizer bags
7. Fertilizer store – intake and issue of fertilizer
8. FFB Collection – FFB loading at platform
9. Grass cutting activity – grass cutting at line site, cemetery, office area
10. Harvesting – frond/ bunch cutting
11. Immature maintenance – spraying and manuring
12. Landfill – transportation & dumping of domestic waste
13. Mature maintenance – spraying/ mist blowing and manuring
14. Mechanization (Longstar/ Power Barrow) – bunch/ loose fruits collection
15. Nursery – watering, spraying, manuring
16. Office/ crèche/ linesite – disposal of rubbish and waste water and electricity consumption
17. POL Store – POL handling during intake and issue
18. Replanting – felling, construction of roads, silt pit, drainage, conservation terraces
19. Road maintenance – road grading or road maintenance whole estate
20. Scheduled waste store – storage and disposal of SW
21. Scrap iron area – storage and disposal of scrap iron
22. Tractor parking and washing bay – parking of tractors/trailers/lorry and washing of tractors/trailer/lorry
23. Water treatment plant – treatment of water
24. Maintenance in workshop – vehicle maintenance

The Environmental Management Plan (EMP) has been incorporated with Environmental Aspect & Impact Assessment (EAIA) & Waste Management Plan (WMP). Sample evidences of Environmental Management Plan (EMP) established by the estates includes;

No	Major Activity/Aspect	Impact	Impact Management Control
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1	Diesel spillage	Water & Land pollution	To ensure bund volume is 110% of the total diesel tank volume and sump of diesel tank are in good condition, to dispose the scheduled waste through license scheduled waste collector.
2	Fertilizer spillage	Water & Land pollution	To ensure the fertilizers are stock on pallet if it is non-cement floor.
3	Chemicals spillage	Water & Land pollution	To ensure bund and sump are in good condition, regular monitoring for spillage, to provide chemical handling training to premix operator.
4	POL Spillage	Water & Land pollution	To ensure bund and sump of POL store are in good condition, to prepare secondary containment for transferring utensil, to dispose the scheduled waste through license scheduled waste collector.
5	Emission of greenhouse gases from diesel engine	Global warming	To ensure regular maintenance (repair of leaking tractor) of the vehicle involved.
6	Storage of empty fertilizer bags	Nil	To reuse the empty fertilizer bag as platform for loose fruit collection, to dispose through license collector.
7	Scheduled waste spillage	Water pollution	To ensure bund and sump of scheduled waste store are in good condition, to dispose the scheduled waste through license scheduled waste collector.
8	Dumping of non-biodegradable wastes	Land pollution	To provide recycle bins in linesite, to provide training to all workers

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 and approved by the following personnel;

Estate	Revision Date	PIC	Manager
Sungei Kawang	28.03.2020	Mr Sim Wee Kee (Asst. Mgr)	Mr Ahmad Rahmat Bin Hashim (Asst. Mgr)
Gunong Pertanian	01.01.2020	Mr Ahmad Azani Bin Sarmin (Staff)	Mr Lim Hock Seng (Acting Manager)

Jeram Padang	18.02.2020	Mr Muhamad Aizad Bin Kasmin (Asst Manager)	Mr Haji Zamri Bin Zainalabidin (Senior Manager)
Ayer Hitam	01.02.2020	Mr Leong Hon Choon (Assistant Manager)	Mr Vijayakumar A/L Sathivalu (Senior Manager)

The sample evidence of improvement for Chemical Usage Reduction, Environmental Impacts/Pollution and GHG Reduction, Waste Reduction and Integrated management of HCV/HCS, peatland and other conservation area, include the following improvement activities;

1. Spraying pump nozzle calibration
2. Planting of beneficial plant
3. IPM – rat baiting, pheromone trap
4. Regular service of Tractors
5. Briefing on energy saving (Grid electricity)
6. Briefing on 3R programme
7. Frond stacking to reduce agriculture waste
8. Precautionary management strategy and monitoring plan on management area(s)
9. To allocate and trace location of markers.

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 and approved by the following personnel;

Estate	Revision Date	PIC	Manager
Sungei Kawang	18.01.2020	Mr Ahmad Rahmat Bin Hashim (Asst. Mgr)	Mr Xavier Navaratnam A/L Thiruchellam
Gunong Pertanian	01.01.2020	Mr Ahmad Azani Bin Sarmin (Staff)	Mr Lim Hock Seng (Acting Manager)
Jeram Padang	18.02.2020	Mr Muhamad Aizad Bin Kasmin (Asst Manager)	Mr Haji Zamri Bin Zainalabidin (Senior Manager)
Ayer Hitam	01.02.2020	Mr Leong Hon Choon (Assistant Manager)	Mr Vijayakumar A/L Sathivalu (Senior Manager)

For Sungei Kawang Estate, the Continuous Improvement Plan includes;

1. Chemical usage reduction – planting of beneficial plant – scheduled on September 2020, on-going
2. Chemical usage reduction – spraying pump nozzle calibration – scheduled on September 2020, date of completion July 2020

3. Chemical usage reduction – IPM – scheduled on September 2020, on-going
4. Environmental Impact/ Pollution and GHG reduction – regular service of tractors – scheduled on September 2020
5. Environmental Impact/ Pollution and GHG reduction – briefing on energy saving (Grid electricity) – scheduled on all times in 2020
6. Waste reduction – Briefing on 3R programme – scheduled on all times in 2020
7. Waste reduction – Frond stacking to reduce agriculture waste – scheduled on all times in 2020.
8. Integrated management of HCV/HCS, peatland and other conservation area – precautionary management strategy and monitoring plan on management area (s) – scheduled on all times in 2020

For Gunong Pertanian Estate, the Continuous Improvement Plan includes;

1. Chemical usage reduction – planting of beneficial plant – scheduled on September 2020, on-going
2. Chemical usage reduction – spraying pump nozzle calibration – scheduled on every 4 months, on-going
3. Chemical usage reduction – IPM – scheduled on September 2020.
4. Environmental Impact/ Pollution and GHG reduction – regular service of tractors – scheduled as on-going
5. Environmental Impact/ Pollution and GHG reduction – briefing on energy saving (Grid electricity) – scheduled on April 2020, completed on 20.06.2020.
6. Waste reduction – Briefing on 3R programme – scheduled on April 2020, completed on 21.07.2020
7. Waste reduction – Frond stacking to reduce agriculture waste – scheduled as on-going process in 2020.
8. Demarcation of boundary markers – to allocate and trace location of markers – scheduled on February 2020, completed on 15.02.2020

For Jeram Padang Estate, the Continuous Improvement Plan includes;

1. Chemical usage reduction – planting of beneficial plant – scheduled on September 2020, on-going
2. Chemical usage reduction – spraying pump nozzle calibration – scheduled on September 2020, on-going
3. Chemical usage reduction – IPM – scheduled on September 2020, on-going.
4. Environmental Impact/ Pollution and GHG reduction – regular service of tractors – scheduled on September 2020, on-going
5. Environmental Impact/ Pollution and GHG reduction – briefing on energy saving (Grid electricity) – scheduled on September 2020, on-going.
6. Waste reduction – Briefing on 3R programme – scheduled on September 2020, collected every 6 months by Lung Seng Chemicals Sdn Bhd.
7. Waste reduction – Frond stacking to reduce agriculture waste – scheduled on September 2020, on-going

For Ayer Hitam Estate, the Continuous Improvement Plan includes;

1. Chemical usage reduction – planting of beneficial plant – scheduled on September 2020, status on-going

2. Chemical usage reduction – spraying pump nozzle calibration – scheduled on 3 months interval in 2020, status on-going
3. Chemical usage reduction – IPM – scheduled on September 2020, status on-going.
4. Environmental Impact/ Pollution and GHG reduction – regular service of tractors – scheduled on every 45 days interval in 2020, status on-going
5. Environmental Impact/ Pollution and GHG reduction – briefing on energy saving (Grid electricity) – scheduled on September 2020, status on-going.
6. Waste reduction – Briefing on 3R programme – scheduled on September 2020, status on-going.
7. Waste reduction – Frond stacking to reduce agriculture waste – scheduled on September 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 of the environmental management and improvement management plans and are working towards achieving the objectives.

Summary For Sungei Kawang Estate, 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	02.01.2020	02.03.2020	4 executives, 10 staff & 192 workers
KLK Sustainability Briefing on RTE Awareness	02.01.2020	02.03.2020	4 executives, 10 staff & 192 workers
KLK Sustainability Briefing on Domestic waste management	02.01.2020	02.03.2020	4 executives, 10 staff & 192 workers
KLK Sustainability Briefing on Riparian Zone management	02.01.2020	02.03.2020	4 executives, 10 staff & 192 workers
Briefing on line site implementation of SOP	02.01.2020	02.03.2020	4 executives, 10 staff & 192 workers

For Gunong Pertanian Estate, the training programme and implementation on Environmental aspects for year 2020 as follow;

Description	Training Schedules	Training Implementation	No. of Attendees
Briefing on triple rinse and piercing	February 2020	15.07.2020	1 executive, 1 staff & 1 workers
KLK Sustainability Briefing on Policy	March 2020	16.03.2020 (Staff) 17.03.2020 (Workers)	1 executive, 4 staff & 68 workers
KLK Sustainability Briefing on RTE Awareness	March 2020	16.03.2020 (Staff) 17.03.2020 (Workers)	1 executive, 4 staff & 68 workers
KLK Sustainability Briefing on Domestic waste management	March 2020	16.03.2020 (Staff) 17.03.2020 (Workers)	1 executive, 4 staff & 68 workers
KLK Sustainability Briefing on Riparian Zone management	March 2020	16.03.2020 (Staff) 17.03.2020 (Workers)	1 executive, 4 staff & 68 workers
Briefing on line site implementation of SOP	March 2020	16.03.2020 (Staff) 17.03.2020 (Workers)	1 executive, 4 staff & 68 workers

For Jeram Padang Estate, the training programme and implementation on Environmental aspects for year 2020 as follow;

Description	Training Schedules	Training Implementation	No. of Attendees
Briefing on triple rinse and piercing	25.03.2020	25.03.2020	1 executive, 1 staff & 1 workers
KLK Sustainability Briefing on Policy	09.05.2020	09.05.2020	1 executive, 3 staff & 63 workers
KLK Sustainability Briefing on RTE Awareness	09.05.2020	09.05.2020	1 executive, 3 staff & 63 workers

KLK Sustainability Briefing on Domestic waste management	09.05.2020	09.05.2020	1 executive, 3 staff & 63 workers
KLK Sustainability Briefing on Riparian Zone management	09.05.2020	09.05.2020	1 executive, 3 staff & 63 workers
Briefing on water sampling procedure	16.06.2020	16.06.2020	1 executive, 1 staff & 2 workers
Briefing on scheduled waste management	16.06.2020	16.06.2020	1 executive, 1 staff & 2 workers

For Ayer Hitam Estate, the training programme and implementation on Environmental aspects for year 2020 as follow;

Description	Training Schedule	Training Implementation	No. of Attendees
Briefing on triple rinse and piercing	May 2020	02.07.2020	1 executive, 1 staff & 1 workers
KLK Sustainability Briefing on Policy	June 2020	17.07.2020	1 executive, 4 staff & 122 workers
KLK Sustainability Briefing on RTE Awareness	June 2020	17.07.2020	1 executive, 4 staff & 122 workers
KLK Sustainability Briefing on Domestic waste management	June 2020	17.07.2020	1 executive, 4 staff & 122 workers
KLK Sustainability Briefing on Riparian Zone management	June 2020	17.07.2020	1 executive, 4 staff & 122 workers
Briefing on water sampling procedure	March 2020	17.07.2020	1 executive, 1 staff & 1 workers
Briefing on scheduled waste management	February 2020	03.02.2020	1 executive, 1 staff & 2 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 was held on the following date;

Estate	Period	Date of meeting	No. of Attendees
Gunong Pertanian	2018/2019	30.12.2019	4 persons
Jeram Padang	2018/2019	26.12.2019	6 persons
Ayer Hitam	2018/2019	11.02.2020	9 persons

The Sustainability Management Review Meeting discussed the following environmental issues;

1. Waste reduction – The management was provided recycle bins to execute 3R programme. 3R concept was emphasized during sustainability briefing. The management was utilized fertilizer bags for loose fruits collection. Scheduled waste has been last disposed by licensed SW contractor.
2. Pollution and Greenhouse Gas (GHG) Emissions – GHG monitoring data to be reported to the Sustainability Team. Diesel usage, electricity, chemical usage and fertilizer usage is the essential contributor.
3. Environmental Impact Assessment – Environmental impacts resulted from estate activities were identified and mitigation measures were implemented.
4. High Conservation Value (HCV) Management – There is no HCV area identified in Gunong Pertanian Estate according to In-House HCV assessment report.
5. High Conservation Value (HCV) Management – There is no HCV area identified in Jeram Padang Estate according to In-House HCV assessment report.
6. High Conservation Value (HCV) Management – There is no HCV area identified in Ayer Hitam Estate according to In-House HCV assessment report.

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	Sungei Kawang	Gunong Pertanian	Jeram Padang	Ayer Hitam
FFB,mt	14,568.27	5,840.73	10,577.56	20,418.24
Diesel, liter	10,150	7,694	50,157	18,993
Average, Liter/mt FFB	0.70	1.32	4.74	0.93



Diesel baseline value	1.30	1.35	2.16	2.38
Electricity, kWH	79,041	13,093	72,173	51,791
Average, kWH/mt FFB	5.43	2.24	6.82	2.54
Electricity baseline value	5.67	2.45	3.83	2.75

Note: No genset being used by the estate. The electricity supply for the estate is obtained from TNB.

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

Indicator 2 The oil palm premises shall estimate the direct usage of nonrenewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.

Summary The estimate of direct usage of Non-renewable Energy Consumption for their operations in 2019/2020;

Description	Sungei Kawang	Gunong Pertanian	Jeram Padang	Ayer Hitam
FFB,mt	32,925	13,465	27,591	48,999
Diesel, liter	98,620	20,950	52,500	46,800
Average, Liter/mt FFB	3.00	1.56	1.90	0.96

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

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

Summary The estates applied mill by-products as organic fertilizer such as Empty Fruit Bunch. The By-Product Application record indicated the application from January to June 2020.

Estate	Area	MT	Ha	MT/Ha
Sungei Kawang	16A/42, 17B/21 & 17A/77	1,330.39	67	19.86
Gunong Pertanian	PM10A/11A, PM12A	1,323.51	65.43	20.23
Jeram Padang	PM05A,02B	6,082.40	202	30.11
Ayer Hitam	PM11A, 12B, 08A,05A,05B	12,469.20	415.64	30.00

The application of Belt Press and Decanter Cake is tabulated below;

Estate	Area	MT	Ha	MT/Ha
Jeram Padang	PM07A	972.46	139	7.00
Ayer Hitam	Nil	Nil	Nil	Nil

The application of ECOMAT is tabulated below;

Estate	Area	Pieces	Ha	Pieces/Ha
Jeram Padang	PM99A,95G	62,400	240	260
Ayer Hitam	PM04A	5,838	21	278

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 KLK Berhad has established the SOP 12.0: Scheduled Waste Management, Issue/Rev 2/1 dated 01.01.2020

The estates had identified the Scheduled Wastes (SW) as follow;

1. SW102 – Used Batteries
2. SW305 – Spent lubricant oil
3. SW306 – Spent hydraulic oil
4. SW410 – Rags, plastics, papers or filters contaminated with scheduled waste
5. SW404 – Clinical Wastes

The SW inventory for Sungei Kawang Estate includes;

SW Code	305	410	404
Previous Disposal Date	14.12.2019	14.12.2019	16.12.2019
Quantity Disposed (Unit)	0.181mt	0.364mt	1.0kg
Generated Date after Disposal	20.12.2019	20.12.2019	05.03.2020
Recent Disposal Date	01.06.2020	01.06.2020	26.06.2020
Quantity Disposed (Unit)	0.173mt	0.177mt	2.0kg
Licensed Contractor	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd	Clinic Waste Management
Remarks	164 days	164 days	< 180 days

Note: e-Swis registration has been successfully accepted on January 2018.

The Waste Management Plan (WMP) has been incorporated with Environmental Aspect & Impact Assessment (EAIA) & Environmental Management Plan (EMP) dated 28.03.2020.

Used rags (waste generated) contaminated during diesel handling (intake and issue) to be disposed the SW not exceed 180 days or less than 20mt.

Used oil drum during POL handling (intake and issue) to be disposed the SW not exceed 180 days or less than 20mt.

Lung Seng Chemicals Sdn Bhd has been appointed as a licensed collector to collect the scheduled wastes of SW305 and SW410 while Clinic Waste Management has been appointed as a collector for Clinical Wastes.

The SW inventory for Gunong Pertanian Estate includes;

SW Code	305	410
Previous Disposal Date	17.12.2019	17.12.2019
Quantity Disposed (Unit)	0.213mt	0.035mt
1 st Generated Date after Disposal	06.05.2020	06.05.2020
Recent Disposal Date	Nil	Nil
Quantity Disposed (mt)	Nil	Nil
Licensed Contractor	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd
Remarks	Not due yet	Not due yet

Note: e-Swis reporting has been submitted on 20.07.2020.

The SW inventory for Jeram Padang Estate includes;

SW Code	305	409 (used PPE, etc)	410 (used Filter)	410(used Rags)
Previous Disposal Date	24.12.2019	24.12.2019	24.12.2019	24.12.2019
Quantity Disposed (Unit)	0.632	0.460	0.119	0.101
1 st Generated Date after Disposal	30.01.2020	30.01.2020	30.01.2020	30.01.2020
Recent Disposal Date	18.06.2020	18.06.2020	18.06.2020	18.06.2020
Quantity Disposed (mt)	0.583	0.496	0.040	0.040
Licensed Contractor	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd

Remarks	< 180 days	< 180 days	< 180 days	< 180 days
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Note: e-Swis reporting has been submitted on 21.07.2020.

The SW inventory for Ayer Hitam Estate includes;

SW Code	305	409 (used PPE, etc)	410 (used Filter)	410(used Rags)
Previous Disposal Date	11.12.2019	11.12.2019	11.12.2019	11.12.2019
Quantity Disposed (Unit)	0.331	0.128	0.05	0.173
1 st Generated Date after Disposal	27.02.2020	06.02.2020	27.02.2020	06.02.2020
Recent Disposal Date	05.06.2020	05.06.2020	05.06.2020	05.06.2020
Quantity Disposed (mt)	0.315	0.162	0.032	0.038
Licensed Contractor	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd	Lung Seng Chemicals Sdn Bhd
Remarks	< 180 days	< 180 days	< 180 days	< 180 days

Note: e-Swis reporting has been submitted on 21.07.2020.

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 KLK Berhad has established the SOP 12.0: Scheduled Waste Management, Issue/Rev 2/1 dated 01.01.2020.

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

As a sample evidence for Sungei Kawang Estate, the Waste Management Plan (WMP) revised on 01.01.2020 describes the measurement to control the waste generated from Chemical Premix Area are as follow;

1. Process/Area: Chemical Premix Area
2. Major Activity: Chemical mixing, PPE washing, triple rinse
3. Waste generated: Empty chemical containers
4. Methods: Dispose or Reuse

5. Management Plan: To ensure empty chemicals containers undergoes triple rinse and pierced, to dispose through scheduled waste contractor and Reuse as premix container.

As a sample evidence for Gunong Pertanian Estate, the Waste Management Plan (WMP) revised by Mr Ahmad Azani Bin Sarmin (Staff), verified by Mr Lim Hock Seng (Acting Manager) on 03.02.2020 describes the measurement to control the waste generated from Scheduled Waste Store as follow;

1. Process/Area: Scheduled Waste Store
2. Major Activity: Storage and disposal of SW
3. Waste generated: Used hydraulic oil, used lubricant oil, used oil filter, used rags and used PPE.
4. Methods: Dispose
5. Management Plan: To ensure the scheduled waste item dispose through license scheduled waste collector – Kualiti Alam Sdn Bhd. To dispose the scheduled waste not exceed 180 days or less than 20mt.

As a sample evidence for Jeram Padang Estate, the Waste Management Plan (WMP) revised on 01.01.2020 describes the measurement to control the waste generated from Chemical Store are as follow;

1. Process/Area: Chemical Store
2. Major Activity: Intake and Issue of Class 1, 2, 3 and 4 chemicals
3. Waste generated: Empty chemical containers
4. Methods: Dispose
5. Management Plan: To ensure empty chemicals containers undergoes triple rinse and pierced, to dispose through scheduled waste contractor (Lung Seng Chemicals Sdn Bhd)

As a sample evidence for Ayer Hitam Estate, the Waste Management Plan (WMP) revised on 01.01.2020 describes the measurement to control the waste generated from maintenance work in Workshop includes;

1. Process/Area: Maintenance in Workshop
2. Major Activity: Vehicle maintenance
3. Waste generated: Used hydraulic oil, used lubricant oil, used oil filter, used rags and used PPEs
4. Methods: Dispose
5. Management Plan: To ensure the scheduled wastes are dispose through license collector – Kualiti Alam Sdn Bhd.

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

Indicator 3 The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.

Summary

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

As a sample evidence for Gunong Pertanian Estate, the Register of Chemicals Hazardous to Health 2020 prepared by Mr Ahmad Azani Bin Sarmin (Staff) on February 2020, verified by Mr Lim Hock Seng (Acting Manager) on June 2020 for the following Location/Process;

1. Chemical store: 19 chemical names
2. Fertilizer store: 17 chemical names
3. Oil & lubricant store: 5 chemical names
4. Water treatment plant: 3 chemical names
5. Workshop store: 3 chemical names

As a sample evidence for Jeram Padang Estate, the Register of Chemicals Hazardous to Health 2020 prepared by Mr Elangovan A/L Govindasamy (Staff), verified by Mr Haji Zamri Bin Zainalabidin (Senior Manager) on June 2020 for the following Location/Process;

1. Fuel store: 1 chemical name
2. Chemical store - herbicide: 16 chemical names
3. Chemical store - rodenticide: 2 chemical names
4. Fertilizer store: 24 chemical names
5. Oil & lubricant store: 4 chemical names
6. Water treatment plant: 3 chemical names

As a sample evidence for Ayer Hitam Estate, the Register of Chemicals Hazardous to Health 2020 prepared by Mr Makilan A/L Muniandy (Senior Assistant Manager), verified by Mr Vijayakumar A/L Sathivalu (Senior Manager) on 08.01.2020 for the following Location/Process;

1. Diesel Tank & POL store: 8 chemical names
2. Chemical store :18 chemical names
3. Workshop: 5 chemical names
4. Fertilizer store: 15 chemical names
5. Water treatment plant: 1 chemical names

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

Indicator 4 Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.

Summary

During site visit it has been sighted that the chemical containers are punctured and disposed in an environmentally and socially responsible way to prevent contamination of water source or to human health.

The measurement to control the empty pesticide containers are;

1. Process/Area: Chemical Premix Area
2. Major Activity: Chemical mixing, PPE washing and triple rinse



3. Waste generated: Empty chemical containers
4. Methods: Dispose & Reuse
5. Management Plan: To ensure empty chemicals containers undergoes triple rinse and pierced, to dispose through scheduled waste contractor, reuse as premix container.

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

Indicator 5 Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.

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

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

Estate	Collection frequency (times per week)	Location of landfill
Sungei Kawang	2 times	Block 99B
Gunong Pertanian	2 times	PM2016A
Jeram Padang	2 or 3 times	PM2013A
Ayer Hitam	1 time	PM2006A

Note: For Ayer Hitam Estate, the Waste Management Plan (WMP) prepared by Mr Too Chee Kau (Senior Assistant Manager) on 16.01.2020 and verified by Mr Vijayakumar A/L Sathivalu (Senior Manager) on 20.01.2020 stated the following;

1. Major activity: Disposal of rubbish
2. Waste generated: Organic waste
3. Methods: Dispose
4. Management Plan: To be dump inside the landfill
5. PIC: Assistant Manager
6. Status: once a week

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

Criterion 4 Reduction of pollution and emission including greenhouse gas

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

Summary The polluting activities has been assessed during environmental aspect and impact assessment. The EAIA assessment findings including list of polluting sources are recorded in document titled "Environmental Aspect & Impact Assessment (EAIA) & Environmental Management Plan (EMP) & Waste Management plan (WMP).

As a sample evidence, the assessment on greenhouse gas emissions has been planned based on the following activity;

1. Major Activity/Aspect: Emission of greenhouse gases from diesel engine, from chemicals, fertilizer residue washed into water, nitrogen fertilizer, diesel engine
2. Impact: Global warming
3. Impact Management Control: To ensure regular maintenance (repair of leaking tractor) of the vehicle involved, to ensure dosage of chemicals are adhered to, to conduct training to manuring operator.
4. PIC: Asst Manager and Staff
5. Monitoring control: Refer to vehicle maintenance logbook.
6. Status: Some are done and some On-going

The GHG Calculation for 2019 based on the following parameters;

Description	Sungei Kawang	Gunong Pertanian	Jeram Padang	Ayer Hitam
Electricity consumption (kWH)	153,100	33,423	108,672	128,775
Diesel/petrol consumption (Litre)	21,500	20,776	61,332	111,180
River water use (m ³)	11,069	0	5,996	
Catchment water use (m ³)		24,591		
Tubewell water use (m ³)			45,278	14,335
Government Supply (m ³)				15,239
FFB produced (mt)	27,022.36	13,652.35	28,394.78	46,742.65
EFB Mulching (mt)	28,589.49	1,085.69	8,724.55	27,811.10
Decanter Cake appl. (mt)			2,424.04	1,022.76
Belt press cake appl. (mt)			3,854.19	
Ecomat application (pcs)			88,704	
Fertilizer application (bag)	62,212	23,486	52,136	93,462
Agrochemicals application (lit/kg)	10,031	3,158.50	9,087	17,335.19
Estate size (ha)	1,889	686	2,114	2,640
OP Planted (ha)	1,591	638	1,673	2,609
Mature OP area (ha)	1,342	586	1,114	2,025
Distance – estate to Mill (km)	135	70	2	30
Average Weight per Load (mt)	38	20	9	10

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

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

Summary

KLK Sustainability Policy listed down its commitment on the following environmental aspects;

1. Protection of Peatlands – Practice a strict No New Development and Drainage of Peatlands policy, regardless of depth.
2. Zero burning policy was established by KLK Sustainability Dept. under its Sustainability Manual Item No. 1.3: No Burning – Practice a strict Zero Burning policy in all KLK operations including new plantings and re-plantings signed by CEO, Tan Sri Dato’ Seri Lee Oi Hian, dated 30.08.2018.

The Environmental Management Plan (EMP) to reduce pollutant from the activity of storage and disposal of triple rinsed empty chemical containers which will cause land pollution;

1. Major Activity/Aspect: Chemicals spillage
2. Impact: Water & Land pollution
3. Impact Management Control: To ensure bund and sump are in good condition, regular monitoring for spillage and to provide chemical handling training to premix operator.
4. Person-In-Charge: Staff
5. Monitoring Control: Refer to premix area checklist, refer to training programme.
6. Status: Monthly update and on-going

The Environmental Management Plan (EMP) to reduce emission from the activity of FFB collection – emission of greenhouse gases from diesel engine which will cause global warming;

1. Major Activity/Aspect: Emission of greenhouse gases from diesel engine
2. Impact: Global warming
3. Impact Management Control: To ensure regular maintenance (repair of leaking tractor) of the vehicle involved, to advise contractors to have regular maintenance.
4. Person-In-Charge: Staff
5. Monitoring Control: Refer to tractor service book.
6. Status: On-going

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

Criterion 5 Natural water resources

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

- a) Assessment of water usage and sources of supply.
- b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.
- c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).



- d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.
- e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.
- f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Summary

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

The Water Management Plan established by the estate are as follow;

1. Water for Consumption – River has been identified as a main water source for domestic consumption.
2. Water for Operation i.e. field drain.
3. Water for Operation i.e. water catchment pond
4. Wastewater from linesite.

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

1. Water sampling programme
2. Management plan on water facilities
3. Water analysis result and action plan
4. Monitoring plan on daily usage and rainfall record.
5. To establish drainage map and identify downstream of main drain end-point.
6. To set aside a minimum of 20m Riparian Zone along the boundary
7. To erect "Riparian Zone" signboard.
8. Training on water sampling

The water quality analysis report for treated drinking water, analyzed by Organo (Asia) Sdn Bhd, Shah Alam, Selangor are;

Parameter	Sungei Kawang	Gunong Pertanian	Jeram Padang (Home Div)	Ayer Hitam	M.O.H Standard
Reported date	10.06.2020	01.06.2020	23.01.2020	16.07.2020	
pH	5.1	6.9	7.7	8.2	6.5 – 9.0
Turbidity (NTU)	1.37	0.41	2.07	0.57	< 5
Free Cl (mg/l)	1.0	2.00	1.50	0.60	> 0.20
Al (mg/l)	0.32	0.02	0.05	0.03	< 0.20
E-Coli (MPN/100ml)	ND (<1.1)	ND (<1.1)	ND (<1.1)	ND (<1.1)	ND/ 100ml

Note: ND means Not Detected.

The water quality analysis report for raw water (prior to treatment), analyzed by Technology & Q.C. Centre, Kuala Lumpur Kepong Bhd, Kota Damansara are;

Parameter	Sungei Kawang	Gunong Pertanian	Jeram Padang	Ayer Hitam	M.O.H Standard
Location	Sg Kawang	Catchment pond	Sg Muar	Catchment pond	
Sampling date	15.06.2020	17.04.2020	21.04.2020	28.11.2019	
pH Value	6.1	6.7	6.7	7.1	6.5 – 9.0
Total Solids (ppm)	134	96	326	233	N/A
Suspended Solids (Alt) (ppm)	14	7	28	97	N/A

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

Estate	Sungei Kawang	Gunong Pertanian	Jeram Padang (No. 4)	Ayer Hitam	DOE's Limit
Sampling Date	15.06.2020	17.04.2020	21.04.2020	24.04.2020	
BOD (ppm)	9	3	5	3	50

Note: BOD results passed the DOE's limit

The analysis result from Technology & Q.C. Centre, Kuala Lumpur Kepong Bhd, Kota Damansara tested on 23.06.2020 to 26.06.2020 for upstream and downstream of the following rivers;

1) Upstream (Inlet)

No	Parameter	Sungei Kawang	Jeram Padang	Ayer Hitam
	Location	Sg Kawang	Sg Muar	Nil
1	Dissolved Oxygen % Sat.	62	83	Nil
2	pH value	6.7 @25°C	6.4	Nil
3	BOD (3days@30°C),mg/L	7	4	Nil
4	COD, mg/L	30	19	Nil
5	Amm-N (NH ₃ -N),mg/L	1	-	Nil
6	Suspended solids, mg/L	538	26	Nil
7	WQI	61	82	Nil
8	Class	III	II	Nil
9	Remarks	Slightly polluted	Clean	Nil

2) Downstream (Outlet)

No	Parameter	Sungei Kawang	Jeram Padang	Ayer Hitam
	Location	Sg Kawang	Sg Muar	Nil
1	Dissolved Oxygen % Sat.	64	81	Nil
2	pH value	6.1 @25°C	6.2	Nil
3	BOD (3days@30°C),mg/L	7	4	Nil
4	COD, mg/L	29	19	Nil
5	Amm-N (NH ₃ -N),mg/L	1	-	Nil
6	Suspended solids, mg/L	460	27	Nil
7	WQI	62	82	Nil
8	Class	III	II	Nil
9	Remarks	Slightly polluted	Clean	Nil

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

Indicator 2 No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

Summary There is a river passing through Sungei Kawang Estate's land i.e. Sungai Kawang. No river passing through Gunong Pertanian Estate's land.

There are rivers passing through Jeram Padang Estate's land i.e. Sungai Tamarong, Sungai Muar and Sungai Jelai.

No river passing through Ayer Hitam Estate's land.

There are no bunds or dams constructed across the rivers.

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

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

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

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

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

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

Summary

The HCV assessment is carried out based on SOP 11.0 Rev 3/2 - In-House High Conservation Value (HCV) Assessment which was established by KLK Sustainability Department using guidance from Malaysian Red Lists, IUCN Red List, consultation with conservationist, or other relevant parties e.g. Wildlife and Forestry Department.

The summary of the assessment area's attributes and characteristic relevant to the determination of HCV presence;

1. HCV 1 – there is no significant concentrations of HCV 1 species (RTE or endemic), or which contains habitat critical to the survival of these species in the assessment area.
2. HCV 2 - The estate had developed with oil palm and there was no large landscape ecosystem (more than 50,000ha)
3. HCV 3 – there is no RTE ecosystem and habitat in the assessment area.
4. HCV 4 – There are no rivers in the assessment area or any area which serves as basic ecosystem services in critical situations.
5. HCV 5 – there was no natural sites or resources in the assessment area which local communities are depend on.
6. HCV 6 – there are no custom ceremonies or ritual, which require cultural, religious or sacred site, being practiced by locals.

The definition/understanding of the HCV types is based on the following criteria;

1. HCV 1 – Concentrations of biological diversity including endemic species, and rare, threatened or endangered (RTE) species that are significant at global, regional or national levels.
2. HCV 2 – Large landscape-level ecosystems and ecosystem mosaics, that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.
3. HCV 3 - Rare, threatened, or endangered ecosystems, habitats or refugia.
4. HCV 4 – Basic ecosystem services in critical situations including protection of water catchments and control of erosion of vulnerable soils and slopes.
5. HCV 5 – Sites and resources fundamentals for satisfying the basic necessities of local communities or indigenous peoples (for example for livelihoods, health, nutrition, water), identified through engagement with these communities or indigenous peoples.
6. HCV 6 – Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

The In-House High Conservation Value (HCV) Assessment has been carried out by In-House HCV Assessor as stated below;

Estate	Assessor's Name	Date of Assessment
Sungei Kawang	Mrs Lee Kuan Yee, Tong Wing Chuen and Mr Koo Wai Kit	23.03.2018
Gunong Pertanian	Mrs Lee Kuan Yee, Tong Wing Chuen and Mr Koo Wai Kit	20.03.2018
Jeram Padang	Mrs Lee Kuan Yee, Tong Wing Chuen and Mr Koo Wai Kit	15.03.2018
Ayer Hitam	Mrs Lee Kuan Yee, Tong Wing Chuen and Mr Koo Wai Kit	19.03.2018

The IUCN status of identified Fauna in the estates has been updated from time to time includes;

Fauna Species	Gunong Pertanian	Jeram Padang	Ayer Hitam
Long-tailed leaf monkey	LC	LC	LC
Malayan field rat	LC	LC	LC
Leopard cat	LC	LC	LC
Plantain squirrel	LC	LC	LC
Palm civet	LC	LC	LC
Wild boar	LC	LC	LC
Black Magpie		NT	NT
Fiery Minivet		NT	NT
Tit-Babbler		NT	NT
Green Lora		NT	
Black Hornbill		NT	
Black-and-Yellow Broadbill			NT
Chestnut-Bellied Malkoha		NT	
Reticulated python	LC	LC	LC
King Cobra		LC	LC
Spitting cobra	LC	LC	LC
Blood python	LC	LC	LC
Malayan monitor lizard	LC	LC	LC
Black-spectacled toad	LC	LC	LC
Schlegel's frog	LC	LC	LC
Asian giant toad	LC	LC	LC
Asian grass frog	LC	LC	LC
White-Lipped Tree Frog		LC	LC

Note: LC=Least Concern, NT=Near Threatened

The IUCN status of identified Flora in the estates has been updated from time to time includes;

Flora Species	Gunong Pertanian	Jeram Padang	Ayer Hitam
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil

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

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

Summary The management strategies to protect and conserve the Indian Temple includes;
1. To map, demarcate and establish signage of the Temple.
2. To ensure proper housekeeping.
3. To prohibit any spraying and manuring activities.
4. To conduct monitoring using "Management Area Monitoring Checklist".

The management strategies to protect and conserve the Surau includes;
1. To ensure proper housekeeping.
2. To prohibit any spraying and manuring.
3. To conduct monitoring using "Management Area Monitoring Checklist".

The management strategies to protect and conserve the Boundary of Kemasul Forest Reserve includes;
1. To erect "Hutan Simpanan" signage, in the effort to prevent illegal activities (e.g. hunting or trespassing"
2. To prohibit any spraying and manuring.
3. To establish trenches or trunk road as buffer zone
4. To conduct monitoring using "Management Area Monitoring Checklist".

The management strategies to protect and conserve the Water Catchment Pond includes;
1. To set aside 20m riparian zone around the pond.
2. To erect "Riparian Zone" signboard, in the effort to prevent illegal activities (e.g. hunting or fishing activities").
3. To paint in red and white bands on every alternate palm bordering the Riparian Zones.
4. To prohibit any spraying and manuring activities.
5. To conduct monitoring using "Management Area Monitoring Checklist".

The management strategies to protect and conserve the Unplanted Area (Hilly Area) includes;
1. The unplanted area are steep areas located on the hilly side of the estate.

2. The main reason for no planting of oil palm within the demarcated steep areas is to conserve the soil structure and to prevent the occurrence of soil erosion.

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

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

Summary The monthly management area monitoring checklist carried out at the following location;

Parameter	Monitoring details for each Estate			
	Sungei Kawang	Gunong Pertanian	Jeram Padang	Ayer Hitam
Monitoring date	06.07.2020	02.07.2020	03.07.2020	16.07.2020
Buffer zone	In order	In order	In order	In order
Fauna	Not seen	Seen	Seen	Not Seen
Flora	Not seen	Seen	Seen	Not Seen
Signboard	In order	In order	In order	In order
Soil erosion	Not seen	Not seen	Not seen	Not seen
Encroachment/hunting	Not seen	Not seen	Not seen	Not seen
Chemical spraying	Not seen	Not seen	Not seen	Not seen
Manuring	Not seen	Not seen	Not seen	Not seen
Open burning	Not seen	Not seen	Not seen	Not seen
Other pollution	Not seen	Not seen	Not seen	Not seen

The management areas observed during the monthly inspection are;

Monitoring areas by the Estates			
Sungei Kawang	Gunong Pertanian	Jeram Padang	Ayer Hitam
Cemetery			
Forest Boundary	Unplanted area		
River	Nil	River (3) – Sg Tamarong, Sg Muar, Sg Jelai	
Temple		Temple (4)	Temple (2)
Surau	Surau	Surau (2)	Surau (2)
Water catchment pond	Water catchment pond	Water Catchment Pond	Water Catchment Pond

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

Criterion 7 Zero burning practices

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

Summary KLK Sustainability Policy listed down its commitment on the following environmental aspect;

1. Zero burning policy was established by KLK Sustainability Department under its Sustainability Manual Item No. 1.3 : No Burning – Practice a strict Zero Burning policy in all KLK operations including new plantings and re-plantings signed by CEO, Tan Sri Dato' Seri Lee Oi Hian, dated 01.01.2020.

During site visit, no evidence of open burning in estate area either in the plantation or in linesite area. Sighted signage of zero burning being erected by the estate at the strategic locations.

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

Indicator 2 A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.

Summary No significant risk of diseased palm was reported in the estate. Open burning during new plantings and re-plantings is not allowed.

Estate replanting programme is based on KLK Group Policy – Agriculture (Oil Palm) Policy No. GP/AGRI/OP 7 and agronomic practices.

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

Indicator 3 Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.

Summary No controlled burning being sought by the estate. During replanting process, the old palm to be felled, chipped and shredded and the remains will be pulverised and left in the field for self-decomposed.

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

Indicator 4 Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.

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

1. Excavate all old timber stumps, utility poles, boulders, etc. and place these in clearly marked stacks for subsequent removal.

2. Palms are felled and the entire palm bole and root mass are excavated.
3. Trunks are chipped at 45° to the grain and the chips must be less than 7.5cm (3 inches) thick and should be spread thinly into 1 to 2 layers thick.
4. Fronds should be chopped into 3 equal parts and stacks along the side of chips.
5. Palm chips and cut fronds are stacked in the interrows and old planting rows.
6. It is important not to spread the chips or cut fronds on to the hole in order that inspection can be carried out.
7. Pulverizing is carried out using tractor >90hp fitted with a creeper gear and rear mounted pulverizer. Ensure that the pulverized palm biomass do not accumulate in thick layers in the depressions.

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

2.6 Principle 6 : Best practices

Criterion 1 Site management

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

Summary The estate has implemented Good Agriculture Practice (GAP) as seen from visit to the estate and seen from the document and also interviewing the workers.

Estate have 6 types of Manuals-

- 1) Group Policy Agriculture Oil Palm
- 2) Group Policy Occupational Safety & Health - Guidelines
- 3) Group Policy Occupational Safety & Health – Manual
- 4) Sustainability Manual & Standard Operating Procedure
- 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) Group Policy Agriculture Oil Palm includes:
 - i. GP/AGRIC/OP1 – Harvesting
 - ii. GP/AGRIC/OP2 – Field Upkeep
 - iii. GP/AGRIC/OP3 – Nutrition
 - iv. GP/AGRIC/OP4 – Pest & Diseases
 - v. GP/AGRIC/OP5 – Conservation
 - vi. GP/AGRIC/OP6 – By product
 - vii. GP/AGRIC/OP7 – By replanting
 - viii. GP/AGRIC/OP8 – Nursery
 - ix. GP/AGRIC/OP9 – Field identification
 - x. GP/AGRIC/OP10 – Road & Drains
- 2) Group Policy Occupational Safety & Health – Guidelines includes:
 - i. Safe Operating Procedure (SOP)
 - ii. Safety Guidelines

- iii. Safety Checklist
 - iv. Training Material
 - v. Safety Signages
- 3) 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
- 4) 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
- 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

Regular inspection and supervision are conducted by Mandore, Supervisor, Executives as well as HQ Department.

Estate Department is responsible to monitor overall estate performance on a monthly basis. The assessment will be reported in:

- 1) General Manager – Twice a year
- 2) Agronomist Report – Once a year

As evidence sighted the General Manager's Report by Mr. Janaki Raman Shanmugam on 20th November 2019.

Also, sighted Agronomist report by Mr. Kee Zeng Seng from Applied Agricultural Resources Sdn Bhd for Oil Palm Manuring Recommendations 2019/2020.

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

Indicator 2 Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.

Summary KLK has established Standard Operating Procedure on SOP No. 4; Sustainability – Soil Erosion & Fertility and Road Maintenance; Rev: 2/1: Date: 01/01/2020.

In addition, soil maps for the estate are evident that there are no fragile soils exist in the estate.

A management strategy for purpose of planting on slopes above a certain limit is evident in Soil Erosion & Fertility and Road Maintenance (SOP: 4.0). Slightly slopes area which is exceeding the 15 degrees slopes as according to the company SOP.

Sighted estate map – Scale: 1:20,000

- During site visit observed there is no terracing above 15 Degrees

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

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

Summary All estates have a visual reference system to identify each field or block. Each field has the signboard with block number, year of planting & hectare only. Task marking for harvester was painted on the palm trunk.

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

Criterion 2 Economic and financial viability plan

Indicator 1 A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.

Summary

All estates had an annual budget for the financial year 2019/2020 – 2021/2022. The estate budget includes the projected FFB, OER, PK and etc production which projected for three years from 2019/2020 until 2020/2021

It also incorporated item such as general charges, estate maintenance, fixed assets and etc. Sighted documented Business and Management Plan.

As evidence in Sungei Kawang Estate, the business plan prepared by Mr. Ahmad Rahmat Hashim (Estate Sr Assistant Manager) and approved by Mr. Xavier Navaratnam A/L Thiruchellvam (Estate Manager).

FY	2019/20	2020/21	2021/22
FFB	34,019	36,146	36,389
Estimate OER %	21.50	22.10	22.10
FFB Price	476	476	476
KER	5.00	5.00	5.00
Ex-Estate Cost/Mt	256.86	256.86	256.86

As evidence in Gunong Pertanian Estate, the business plan prepared by Mr. Ahmad Azani (Estate Supervisor) and approved by Mr. Lim Hock Seng (Estate Acting Manager).

FY	2019/20	2020/21	2021/22
FFB	13,465	13,926	15,224
Estimate OER %	21.50	22.10	22.10
FFB Price	550	500	500
KER	5.00	5.00	5.00
Ex-Estate Cost/Mt	272.84	270	260

For Jeram Padang Estate, sighted documented Business and Management Plan prepared by Mr. Muhammad Aizad Kasmin (Estate Assistant Manager) and approved by Tn. Hj. Zamri bin Zainalabidin (Estate Sr Manager).

FY	2019/20	2020/21	2021/22
FFB	27,591	26,888	24,703
Estimate OER %	21.50	22.10	22.10
FFB Price	450	450	450
KER	5.00	5.00	5.00
Ex-Estate Cost/Mt	258	260	265

For Ayer Hitam Estate, sighted documented Business and Management Plan prepared by Mr. Too Chee Kau (Estate Sr Assistant Manager) and approved by Mr. S. Vijayakumar A/L Sakthivelu (Estate Sr Manager).

FY	2019/20	2020/21	2021/22
FFB	48,990	48,181	47,094
Estimate OER %	21.50	22.10	22.10
FFB Price	400	400	400
KER	5.00	5.00	5.00
Ex-Estate Cost/Mt	234.56	245	250

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

Indicator 2 Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years.

Summary Sighted replanting programme for Sungei Kawang Estate 2019/20 to 2023/2024:

Financial Year	Field /Clone	Total Ha	Progeny/Clone proposed
2019/20	RM95A	25	AA Hybrida 2
2020/21	NIL	NIL	NIL
2021/22	PM98 A/B	38	AA Hybrida 2
2022/23	PM98 A/B	82	AA Hybrida 2
2023/24	PM99 A/B	189	AA Hybrida 2

For Jeram Padang Estate, sighted replanting programme for 2019/20 To 2023/2024:

Financial Year	Field /Clone	Total Ha	Progeny/Clone proposed
2019/20	HM 1994 A/43 AA	43	AA Hybrida 2
	KP 1994 B/48	48	
	HM 1996 F/80 AA	80	
	KP 1996 E/29	29	
2020/21	HM 1995 H/37	37	AA Hybrida 2
	HM 1996 F/80 AA	80	
	HM 1997 B/32	32	

2021/22	KP 1995 G/87 KP 1997 C/66	87 66	AA Hybrida 2
2022/23	HM 1999 B/51 HM 1992 E/100	51 100	AA Hybrida 2
2023/24	HM 1999 A/153	153	AA Hybrida 2

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

Indicator 3 The business or management plan may contain:
a) Attention to quality of planting materials and FFB.
b) Crop projection: site yield potential, age profile, FFB yield trends.
c) Cost of production: cost per tonne of FFB.
d) Price forecast.
e) Financial indicators: cost benefit, discounted cash flow, return on investment.

Summary All estates had an annual budget for the financial year 2019/2020 – 2021/2022. The estate budget includes the projected FFB, OER, PK and etc production which projected for three years from 2019/2020 until 2020/2021

It also incorporated item such as general charges, estate maintenance, fixed assets and etc. Sighted documented Business and Management Plan.

As evidence in Sungei Kawang Estate, the business plan prepared by Mr. Ahmad Rahmat Hashim (Estate Sr Assistant Manager) and approved by Mr. Xavier Navaratnam A/L Thiruchellvam (Estate Manager).

FY	2019/20	2020/21	2021/22
FFB	34,019	36,146	36,389
Estimate OER %	21.50	22.10	22.10
FFB Price	476	476	476
KER	5.00	5.00	5.00
Ex-Estate Cost/Mt	256.86	256.86	256.86

As evidence in Gunong Pertanian Estate, the business plan prepared by Mr. Ahmad Azani (Estate Supervisor) and approved by Mr. Lim Hock Seng (Estate Acting Manager).

FY	2019/20	2020/21	2021/22
FFB	13,465	13,926	15,224
Estimate OER %	21.50	22.10	22.10

FFB Price	550	500	500
KER	5.00	5.00	5.00
Ex-Estate Cost/Mt	272.84	270	260

For Jeram Padang Estate, sighted documented Business and Management Plan prepared by Mr. Muhammad Aizad Kasmin (Estate Assistant Manager) and approved by Tn. Hj. Zamri bin Zainalabidin (Estate Sr Manager).

FY	2019/20	2020/21	2021/22
FFB	27,591	26,888	24,703
Estimate OER %	21.50	22.10	22.10
FFB Price	450	450	450
KER	5.00	5.00	5.00
Ex-Estate Cost/Mt	258	260	265

For Ayer Hitam Estate, sighted documented Business and Management Plan prepared by Mr. Too Chee Kau (Estate Sr Assistant Manager) and approved by Mr. S. Vijayakumar A/L Sakthivelu (Estate Sr Manager).

FY	2019/20	2020/21	2021/22
FFB	48,990	48,181	47,094
Estimate OER %	21.50	22.10	22.10
FFB Price	400	400	400
KER	5.00	5.00	5.00
Ex-Estate Cost/Mt	234.56	245	250

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

Indicator 4 The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.

Summary The estate performance is recorded in the monthly progress report. Details on the actual vs budget i.e. Upkeep maintenance, FFB Production, capital expenditure are shown therein.

Sighted the Manager Estate Report (June 2020) done by estate management. Latest on 13th July 2020 (Sg Kawang Estate) and 10th July 2020 (Gunong Pertanian Estate) through online "Manager Estate Report System – MER".

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	<p>KLK has developed SOP for FFB Pricing Mechanism, SOP No. 17 Issue/Rev 2/1 dated 01/01/2020. Stated:</p> <ul style="list-style-type: none"> • To compute FFB based price for the month • Any agreements made should be fair legal and transparent. • Generally, payment is made bi-monthly by 10th and 20th of each month. <p>There is no existing mechanism of determining FFB pricing for the estate as the crops being processed by its own mill.</p> <p>The company will make an announcement for tender for other services like ffb transportation, replanting, hiring excavator/backhoe and etc.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.
Summary	<p>All contracts are kept in Sungei Kawang Estate office. Sighted the contract Agreement signed by contractor and Sungei Kawang Estate. As evidence, sampled:</p> <ul style="list-style-type: none"> • Sighted the Contract Agreement between estate with NTH Transporter Sdn. Bhd. (FFB Transport) sealed on 01st October 2019. <p>Payment will be paid 30 days after the estate received the invoice from contractors.</p> <p>As evidence sighted the invoice send by:</p> <ul style="list-style-type: none"> • NTH Transporter Sdn. Bhd. (FFB Transport) to estate on 31st January 2020. Estate paid to the contractor on 05th February 2020.; Cash; RM 1,381.80. <p>For Ayer Hitam Estate, all contracts are kept in estate office. Sighted the contract Agreement signed by contractor and Ayer Hitam Estate. As evidence, sampled:</p> <ul style="list-style-type: none"> • Sighted the Contract Agreement between estate with Ah Teng Earthwork Construction Sdn Bhd (Replanting Contractor) sealed on 01st February 2020. <p>Payment will be paid 30 days after the estate received the invoice from contractors.</p> <p>As evidence sighted the invoice send by:</p> <ul style="list-style-type: none"> • Ah Teng Earthwork Construction Sdn Bhd (Replanting Contractor) to estate on 30th June 2020. Estate paid to the contractor on 10th July 2020.; W/O No: 333752, 332162, 333787; Cheque no: 190236; RM 32,878.15.

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

Criterion 4 Contractor	
Indicator 1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.

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

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

- NTH Transporter Sdn. Bhd. (FFB Transport); 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. Worker 5115

January 2020
= RM RM 1,381.80

For Ayer Hitam Estate, sighted of evidence of MSPO clause for contractor in agreement:

- Ah Teng Earthwork Construction Sdn Bhd (Replanting Contractor); 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. Worker 5883

Apr 2020
= RM 2,500.00

May 2020
= RM 2,500.00

ii. Worker 5407

Apr 2020
= RM 3,300.00

May 2020
= RM 3,300.00

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

Indicator 2	The management shall provide evidence of agreed contracts with the contractor.
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Summary All the contractors are aware that estate is certified under MSPO. Therefore, the contractor has been informed by estate management to follow the MSPO standard requirement.

Sighted all contract includes an agreement signed by contractor and estate manager with term and condition which includes:

- Contractor must adhere to KLK Sustainability policy and all estate standard certifications includes MSPO

Stated the term and conditions for payment method. Payment will be paid 30 days after the estate received the invoice from contractors.

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

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

Summary All estates were audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 20th July 2020 – 24th July 2020. Sighted audit plan dated 18th July 2020 (2nd Revised) which have been accepted address to Mrs. 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

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

Summary Estate verified the work done by the contractors before all the payment paid to the contractors.

Estate also inspect the contractor's workers. As per interviewed and also during site visit, the workers aware with OSH requirement. As example, the workers wear the PPE during the work task that given to them.

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

2.7 Principle 7 : Development of new planting

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Indicator 2 No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Criterion 2 Peat land

Indicator 1 New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.

Summary At this moment, there were no new plantings involving peat area. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Criterion 3 Social and Environmental Impact Assessment (SEIA)

Indicator 1 A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Indicator 2 SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Indicator 3 The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Indicator 4 Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be

managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Criterion 4 Soil and topographic information

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Indicator 2 Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Criterion 5 Planting on steep terrain, marginal and fragile soils

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Indicator 2 Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Indicator 3 Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

Criterion 6	Customary land
Indicator 1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 4	The owner of recognized customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 5	Identification and assessment of legal and recognised customary rights shall be documented.
Summary	There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].
In Compliance	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable
Indicator 6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for KLK Jeram Padang Complex [Estates].

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

2.8 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) The estate 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) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 4) Signages throughout office, chemical area and in the field sites, effectively maintained and appropriate to the needs of the process.
- 5) Good relationship being maintained with surrounding smallholders and villages.
- 6) Good positive feedback received from internal and external stakeholders.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
19 th July 2020	TBA	➤ Travelling to Bentong, Pahang.	MS	ABS MFM
20 th July 2020	08:00 – 09:00	➤ Centralize Opening Meeting at Sungei Kawang Estate: <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation – where applicable). 	MS	ABS MFM
	09:00 – 13:00	Sungei Kawang Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	ABS MFM
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	ABS MFM
	13:00 – 14:00	➤ Lunch/Rest	MS	ABS MFM
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	ABS MFM
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	MS	ABS MFM

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
21 st July 2020	08:00 – 13:00	Ayer Hitam Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, 	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"> ➤ Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	ABS MFM
	13:00 – 14:00	➤ Lunch/Rest	MS	ABS MFM
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	ABS MFM
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	MS	ABS MFM

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
22 nd July 2020	08:00 – 13:00	Gunong Pertanian Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	ABS MFM
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	ABS MFM
	13:00 – 14:00	➤ Lunch/Rest	MS	ABS MFM
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint 	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

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
23 rd July 2020	08:00 – 13:00	Jeram Padang Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	ABS MFM
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	ABS MFM
	13:00 – 14:00	➤ Lunch/Rest	MS	ABS MFM
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	ABS MFM
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 4.	MS	ABS MFM

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

	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Mill Inspection: <ul style="list-style-type: none"> • Workshop, Laboratory, Environment, OHS, Chemical Stores, Workers Welfare and Interview, Clinic, Landfill, Mill Housing, Biogas System, WWTP, Schedule Waste, POME. 	MS	ABS MFM
	13:00 – 14:00	➤ Lunch/Rest	MS	ABS MFM
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	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"> ➤ Centralize Closing Meeting at Jeram Padang POM: <ul style="list-style-type: none"> ➤ Chaired by the audit Lead Auditor • Welcome and introduction by the Lead Auditor • Presentation of findings by the audit team • Questions & answers and Final summary by Lead Auditor ➤ End of assessment 	MS	ABS MFM

Appendix B : Non-Conformity details

Non-Conformities Identified During This Audit

Major Nonconformities:	Non-were raised during this audit.
Minor Nonconformities:	Non-were raised during this audit.
Area of Concern:	Non-were raised during this audit.

Non-Conformities Identified During Previous Audit [ASA1]

Major Nonconformities:	Non-were raised during this audit.
Minor Nonconformities:	Non-were raised during this audit.
Area of Concern:	1 area of concern raised during this audit.

Company Name	KLK Berhad – Jeram Padang Complex			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input type="checkbox"/>
	Surveillance	<input checked="" type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-A3-MSPO-2017			
NC No. / Ref.	A3/MSPO/AOC/01	Date Detected	10 th July 2019	
Site(s) concern	All estates	Target Completion	-	
Normative Reference and Requirement	4.4.5.11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.			
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern			
Description of Non-Conformity	Insufficient maintenance of workers housing complex			



NC Objective Evidence:

Housing inspection have been conducted on weekly basis, however during visit to the housing complex, sighted the area surrounding the worker's housing is not wholly maintained in a clean and sanitary condition.

Lead Auditor Signature:



Client Signature:



Appendix C : List of Stakeholders Contacted

Attendance List
Internal Stakeholders
1) Estates 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