

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)


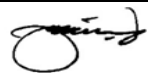
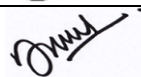
CERTIFICATION AUDIT REPORT


Part 4 : General Principles for Palm Oil Mills

Kuala Lumpur Kepong Berhad
Batu Lintang Palm Oil Mill

-Group Certification-

ANNUAL SURVEILLANCE AUDIT 03
05th August 2020

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	02/09/2020	Issued as Draft Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	
B	24/09/2020	Issued as Final Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	
B	08/10/2020	Final Report Approved	Md. Jefri bin Sharaai	Certifier	

Acknowledgment by Kuala Lumpur Kepong Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	08/10/2020	Acceptance of the contents	Ms. Lee Kuan Yee	Senior Manager (Sustainability)	

Declaration

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

WITH INTEGRITY WE SERVE



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

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

Global Gateway Certifications Sdn. Bhd. (GGC) has conducted the Certification Assessment of KLK Batu Lintang Palm Oil Mill. During this Annual Surveillance Audit (ASA 3), the audit team were briefed by Mill Manager, of the supply base disposition. The source of FFB supplies to KLK Batu Lintang POM are from their own estates [Batu Lintang Estate, Buntar Estate, Pelam Estate and Subur Estate]. KLK Batu Lintang POM also receiving certified FFB from other certified estates.

This assessment was conducted onsite on 05th August 2020 to assess the compliance of the certification unit against the "MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills". The scope of certification is "Production Of Sustainable Crude Palm Oil And Palm Kernel".

1.2 Company details and Contact information

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	+6052417844
E-Mail	kuanyee.lee@klk.com.my

1.3 Certification Unit

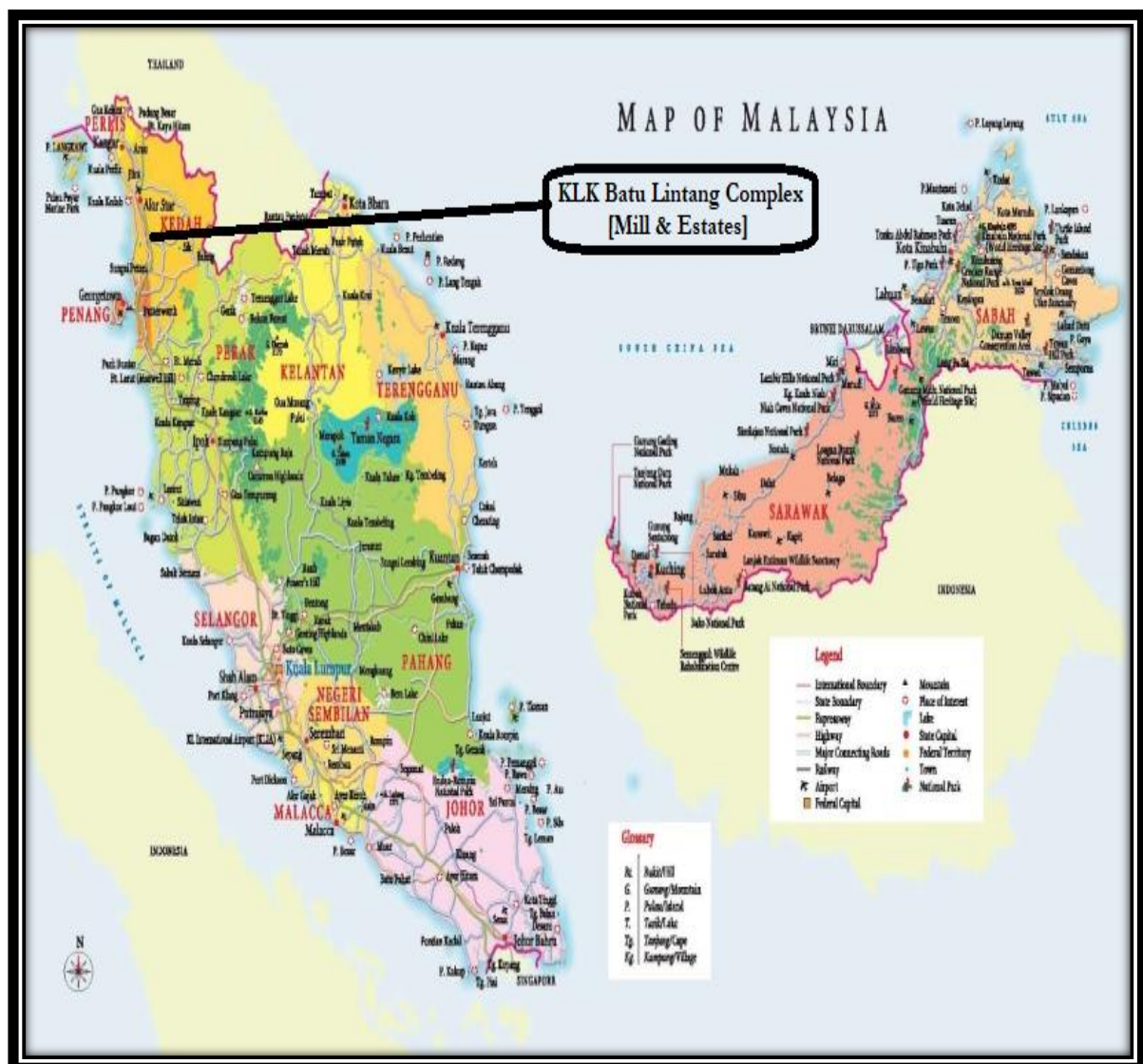
Name of the Certification Unit	KLK Batu Lintang Palm Oil Mill		
Mill Capacity (MT/HR)	25		
Site Address	09800 Serdang, Kedah, Malaysia.		
GPS Reference of the site office	Longitude	E 100.62861	
	Latitude	N 5.19361	
MPOB License Information	License No.	558565004000	



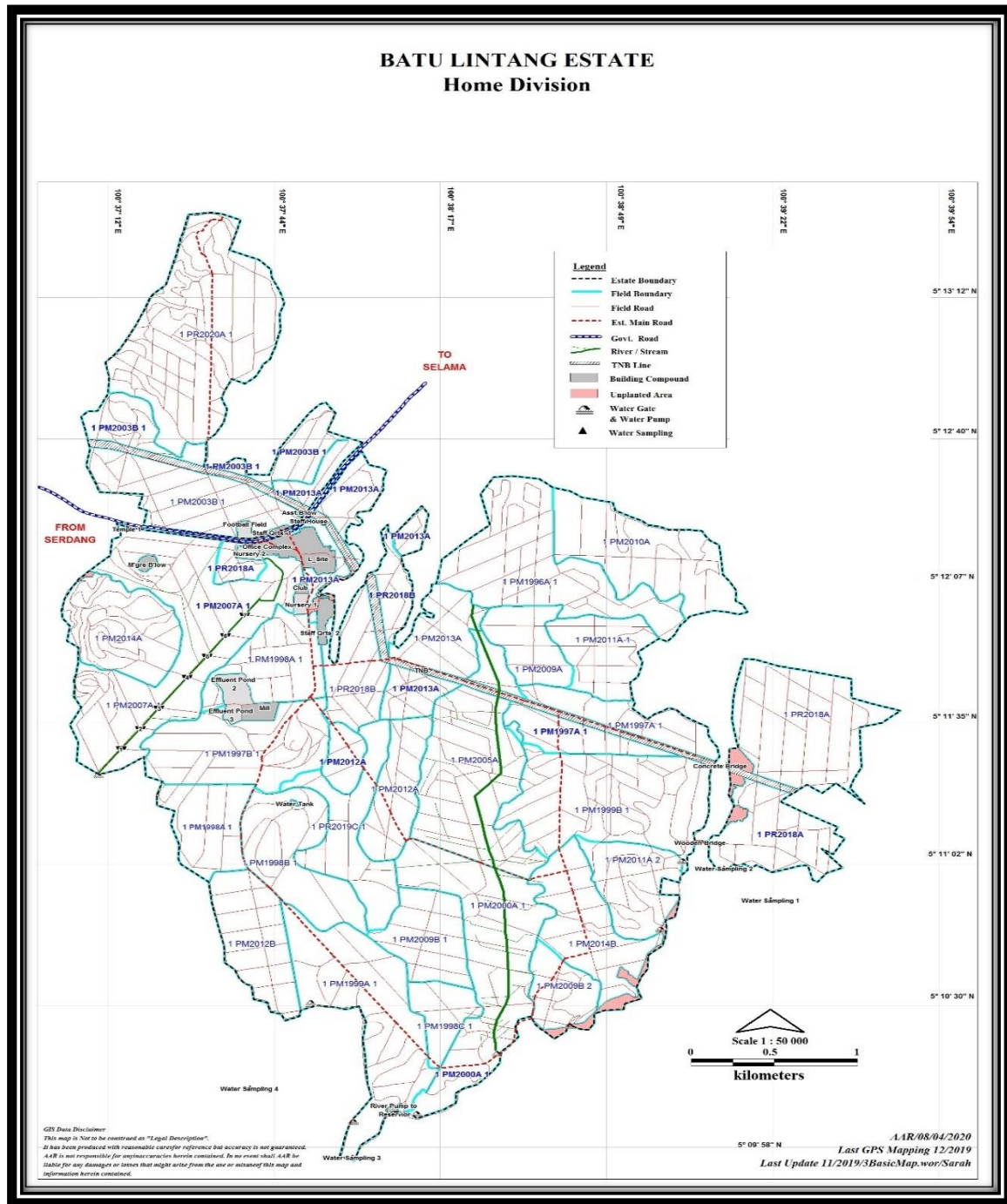
	Scope of Activity Expiry Date	1. "Menjual dan Mengalih – PK, CPO, SPO" 2. "Membeli dan Mengalih – FFB" 3. "Menyimpan – PK, CPO, SPO" 4. "Mengilang FFB" 28 th February 2021
Others Sustainability Certification	RSPO (Roundtable on Sustainable Palm Oil) MSPO (Malaysia Sustainable Palm Oil – SCCS) International Sustainability and Carbon Certification (ISCC)	

1.4 Map Showing Geographical Location

1) Batu Lintang Complex [Mill & Estates]



2) Batu Lintang POM (Share with Batu Lintang Estate Land Title)



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

Batu Lintang POM	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]
FFB Summary (MT)	129,443	123,816.77	125,584
CPO Summary (MT)	28,296	25,552.35	27,376
PK Summary (MT)	6,084	5,623.45	5,906

FFB's Own Estate & Certified Estates

Production for Uncertified Unit

Batu Lintang POM	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]
FFB Summary (MT)	Nil	Nil	Nil
CPO Summary (MT)	Nil	Nil	Nil
PK Summary (MT)	Nil	Nil	Nil

1.6 Certificate Details**Certification body**

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

Assessment standard

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

Certificate number

GGC-KLK014-MSPO-02-2017

Initial certificate issued date22nd December 2017**Certificate expiry date**21st December 2022**Stage 1 assessment date**

Not Applicable as client certified for RSPO, ISCC and SCCS



Stage 2 / Main Assessment	31 st October 2017
Annual Surveillance 1 [ASA 1]	04 th June 2018
Annual Surveillance 2 [ASA 2]	16 th July 2019
Annual Surveillance 3 [ASA 3]	05 th August 2020
Annual Surveillance 4 [ASA 4]	September 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: **Nurulashida binti Mohd Saad**

Graduated in Conservation and Management of Biodiversity with working in Sustainability Department for more than 12 years which involves in certification and compliance affairs. Fully trained in agriculture certification programme such as RSPO, MSPO, SCCS, Biodiversity / HCV, ISCC, ISO and etc. Certified as Lead Auditor/Auditor for RSPO and MSPO Certification. Member of GGC MSPO audit team.

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

1.8 Audit Methodology

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

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

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

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

The Prime Minister, Tan Sri Muhyiddin Yassin did announce that the Conditional Movement Control Order (CMCO) ended 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	5 th August 2020
Name of site(s) visited	KLK Batu Lintang POM
Total number of man-days spent	3 man-days

1.10 Audit Result Summary Findings

Findings category		
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	2	No action requires
Noteworthy /Positive Comments	7	No action requires

1.11 Stakeholder Consultation

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

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

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholder A (Mill workers)	<ul style="list-style-type: none"> They aware and have good understanding about MSPO. They have good understanding about complaint and grievance mechanism. Personal Protective Equipment are distributed 	No action requires	Positive findings

		<p>free of charged by management.</p> <ul style="list-style-type: none"> • Company well managing the welfare, health and safety of their workers. • They are very happy with the management and hopes to continue their contract for a long time. • They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2020. • MSPO awareness, company policy and SOP are briefed among workers during muster call. 		
2.	Stakeholders B (Mill - Gender Committee Representatives)	<ul style="list-style-type: none"> • They aware and have good understanding about MSPO. • They have been treated equally without any discrimination. • No sexual harassment reported. 	No action requires	Positive findings
3.	Stakeholders C (Contractors)	<ul style="list-style-type: none"> • They have good understanding about MSPO. • The company has good relation with supplier and there is no issue with company's performance. • They informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work. 	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 Batu Lintang POM. Mill Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual. The site also assists by KL Kepong Berhad, Sustainability Department.

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

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

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

1.13 Date of Next Surveillance Audit

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

1.14 Confidentiality

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

1.15 Abbreviations Used

BOD	Biological Oxygen Demand
CHRA	Chemical Health & Risk Assessment
CIP	Continuous Improvement Plan
COD	Chemical Oxygen Demand
CoP	Code of Practise
CSPO	Certified Sustainable Palm Oil
CPO	Crude Palm Oil
CSPK	Certified Sustainable Palm Kernel
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan

FFB	Fresh Fruit Bunch
FGS	Finished Good Stock
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MPOB	Malaysian Palm Oil Board
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating Procedure
SPO	Sludge Palm Oil

SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

2.1 Principle 1 : Management commitment and responsibility

Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

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

Summary MSPO Policy has been established as part of a Sustainability Manual with a review date on 01-01-2020, issue/rev. 3/2, signed by the Group Plantation Director. As evidence, the KLK Sustainability Manual was displayed and sighted on the notice board.

The training conducted to ensure that the policy to be communicated to all levels of the workforce during the KLK Sustainability Briefing conducted on 25.05.2020 attended by 74 workers and 14 staff.

Briefing on KLK Sustainability Policy to the stakeholders has been conducted at Club House, Batu Lintang Estate on 19/02/2020. Meeting minutes is prepared by Mr Ravi a/I Kanniah (Asst Manager) and reviewed by Mr Yeo Boon Keat, Mill Manager. Meeting minutes dated 20/2/2020. The meeting covers the following agenda;

1. KLK Sustainability Policy
2. KLK Supplier Code of Conduct
3. Environmental Aspect & Impact Assessment (EAIA), EMP and WMP
4. SIA and Management Plan
5. HCV Management Area
6. Fire prevention and control measure
7. Consultation on the contributions to community development
8. Requests and responses/consultation & communication/complaint & grievance

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

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

Summary The company statement on committed to the continual improvement is made available as stated in the Group Policies (Para 5) – we are committed to meet the sustainability requirements of MSPO and committed to continuous improvement.

In addition to the commitment, a Continuous Improvement Plan is established as referred to SOP:16.0, Appendix: 1.0. Issue/Rev: 2/1, Date: 01-01-2020. The Plan is prepared by Chia Boon Huat, dated 07/5/2020 and verified by Mr Yeo Boon Keat (Mill Manager) which includes a Description of improvement, activity, PIC, target date and status.

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

Criterion 2	Internal audit
Indicator 1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.

Summary The Internal Audit Procedure in the Standard Operating Procedure on Sustainability has been reviewed as referred to SOP:19.0, Issue/Rev: 2/1, Date: 01-01-2020.

The flow diagram of the internal audit is:
Establish Audit Schedule > Selection of audit team & prepare audit plan > Conduct Audit > Audit report > Post audit meeting > Follow-up Audit > Audit verification. The frequency of an audit should be at least once a year as stated in the SOP. The Internal audit is carried out to ensure that the management system has been properly implemented and to determine the effectiveness of the implemented management system.

Sighted the Sustainability Internal Audit Report for the MSPO internal audit carried out on 11th – 12th June 2020. The Internal Audit team members are Mr Vemalan Palanchiandiran (Lead auditor) and Ms Verna See Pik Kim (Auditor) and documented in the Internal Audit Findings, root cause (s) & corrective action (s). The report was prepared by Mr Vemalan Palanchiandiran and checked by Ms Lee Kuan Yee (Senior Sustainability Manager) on 22nd June 2020.

The Internal Audit covers the following areas;

1. Documentation
2. Interview Session
3. Site Visit – chemical store, Ramp, Weighbridge, Production floor, Effluent pond, temple and linesite.

Based on the report, there are 19 weak points have been identified by the Internal Auditors. The mill is then to provide the root cause and corrective action (s) to the lead auditor.

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 Internal Audit Procedure in the Standard Operating Procedure on Sustainability has been reviewed as referred to SOP:19.0, Issue/Rev: 2/1, Date: 01-01-2020.

Sighted the Sustainability Internal Audit Report for the MSPO internal audit carried out on 11th – 12th June 2020. The Internal Audit team members are Mr Vemalan Palanchiandiran (Lead auditor) and Ms Verna See Pik Kim (Auditor) and documented in the Internal Audit Findings, root cause (s) & corrective action (s). The report was prepared by Mr Vemalan Palanchiandiran and checked by Ms Lee Kuan Yee (Senior Sustainability Manager) on 22nd June 2020.

The report have been submitted to the mill on 23rd June 2020. The root cause and corrective action (s) is then being communicated to the Lead auditor via email on the

7th July 2020. Final acceptance on the root cause, corrective action (s) and evidence by the Lead Auditor are communicated to the mill on 22nd July 2020. All weak points have been addressed accordingly.

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

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

Summary Sighted the Sustainability Internal Audit Report for the MSPO internal audit carried out on 11th – 12th June 2020. The Internal Audit team members are Mr Vemalan Palanchiandiran (Lead auditor) and Ms Verna See Pik Kim (Auditor) and documented in the Internal Audit Findings, root cause (s) & corrective action (s). The report was prepared by Mr Vemalan Palanchiandiran and checked by Ms Lee Kuan Yee (Senior Sustainability Manager) on 22nd June 2020.

All findings from internal audit was responded by the mill management within the acceptable timeframe. The corrective action (s) are implemented in due course and documented as evidence. The findings from the internal audit has been discussed and approved for implementation by the respective management unit during a sustainability management review meeting 2019/20 held on 26th July 2020.

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 Latest Management Review was conducted on 30th December 2019. Among the agenda discussed during the Sustainability Management Review FY 2018/19 are;

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 (EIA)
13. Social impact Assessment (SIA)
14. Customer feedback
15. Process performance and product conformity
16. Changes that could affect Management System
17. Recommendations for Improvement

Meeting minutes was prepared by Mr Ravi a/l Kannaiah (Assistant Mill Manager) and checked by Mr Yeo Boon Keat (Mill Manager). Next management review meeting is scheduled in November 2020.

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

Criterion 4 Continual improvement

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

Summary Sighted a Continuous Improvement Plan is established as referred to SOP:16.0, Appendix: 1.0. Issue/Rev: 2/1, Date: 01-01-2020. The Plan is prepared by Chia Boon Huat, dated 07/5/2020 and verified by Mr Yeo Boon Keat (Manager) which includes a Description of improvement, activity, PIC, target date and status. Samples Description of improvement are:

Description of improvement	Activity	Target date
Environmental Impacts / Pollution and GHG Reduction	<ul style="list-style-type: none"> Regular service of tractors Briefing on energy saving (Grid electricity) Installation of belt press plant 	Monthly Monthly On-going
Equipment / Machinery enhancing	<ul style="list-style-type: none"> Installation of new PASX 710 seperator machine 	On-going
Process Enhancement	<ul style="list-style-type: none"> Installation of Continuous Opacity and Total Particulate Matter Replace new fibre cyclone Replacing new sludge tank 	On-going On-going On-going
Waste reduction	<ul style="list-style-type: none"> Briefing on 3R 	On-going

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

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

Summary Mill management has established training program based on the training need analysis. However, should there be any new information or new technique available in the market and planning to be implemented in the mill compound, it will be notified by the mill management and will be slot in the training program. This however will depend on the current situation and priority.

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

2.2 Principle 2 : Transparency

Criterion 1 Transparency of information and documents relevant to MSPO requirements

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

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

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

Stakeholder Meeting was held on 19th February 2020 at Batu Lintang Estate's Meeting Room, attended by 84 participated. The meeting was collaborated with Batu Lintang Estate and Buntar Estate under Batu Lintang Complex. The meeting was chaired by Mr. Yeo Boon Keat (Mill Manager).

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

Poliklinik

- Request
 - Dr. Sakti enquired when will the new wage which is RM1,200 will be implemented
- Response
 - Management explained that are still pending the instruction from KLK HR Department

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

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

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

Among the documents listed under publicly available are:

- DOSH Correspondence
- MAPA/AMESU/NUPW Agreement
- DOE Returns
- Safety and Policy
- CHRA Report
- Noise Exposure Monitoring Report
- Stakeholders Engagement

- Management Review

Among the documents listed under confidential available are:

- Agreement – Tenancy/Transport
- Accounts Audit Report
- Marketing Correspondence
- Contract File
- Sexual Harassment Committee

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

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

Criterion 2 Transparent method of communication and consultation

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

Summary KLK has established Standard Operating Procedures (SOP) for Stakeholders Engagement/Negotiation–SOP No.1 (Rev.4/3) dated on 1st January 2020. The policy has identified mechanism for Request and Respond, Consultation & Communication 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 mill notice board.

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

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

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

Summary The person in charge for consultation and communication agenda is led by Mr. Chia Boon Huat (Mill Sr Assistant Manager) and appointed on 06th January 2020 by Mr. Yeo Boon Keat (Mill Manager).

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

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

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

Sighted latest stakeholder list updated on 30th June 2020. Prepared by Mr. Chia Boon Huat (Mill Sr Assistant Manager) and approved by Mr. Yeo Boon Keat (Mill Manager).

- a) Government / Statutory Bodies
 - Malaysian Palm Oil Board (MPOB)
 - Department of Safety and Health (DOSH)
 - Department of Labour (JTK)
 - Department of Environment (DOE)
 - Fire and Rescue Department of Malaysia
 - Ministry of Domestic Trade, Cooperatives and Consumerism (KPDNKK)
 - Inland Revenue Board of Malaysia (LHDN)
 - Social Security Organisation (Socso)
 - Hospital Daerah Selama
 - Hospital Bandar Kulim
 - Balai Polis IPD Bandar Bahru
 - SJK (T) Ganesar
 - SJK (C) Serdang
 - SMK Serdang
 - Sek Keb Sungai Salleh
 - Tadika Child Batu Lintang
- b) Non-Governmental Organisation (NGO)
 - All Malayan Estates Staff Union (AMESU)
 - National Union of Plantation Workers (NUPW)
- c) Service Providers / Contractors / Suppliers
 - MPOA
 - TNB
 - FOMEMA Sdn Bhd
 - Maybank
 - Hong Leong Bank
 - Syarikat Air Darul Aman (SADA)
 - Procoma
 - Organo (Asia) Sdn Bhd
 - Technology and Quality Control Centre (TQCC)
 - Yun Yit Enterprise
 - Sakhty & Lorry Transport
 - Avery Malaysia Sdn Bhd
 - Keat Heng Tyre & Battery
 - Chemindus Sdn Bhd
- d) Medical/Health
 - Poliklinik Sakhti Sheila
 - Klinik Azhar & Rakan-rakan
- e) Approved Certified Supplier List
 - Batu Lintang Estate

- Pelam Estate
- Buntar Estate
- Subur Estate
- Kuala Kangsar Estate
- Genting Selama Estate
- f) Neighbouring Community /Plantation /Smallholders
 - Kampung Batu Lintang
 - Kampung Keda Sungai Salleh
- g) Estate Community / Estate Representatives
 - NUPW Chairman
 - Women's Committee Chairman
 - Temple Committee Chairman
 - Surau Committee Chairman

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

Criterion 3 Traceability

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

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

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

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

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

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

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

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

Summary KLK has established Sustainability Manual. It's done by KLK Sustainability Department. Sighted SOP 19.0 titled "Internal Audit Procedures" dated 1st January 2020.

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

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

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

Summary The person in charge for traceability agenda is led by Mr. Chia Boon Huat (Mill Sr Assistant Manager) and appointed on 06th January 2020 by Mr. Yeo Boon Keat (Mill Manager).

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

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

Summary Purchases and sales will base on demand and has agreeable documentation with the supplier. Sighted CPO/PK sales as per in their online system. The mill has good system for tracking the movement of FFBs (Electronic Commodity Trading System (ECTS)). The mill recorded all FFB received, FFB Processed, CPO & PK Produced and CPO & PK Stock Position in Finished Good System (FGS).

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

- Date Delivery: 27/05/2020
- Weighbridge Ticket No: B161796
- Transporter: Zhi Sheng Transport Sdn Bhd
- Driver name: Jesudason Arulraj A/L Arthur James Inbraj
- Weight: 33.81 MT

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

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

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

Summary The Company has established and updated list & summary of applicable laws and regulations that are applicable for the Mill is updated by Sustainability Team, acknowledged by the Mill Manager, Mr Yeo Boon Keat on 24.03.2020.

Some of applicable laws includes:

1. Prevention and Control of Infectious Diseases Act 1988, Act 342
2. Occupational Safety and Health Act 1994 (Act 514)
3. Environmental Quality Act 1974 (Act 127)
4. Environmental Quality Act (Scheduled Waste Regulations) 2005
5. Factories and Machinery Act with regulations 1967 (Act 139)
6. Pesticides Act 1974 (Act 149)
7. Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna
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) (Amendment) Act 2019
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 1967 (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 (MWO 2020 came into effect on 01.02.2020)
39. Wetlands and Climate Change 1999

The Mill had implemented its Checklist (Linesite Inspection & Domestic Waste) on weekly basis. As a sample evidence, the linesite inspection was carried out by Mr Ravi A/L Kannaiah (Assistant Manager) on 07.07.2020, 15.07.2020, 21.07.2020 and 28.07.2020.

Sighted letter of appointment for Mr Ravi A/L Kannaiah (Mill Assistant Manager) to carry out line site inspection, appointed by the Mill Manager on 06.01.2020.

The monthly Visiting Medical Officer visit is recorded in a VMO Visiting Record controlled by the Buntar Estate. The VMO is Dr T. Sakthi Yananthan from Poliklinik Sakthi N Sheila Sdn Bhd with date visited on 04.07.2020 and 18.07.2020. sighted invoice No. 3214 dated 03.07.2020 amounted to RM278.00 for the charges for treating 4 mill's workers.

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

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

Summary The List of legal correspondences for permits/licenses is updated/prepared by Mr Ravi A/L Kannaiah (Assistant Manager), verified by Mr Yeo Boon Keat (Mill Manager) on 03.08.2020.

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

1. Permit potongan daripada gaji pekerja-pekerja di bawah Seksyen 24 Akta Kerja 1955, No. Siri: PP/3/3/0029 bagi tujuan Bayaran Bil Elektrik untuk 20 orang pekerja tempatan yang menggunakan letrik melebihi had iaitu RM53.92 setiap bulan effective 28.02.2006. Surat persetujuan yang ditandatangani oleh pekerja yang membenarkan potongan gaji hendaklah disimpan dan ditunjukkan kepada Pegawai Buruh pada bila-bila masa diminta olehnya.
2. MPOB license No. 558565004000 with Fee RM1,200.00 for menjual dan mengalih PK, CPO, SPO, membeli dan mengalih FFB, menyimpan PK, CPO, SPO dan mengilang FFB (140,000mt FFB setahun) for a period of 01.03.2020 to 28.02.2021.
3. Syarat-Syarat Lesen Premis, Jadual Pematuhan, DOE license No 003627, kapasiti maksimum pemprosesan buah tandan kelapa sawit segar (FFB) sebanyak 25MT sejam, Cara pelupusan efluen: Atas tanah (trenches) tidak melebihi 450m³/hari, dengan kepekatan BOD, 3hari, 30°C tidak melebihi 5,000mg/L, for a period of 01.07.2020 to 30.06.2021
4. Lesen menduduki atau menggunakan premis, No. Lesen: 003627, Jadual Pematuhan No. JP 003627, effective 18.06.2017.
5. Lesen Pelanggaran, No. Lesen: 003646 – mengeluarkan dan melepaskan apa-apa benda berbahaya kepada alam sekeliling, pencemar atau buangan ke dalam udara dengan melanggar syarat-syarat yang boleh diterima ditentukan di bawah Seksyen 21 yang memerlukan suatu lesen sebagaimana dikehendaki oleh Seksyen 22(1) Akta Kualiti Alam Sekeliling 1974 iaitu tidak boleh melebihi 400mg/M³ per day bagi jumlah jirim zarah (PM) for a period of 14.07.2020 to 13.07.2021.
6. Permit Barang Kawalan Berjadual (Peraturan-peraturan bekalan kawalan bekalan 1974, Peraturan 9(2), No.Siri P: K001046 for 14,000 liters diesel for a period of 18.06.2019 till 17.06.2020, i.e. already expired. However, sighted letter from Kementerian Perdagangan Dalam negeri dan Hal Ehwal Pengguna Cawangan Kulim, Kedah dated 30.07.2020 requesting the Jabatan Bomba "membuat pemeriksaan dari segi aspek keselamatan dan kuantiti simpanan bahan petroleum" prior to approval.

7. Permit Khas Barang Kawalan Berjadual (Peraturan-peraturan bekalan kawalan bekalan 1974, Peraturan 9(2), No.Siri PK: K004111 for 20liter petrol (RON95)/ harian for a period of 16.07.2020 to 16.01.2021.
8. Lesen Abstraksi Air Permukaan, Seksyen 7(4), Akta Air 1920 (Akta 418), No. Lesen: WA2019010049 for a period of 24.08.2019 to 23.08.2020
9. Permit to Purchase, Store and Use of Sodium Hydroxide, Permit No: 008958 to purchase Solid: 5, Liquid: 2kg Sodium Hydroxide effective 01.01.2020 until 31.12.2020.
10. Fire Certificate is not necessary to be obtained by the Mill as per letter from Ibu Pejabat, Jabatan Bomba dan Penyelamat Malaysia, Alor Setar, Kedah addressed to The Manager of Batu Lintang POM dated 21.12.2017 stated that "berdasarkan kepada semakan permohonan dan pela nasal bangunan di dapati bahawa premis tuan tidak memerlukan Sijil Perakuan Bomba (Fire Certificate) kerana tidak termasuk dalam kategori premis ditetapkan merujuk kepada Perintah Perkhidmatan Bomba (Premis Ditetapkan) 1998 P.U.(A) 276/1998.
11. Lesen Perniagaan Khas/ Premis for 2020, Majlis Daerah Bandar Baharu, Kedah Darul Aman No Rujukan Lesen: 385/02/809 effective 08.01.2020.
12. Perakuan Penentuan Timbang dan Sukat - No. Siri Alat:162550036, for 60mt , stamping done by Metrology Corporation Malaysia Sdn Bhd on 30.07.2020
13. Lesen Bagi Pepasangan Persendirian, No. Lesen: 2019/03307, No Siri: 40390 dengan kapasiti pemasangan tidak melebihi 1,445 kilowatt for a period of 27.10.2019 till 26.10.2020 (currently using Turbine (700kWH) and Genset (300kWH)
14. Perakuan Kelayakan Mesin Angkat – No. Pendaftaran: PMA861, perihal Overhead Crane, Kuasa 8 kilowatt untuk beban tidak melebihi 5,000kg, Ref PMA-KD/20 25755 expiring 07.06.2021.
15. Perakuan Kelayakan Dandang – No. Pendaftaran: PMD7894, perihal Dandang Stim Tiub Air pada tekanan Dandang tidak lebih daripada 2,500 kilopascal, Ref PMD-KD/20 25756 expiring 07.06.2021.
16. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – No. Pendaftaran: KD PMT7868, perihal Steam Receiver pada tekanan tidak lebih daripada Kelumpang 400 kilopascal, Ref PMT-KD/20 25757 expiring 07.06.2021.
17. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – No. Pendaftaran: PMT121244, perihal Sterilizer pada tekanan tidak lebih daripada Kelumpang 345.00 kilopascal, Ref PMT-KD/20 25758 expiring 07.06.2021.
18. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – No. Pendaftaran: PMT67889, perihal Sterilizer pada tekanan tidak lebih daripada Kelumpang 310.00 kilopascal, Ref PMT-KD/20 25759 expiring 07.06.2021.
19. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – No. Pendaftaran: PMT67890, perihal Sterilizer pada tekanan tidak lebih daripada Kelumpang 310.00 kilopascal, Ref PMT-KD/20 25760 expiring 07.06.2021.
20. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – No. Pendaftaran: KD PMT712, perihal Bekas Udara pada tekanan tidak lebih daripada Kelumpang 862.00 kilopascal, Ref PMT-KD/20 25761 expiring 07.06.2021.
21. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – No. Pendaftaran: KD PMT8887, perihal Air Receiver pada tekanan tidak lebih daripada Kelumpang 1,000 kilopascal, Ref PMT-KD/20 25762 expiring 07.06.2021.

22. Perakuan Kelayakan Pengandung Tekanan Tak Berapi – No. Pendaftaran: KD PMT80918, perihal Compressor pada tekanan tidak lebih daripada Kelumpang 1,350 kilopascal, Ref PMT-KD/20 25763 expiring 07.06.2021.
23. The List of Fire Extinguisher for 2020 valid until 12.12.2020 (6nos), 16.03.2021 (19nos.) and 20.07.2021 (11nos), 100ft fire hydrant c/w canvas hose located at EFB Ramp and 100ft fire hydrant c/w canvas hose located at Boiler House.

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

1. Certified Environmental Professional in the Treatment of Palm Oil Mill Effluent, for Mr Yeo Boon Keat (841122-05-5365) No. Siri CePPOME/00025 effective 16.02.2016
2. Certified Environmental Professional Scheduled Waste Management, for Mr Yeo Boon Keat (841122-05-5365) No Siri CePSWaM/01180 effective 19.07.2016
3. Steam Engineer Gred 1 – Mr Yeo Boon Keat (841122-05-5365) No Perakuan 166/2015 effective 12.11.2015
4. Penjaga Jentera (Chargeman) Kategori A4, Mr Krishnamoorthy a/l Inthiran (770120086533), PJ-T-4-B-0152-2016, effective 17.02.2016
5. Perakuan Kebolehan, Drebar Enjin Gred Satu for Mr V. Tennarasu A/L G. Veeran I.C. No. 801128-07-5985, No Perakuan: PK/09/EIS/01/12 effective 11.05.2009

The monthly Returns for year 2020 include;

1. MPOB (Penyata Bulanan)
2. MPOB FFB Quality
3. Suruhanjaya Tenaga
4. DOE FFB Daily Process
5. E-swis
6. DOSH (JKKP 8) – Putrajaya
7. Laporan Suku Tahun (DOE)

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

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

Summary Mr. Ravi A/L Kannaiah (Mill Assistant Manager) will update any new amendments or any new regulations received from the following sources:

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

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

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

Summary Mr Ravi A/L Kannaiah (Mill Assistant Manager) was appointed to maintain the regulatory requirement, and also permits and licenses. The letter of appointment (as Sustainability Related Matters – MSPO) has been signed by the Mill Manager, Mr Yeo Boon Keat dated 06.01.2020.

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

Criterion 2 Land use rights

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

Summary The mill was built on an area of 81,634m² (8.163ha) on its own land title of Lot 2076, No Hakmilik 99095, Syarat Nyata: Kilang Kelapa Sawit with Cukai Tahunan RM16,327.00.

Sighted "Lampiran A", Pembayaran Cukai Tanah Tahun 2019 paid to Pentadbir Tanah Daerah Bandar Baharu, Serdang Kedah amounted to RM65,308.00

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

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

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

Summary The mill was built on an area of 81,634m² (8.163ha) on its own land title of Lot 2076, No Hak Milik 99095.

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

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

Summary The mill was built on an area of 81,634m² (8.163ha) on its own land title of Lot 2076, No Hak Milik 99095.

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

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

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

Summary The mill was built on an area of 81,634m² (8.163ha) on its own land title of Lot 2076, No Hak Milik 99095. Thus, no disputes have been recorded in mill area. There is no evidence of conflict present in this mill. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

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

Criterion 3 Customary land rights

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

Summary The mill was built on an area of 81,634m² (8.163ha) on its own land title of Lot 2076, No Hak Milik 99095. Thus, there is no customary land in or surrounding all the mill. There are also no land disputes or claims involving this mill. The company has proper legal land title for the land ownership.

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

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

Summary The mill was built on an area of 81,634m² (8.163ha) on its own land title of Lot 2076, No Hak Milik 99095. Thus, there is no customary land in or surrounding all the mill. There are also no land disputes or claims involving this mill. The company has proper legal land title for the land ownership.

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

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

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

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

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

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

Criterion 1 Social impact assessment (SIA)

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

Summary KLK Berhad has reviewed the Sustainability Manual which includes the SOP No. 13: In-House Social Impact Assessment (SIA); Dated 01-01-2020.

Latest SIA report conducted for Internal Stakeholder is dated 6th June 2020, with 76 sets of questionnaires were distributed. Mill reviewed the Baseline SIA for Internal Stakeholders in year 2020 which covered for:

- Section A: Access and use rights
- Section B: Economic Livelihoods and Working Conditions
- Section C: Cultural and Religious Value
- Section D: Health and Education Facilities
- Section E: Subsistence activities
- Section F: Amenity
- Section G: Employment
- Section H: Human Rights
- Section I: Food and Water Security

As sampled:

Questionnaire
100% (76/76) of respondents stated that they were aware of the Emergency Response Procedures (ERP) they should follow in the event of emergency.
Action plan
Management will continue to brief and remind workers on ERP at the work place during muster.
As s proactive measure, management will display ERP at strategic place.
Evidence
Sighted ERP are displayed at strategic location and training records on OSH and PPE policy conducted on 08/01/2020.

Management had developed an Enhancement plan to promote positive impacts and mitigate negative impacts resulting from the assessment.

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, Issue/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

Mechanism in order to handle issues highlighted by stakeholder, Communication and consultation process are communicated through training programs and the records with attendance list are sighted.

Sampled briefing on the procedures to the workers has been incorporated during the KLK Sustainability Briefing conducted on 22/02/2020.

For external communication, the management provide the information and the implementation takes place during the stakeholder meetings. At this moment, no negative complaints made by internal/external stakeholders.

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

Sighted records on latest stakeholder meeting conducted at Club House, Batu Lintang Estate on 19/02/2020. Meeting minutes is prepared by Mr Ravi a/l Kanniah (Asst Manager) and reviewed by Mr Yeo Boon Keat, Batu Lintang POM Manager. Meeting minutes dated 20/2/2020.

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

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

Summary KLK Berhad has reviewed the Sustainability Manual which includes the Stakeholder Engagement / Negotiation Procedure. SOP 1; Issue/Rev 4/3; Date 1st January 2020.

The SOP elaborates on the mechanism of handling through Identification > Engagement> Review. As stated in the SOP (Flow: Engagement), (Para 3.0: Complaint & grievance (C&G)), the Manager are appointed to be in-charge to ensure that all complaint & grievances are verified, investigated and communicated to the respective stakeholder. This would include the action(s) initiated thereafter and the respective timeframe.

Any disputes could be lodged through either 5 channels available (Para 3.0: Complaint & grievance (C&G)):

1. Grievance form available at www.klk.com.my or scan QR code to download the form.
2. Hotline: +605-2408000 (extension 2201)
3. email: hr@klk.com.my
4. Post to: Head office
5. Dropping into the Suggestion Boxes

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

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

Summary Sighted the records in the Stakeholders Log Book for mill complaint/grievances. Most internal request / complaints are basically house maintenance works and rectified by Management. Workers able to explain their understanding on the complaint procedure. They may reach to the management if there are any complaint needed to be raised. Complaint form is made available at main office.

KLK ensures all grievances from external stakeholders relating to the implementation of its Sustainability Policy within its operation and across its supply chain are handled via this grievance procedure. It outlines a clear, transparent and impartial methodology in dealing with the grievances throughout the entire process. KLK views such feedback and input to be important to have a meaningful gauge on the effectiveness in the implementation of its Sustainability Policy. Grievances may be submitted via the following channels to:

- The Grievance Officer
- Website: e-Grievance Form
- Mail: Sustainability Department
- Wisma Taiko, No 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak, Malaysia.
- Fax: +605-240 8118
- Official website: <http://www.klk.com.my>.

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

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

Summary For external communication, the management provide the information and the implementation takes place during the stakeholder meetings. At this moment, no negative complaints made by internal/external stakeholders.

Sighted records on latest stakeholder meeting conducted at Club House, Batu Lintang Estate on 19/02/2020. Meeting minutes is prepared by Mr Ravi a/l Kanniah (Asst Manager) and reviewed by Mr Yeo Boon Keat, Batu Lintang POM Manager. Meeting minutes dated 20/2/2020.

Stakeholder meeting attended by 84 external stakeholders and evidenced of the attendance are recorded which includes; Pejabat Kesihatan Bandar Baharu, TNB Bandar

Baharu, Kedai Runcit, MPOA representatives, Temple representatives, smallholders, contractors, NUPW Kedah, Village representatives and PUSPEN.

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

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

Summary Sighted records on "Buku Log Pihak Berkepentingan" are made available at the time of audit. Record are referred as, SOP:1.0, Appendix 2B, Issue/Rev: 3/2.

Sampled "Permintaan & Maklum Balas" is:

- Nama: Mr. V (98)
- Perkara: Bumbung Bocor, Ceiling tandas & bumbung rosak
- Tarikh: 25/7/2020
- Cadangan Tindakan: Call Ah Seng to replace urgently
- Tindakan: Gantikan bumbung baru & Perbaiki ceiling
- Tarikh / Pengesahan: 25/7/2020

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

Criterion 3 Commitment to contribute to local sustainable development

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

Summary Mill is committed and have contributed to local development. As evidenced in CSR Programme Report Year 2020:

1. Sumbangan Keperluan Makanan to the workers dated 28-29/3/2020
2. Gotong Royong joint with Batu Lintang Estate dated 10/3/2020
3. Donation to Sek. Keb. Sungai Salleh dated 08/03/2020

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

Criterion 4 Employees safety and health

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

Summary Sighted the Occupational Safety & Health Policy. Issue/Revised 3/2, 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.

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

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

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

Summary

Sighted the Occupational Safety & Health Policy. Issue/Revised 3/2, dated 1st January 2020. Approved by Mr. Patrick Kee Chuan Peng (Group Plantations Director).

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

HIRARC is consist of hazard identification (type of work activity, hazard & effect), Risk analysis (Existing risk control, likelihood, severity & risk) & Risk Control (Recommended control measures & PIC appointed are Staff or Executive).

Sampled HIRARC sighted such as for:

No.	HIRARC
1.	Weighing consignment
2.	Reception station



3.	Sterilization of bunch fruit
4.	Capstan
5.	Threshing FFB
6.	Digester & Pressing
7.	Depericarper
8.	Kernel Plant
9.	Clarification Room
10.	Water treatment plant
11.	Workshop
12.	Mill building/ Roofing painting & cleaning
13.	Belt press plant
14.	Upkeep building wall
15.	Crane
16.	Boiler

Latest HIRARC reviewed is done on 1st January 2020 conducted by Mr Yeo Boon Keat (Mill manager) together with KLK OSH Dep.

Annual training programme plan for the year 2020 on safety aspects sighted.

No.	Topic	Status
1.	Supply chain training – CCP (Security guard)	Conducted on 15/01/2020
2.	KLK Sustainability Briefing	Conducted on 25/05/2020
3.	OSH and PPE Policy	Conducted on 09/01/2020
4.	Confined space Training	Conducted on 06/03/2020
6.	SOP Oil Room	Conducted on 04/05/2020
7.	SOP Boiler & Engine room	Conducted on 10/06/2020
8.	SOP Lab & Chemical handling	Conducted on 20/07/2020

During site visit, sighted safety signage surrounding in the mill site. Company fully aware that working on safety is first priority during the works.

KLK has established a PPE Policy "Cetakan Semula" dated 3rd January 2020. Sighted the PPE issuing records for:

- Boilerman
- Lab
- Workshop

OSH & PPE Policy training conducted on 9th January 2020 and sighted the attendance record and photographs.

SOP Chemical Handling is available [SOP for Chemical Handlers] GP/P&G-TM4 dated 1st July 2010.

Detail of chemicals used in mill operation are listed in Register of Chemicals Hazardous to Health to Batu Lintang POM,

Sighted latest Chemical Exposure Monitoring report is made available dated 4th July 2019 with the reference for CHRA report: KLKBL201604004. Report was prepared by Mr Sugunish Sukumaran (competent person).

Medical Surveillance Report for the year 2020 is made available which was conducted by Dr. T Sakthi Yananthan [DOSH: HQ/12/DOC/00/262] dated 15th February 2020.

During mill visit, storage of chemical is in appreciating manners, well ventilated. SDS for all the chemical sighted and updated.

Sighted an appointment letter for the person in charge for OSH matters, Mr Yeo Boon Keat (Manager) dated 1st January 2020, as appointed by Mr Rafezal bin Mohd Said (Mill advisor).

OSH Minute Meeting are made available and recorded as below:

- 10th June 2020
- 12th March 2020
- 30th December 2020

Next OSH Meeting to be conducted on September 2020.

ERP (Emergency response plan) include the emergency contact number, Emergency Respond Plan Procedure and exit routes in file and notice board.

Sighted First Aid kit box is made available within the mill vicinity with the certified first aider. Sampled First aiders are:

1. Mr Borhanuddin bin Nayan
2. Mr Saravanan a/l Rameparan
3. Ms Nor Azlina binti Mohd Noor

JKKP 8 has been submitted on 20/01/2020. Seen the acknowledgement letter [Akuan Terima] from DOSH. Reference no: JKKP 8/52150/2019. Three accidents recorded for:

- a. Md Napiah bin Ahmad (690510-02-5891) – accident on 22nd February 2019 and JKKP 6 submission on 28th February 2019
- b. Ravindran a/l Muthu Thamby (690122-08-5999) – accident on 22nd June 2019 and JKKP 6 submission on 28th June 2019.
- c. Balachandran a/l Wabaloo (860226-02-5455) - accident on 11th November 2019 and JKKP 6 submission on 15th November 2019.

One area of concern has been raised to mill management. Inadequate monitoring on the first aid kit box available in Lab as it was found that the "Ubat Luka" is missing from the inventory.

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

Criterion 5	Employment conditions
Indicator 1	The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.
Summary	<p>KLK has established Sustainability Manual which include the policy as referred to: Title: Policy, Issue/Rev: 3/2 date: 01-01-2020.</p> <p>Para 2: Social – Workplace and Communities elaborate on the KLK commitment to the:</p> <ul style="list-style-type: none"> 2.1: Respect and Recognise the rights in workplace 2.2: Respect the Rights of Indigenous and Local Communities 2.3: Facilitate the inclusion of smallholders/farmers into the supply chain <p>Communication of the policy to workforce is carried out as during the Sustainability Policy briefing and the “KLK Sustainability Policy” is displayed in notice boards inside the office as well as outside the office. The policy also publicly available through the official website: http://www.klk.com.my.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
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	<p>All workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed through interview with workers at the mill and also personal interview with Mill Assistant Manager and also through verification of contracts of service and pay slips of workers.</p> <p>No evidence of discrimination based on race, skin colour, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the mill.</p> <p>During interviews, it is clearly stated no forced labour at Batu Lintang POM. Each employee is given an employment contract either local or foreigner.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 3	Management shall ensure that employees’ pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.
Summary	<p>Pay and conditions are documented in the appointment letter of the staff and workers. Interview with both mill 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.</p> <p>The salary is according to ‘Perintah Gaji Minimum (Pindaan) 2020. The salary is according to ‘Guidelines on the Implementation on the Minimum Wages Order</p>

(Amendment) 2018 Act 732. National Wages Consultative Council Act 2011. Malaysian minimum salary is RM1,100 as stated in the guidelines.

As sampled taken: Mr. R – Mill Worker (C5436868)

JUNE 2020		
Earnings:		
Basic payment	RM46.15 x 24 days	RM1107.60
Overtime	RM9.0909 x 49.5	RM450.00
Shift Allowance	RM3.00 x 14	RM42.00
Cuti am		RM87.48
		RM1687.08
Deduction:		
Advance		RM400.00
Net Salary		RM1287.08

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

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

Summary Pay and conditions are documented in the appointment letter of the staff and workers. Sighted the contract employment of workers and payslip for Zhi Sheng Transport Sdn Bhd.

- Turesh a/l Palanisamy
- Jesudason Arulraj a/l Arthur James Inbraj

Sighted EPF, SOCSO and EIS payment contribution was made by the company.

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

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

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

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

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

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

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

Employment contract has been translated into different language followed by the nationality, at Batu Lintang POM as seen for:

- Md Pramudia (Indonesia), contract is available in Bahasa Indonesia [Version 1.0_2019].
- Nasrudin (Indonesia), contract is available in Bahasa Indonesia [Version 1.0_2019].

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

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

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

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

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

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

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

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

Sighted gazette public holidays 2019 displayed on notice board. Verified with Mr Ravi A/L Kannaiah (Mill Assistant Manager) during interview on working hours and overtime.

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

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

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

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

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

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

Summary All workers have been provided with medical and accident insurance. With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations. Workers provided with accommodation with basic amenities.

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

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

Summary All workers are provided with housing facilities at workers linesite. Mill management handles the housing inspection.

Sighted Linesite Inspection & Domestic Waste [SOP 12.0, Appendix 2.0, dated 1/1/2020]. As seen, requirement to inspect the linesite on weekly basis. Last inspection was done on 28.07.2020.

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

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

Summary Sighted in the KLK Sustainability Policy issue/rev 3/2 dated 01/01/2020 clause 2.1 (ix) Harassment and violence stated zero tolerance of any type of harassment, intimidation or violence.

The gender committee is formed in estate management. Gender committee held meeting once in 3 months every year. The meeting socialized as per below:

- Committee's issues
- Monitoring on gender cases, reproductive right and others related issues.
- Committee's activities
- Health and safety

Sighted an appointment letter of Puan Azlina binti Mat Isa @ Ibrahim dated on 01st December 2019 as Pengerusi Jawatankuasa Wanita Batu Lintang POM.

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

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

Summary KLK Berhad has established the KLK Sustainability Policy signed by Tan Sri Dato' Seri Lee Oi Hian (Chief Executive Officer) dated on 30th August 2018. The policy covers the following scope:

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

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

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

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

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

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

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

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

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

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

Criterion 6 Training and competency

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

Summary Batu Lintang POM has a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. The training plan for 2020 was sighted dated 05th January 2020 prepared by Mr. Vikhraman (Mill Assistant Manager).

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 includes:

- KLK Sustainability Briefing
- Briefing on Employment contract, MAPA/NUPW agreement
- KLK code of conduct for employees
- Briefing on Scheduled waste management

Sampled Training records for BLPOM are:

No.	Topic	Status
1.	Supply chain training – CCP (Security guard)	Conducted on 15/01/2020
2.	KLK Sustainability Briefing	Conducted on 25/05/2020
3.	OSH and PPE Policy	Conducted on 09/01/2020
4.	Confined space Training	Conducted on 06/03/2020
6.	SOP Oil Room	Conducted on 04/05/2020
7.	SOP Boiler & Engine room	Conducted on 10/06/2020
8.	SOP Lab & Chemical handling	Conducted on 20/07/2020

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

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

Summary All workers involved in the operations have been adequately trained on safe working practice.

As evidence, communication of the policy to workforce is carried out and training records available. Sighted briefing record on Sustainability Policy. Training need analysis for respective jobs are established for all employees as seen Training programme for the year 2020.

Sighted the training needs analysis, attendance & evaluation form (SOP: 8, Issue/Rev: 3/2, Date: 01-01-2020) prepared by the Mill management for each individual worker.

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

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

Summary The mill has a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. The training programme dated 01-01-2020 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 and "Program Keselamatan dan Kesehatan 2020" includes:

- KLK Sustainability Briefing
- Briefing on Employment contract, MAPA/NUPW agreement
- KLK code of conduct for employees
- Briefing on Scheduled waste management
- Briefing on Water Sampling Procedure
- SOP for operations
- First Aid Training
- Fire Drill

One area of concern has been raised to mill management. Samples taken from 75 mill workers:

1. There is no record of training need analysis for Saidin (Boiler station) and Pramudia (Sterilizer station) upon their job assignment.

This is contradicting to the SOP: 8.0, Issue/Rev: 3/2, Date: 01-01-2020 under Flow: Development and Implementation, Para 4.0 – New personnel will all be subjected to on-the-job training and thereafter an evaluation. The new personnel can only be allowed to commence work provided that he/she has completed the program, properly evaluated and approved by his/her immediate supervisor.

2. No records on training has been provided on the basic knowledge and functions of committee to the OSH Committee members:
 - i. Mr Krishnamoorthy, appointed on 01/12/2018
 - ii. Puan Rabunah, appointed on 02/06/2019
 - iii. Mr Mohd Khairil, appointed on 02/06/2019
 - iv. Mr Sankaran, appointed on 01/12/2019
 - v. Mr Ragunatha, appointed on 01/01/2020

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 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" Appendix 1, Issue/Rev 3/2 dated 01.01.2020 prepared by the Sustainability Department with the objective to identify all activities or aspects of the estate/ palm oil mill that have impact to the environment.

The Mill has conducted its own environmental aspect and impact assessment for all its' activities in year 2020. The environmental assessment findings are recorded in document titled "Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan (WMP) prepared by Mr Ravi A/L Kannaiah (Assistant Manager), verified by Mr Yeo Boon Keat (Mill Manager) on 01.03.2020.

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 impact assessment has covered 30 key Process/Area such as;

1. FFB Intake
2. FFB Reception
3. FFB Sterilization
4. Kernel Dispatch

5. Kernel Recovery
6. Kernel Storage
7. Laboratory
8. Maintenance at Workshop
9. Power Generation
10. Raw Water Intake
11. Raw water Treatment
12. Scrap iron area
13. Steam generation
14. Belt Press
15. Chemical Store
16. Clarification
17. CPO Dispatch
18. CPO Storage
19. Depericarper
20. Diesel Tank
21. Digestion
22. EFB Gathering Point & Shredded Hopper
23. Effluent Treatment
24. Separation
25. Threshing and stripping
26. Linesite/office/creche
27. POM Machineries
28. Grass cutting
29. POL Store
30. Scheduled waste store

The Environmental Management Plan incorporated with Environmental Impact Assessment & Waste Management Plan, prepared by Mr Ravi A/L Kannaiah (Assistant Manager), verified by Mr Yeo Boon Keat (Mill Manager) on 01.03.2020.

No	Major Activity/ Aspect	Impact	Impact Management Control
1	POL spillage	Land and water pollution	To provide spill kits & secondary containment for all transferring utensils.
2	Discharge of condensate	Water pollution	Treatment at effluent treatment plant, to ensure the waste water is treated in effluent pond before being discharged
3	Diesel spillage	Water & Land contamination	To ensure bund and sump are in good condition, to provide spill kits and secondary containment for transferring utensil, to provide briefing for diesel tank attendant
4	Kernel oil leakage from Silo	Water & land pollution	To ensure oil trap is in good condition

5	Generation of dust	Air contamination	To provide PPE for foreman/ workshop attendant
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In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary Sighted Environmental Improvement Plan incorporated in the Continuous Improvement Plan for Year 2020 revised by Mr Chia Boon Huat (Assistant Manager), verified by Mr Yeo Boon Keat (Mill Manager) on 07.05.2020.

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

1. Regular service of Tractors
2. Briefing on energy saving (Grid Electricity)
3. Installation of Belt Press Plant
4. Installation of Continuous Opacity and Total Particulate matter
5. Replace new Fibre Cyclone
6. Replacing new Sludge Tank
7. Briefing on 3R programme
8. Monthly inspection of machineries to prevent leakage
9. Precautionary management strategy and monitoring plan on management area(s) i.e. Mill Temple.

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 Continuous Improvement Plan for the year 2020 was last updated by Mr Chia Boon Huat (Assistant Manager), verified by Mr Yeo Boon Keat (Mill Manager) on 07.05.2020. It includes;

1. Environmental Impact/ Pollution and GHG reduction – regular service of tractors – scheduled on monthly basis – on-going
2. Environmental Impact/ Pollution and GHG reduction – briefing on energy saving (Grid electricity) - scheduled on monthly basis – on-going
3. Environmental Impact/ Pollution and GHG reduction – installation of Belt Press Plant - scheduled for on-going basis
4. Process Enhancement - Installation of Continuous Opacity and Total Particulate matter - scheduled for on-going basis
5. Process Enhancement - Replace new Fibre Cyclone – scheduled for on-going basis
6. Process Enhancement - Replacing new Sludge Tank - scheduled for on-going basis
7. Waste reduction – Briefing on 3R programme – scheduled for on-going basis

8. Waste reduction – Monthly inspection of machineries to prevent leakage - scheduled on monthly basis, on-going
9. Integrated management of HCV/HCS, peatland and other conservation area – precautionary management strategy and monitoring plan on management area (s) i.e. Mill Temple – scheduled on monthly basis, in-progress

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

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

Summary The training is conducted in ensuring the policy are communicated to all levels of the workforce and stakeholders. 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	May 2020	25.05.2020	1 executive, 14 staff & 74 workers
KLK Sustainability on 3P's	May 2020	25.05.2020	1 executive, 14 staff & 74 workers
KLK Sustainability Briefing on Domestic waste management	May 2020	25.05.2020	1 executive, 14 staff & 74 workers
Briefing on water sampling procedure	October 2020	Not due	Not due
Briefing on scheduled waste management	November 2020	Not due	Not due

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 2018/2019 held on 30.12.2019 attended by 9 personnel, discussed the following environmental issues;

1. Waste reduction – Management was successfully implementing Belt Press Plant to reduce waste (POME) and the cake production is estimated from 2.0 mt/hr to 2.5mt/hr. the belt press cake can be used as bio-fertilizer which supply or recycling nutrient back to the palms in nearby estates. Recycle bins were provided to execute 3R programme and 3R concept was emphasized during sustainability briefing.
2. Pollution and Greenhouse Gas (GHG) Emissions – Management Plan to reduce greenhouse gas was incorporated in Environmental Management Plan and

calculation on GHG emission. GHG monitoring data to be reported to the Sustainability Team.

3. Environmental Impact Assessment – Environmental impacts resulted from mill activities were identified and mitigation measures were implemented. Environmental impact and management plan were revised as per SOP 10.

The Sustainability Management Review Meeting 2019/2020 held on 26.07.2020 attended by 17 personnel, discussed the following Mill's environmental issues;

1. Domestic waste dumpsite – Pit No. and opening/closing date already made available, wire net already made available on the dumpsite, proper housekeeping of the dumpsite compound done, "Dumpsite" signage has been replaced.
2. Chemical Store – housekeeping of the chemical trap sump – done.
3. Effluent Pond – desludging signage has been replaced with new signboard.
4. Temple – housekeeping within the temple compound has been done.
5. Water sampling point – signboards were replaced with new ones.
6. River and Water Catchment Pond – red and white band has been repainted; monitoring will be conducted continuously.

The stakeholders meeting held on 19.02.2020 attended by 82 persons has also discussed matters related to environment include;

1. EAIA – the Belt Press usage is for greenhouse gas reduction
2. HCV or management area – There is no HCV area found but Mill have a temple inside mill compound which is classified under management area.

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	Jan 2020 – June 2020
FFB,mt	62,713.97
Diesel, liter	8,667.00
Average, Liter/mt FFB	0.14
Diesel baseline value	0.17
Electricity, kWh	1,049,365
Average, kWh/mt FFB	16.73
Electricity baseline value	18.57
Water, m ³	93,140.00
Average, m ³ /mt FFB	1.49



Water baseline value	1.35
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The mill has plan to reduce the use of diesel such as:

1. To reduce the usage of genset
2. To increase the usage of turbines
3. TNB is utilized as back up instead of diesel engines

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

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

Summary The estimate of direct usage of non-renewable energy and Electricity consumption for their operations in 2020;

Estimated	January 2020 to December 2020
FFB,mt	133,164.58
Diesel, liter	21,467.00
Average Diesel, Liter/mt FFB	0.16
Electricity, kWH	103,786.40
Average, kWH/mt FFB	0.78
Water usage, m ³	156,140.00
Average Water usage, m ³ /mt FFB	1.17

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

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

Summary The biomass usage as renewable energy for the generation of electricity from Jan to December 2019 includes;

- Shell 6,019.56mt
- Fibre 23,175.296mt

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

Criterion 3 Waste management and disposal

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

Summary

The POM has identified types of waste and sources of the pollution. The type of waste generated due the mill operation is incorporated in the "Environmental Aspect & Impact Assessment (EAIA), Environmental Management Plan (EMP) & Waste Management Plan, SOP 10 Appendix 1.0, Issue / Rev: 3/2 for each type of activity / Area such as: -

1. FFB Collection
2. Workshop
3. Vehicle maintenance
4. Landfill
5. Diesel tank
6. etc.

KLK Berhad has established the SOP 12.0: Scheduled Waste Management, Issue/Rev 2/1 dated 01.01.2020. The Mill also has identified the Scheduled Wastes (SW) as follow;

1. SW109 – Waste containing mercury or its compound
2. SW305 – Spent lubricant oil
3. SW306 – Spent hydraulic oil
4. SW409 – Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes
5. SW410 – Rags, plastics, papers or filters contaminated with scheduled wastes

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

Indicator 2

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

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

Summary

The Waste Management Plan 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, the plan describes the measurement to control at FFB Reception Area are as follow;

1. Major Activity: Loading FFB into Ramp
2. Waste generated: Oil leakage from loose fruit and hydraulic oil
3. Methods: Clean & Dispose
4. Management Plan: Daily floor cleaning, to collect back the hydraulic oil and store in Scheduled Waste (SW) Store and to dispose SW through licensed SW Collector – TEXCYCLE

For a period of Jan to July 2020, the empty fruit bunches have been disposed for land application at the estates amounted to 17,027.08mt while for the Belt press cake is 3,476.69mt.

Palm oil mill effluent (POME) is disposed for land application (furrow system) at Batu Lintang Estate (todate disposal for a period of Jan –June 2020 is 27,029.99mt)

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

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

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

The Register of Chemicals Hazardous to Health & Chemical Master List 2020 prepared by Mr Ravi A/L Kannaiah (Assistant Manager), verified by Mr Yeo Boon Keat (Mill Manager) on 01.01.2020 for the following Section/Location;

1. Laboratory – 32 chemical names
2. Raw Water Treatment – 4 chemical names
3. Belt press operation – 1 chemical names
4. Painting – 14 chemical names
5. Claybath solution – 1 chemical names
6. Lubricant Store – 12 chemical names
7. Mill generation – 4 chemical names
8. Boiler Water Treatment – 4 chemical names
9. Fuel – 6 chemical names
10. Boiler refractory repair – 4 chemical names
11. Welding – 19 chemical names

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

SW Code	109	305	306	409	410
Previous Disposal Date	17.12.2019	17.12.2019	17.12.2019	17.12.2019	17.12.2019
Quantity Disposed (Unit)	0.112mt	0.1444mt	0.066mt	0.333mt	0.026mt
Generated Date after Disposal	03.01.2020	10.01.2020	10.01.2020	12.01.2020	15.01.2020
Recent Disposal Date	19.06.2020	19.06.2020	19.06.2020	19.06.2020	19.06.2020
Quantity Disposed (Unit)	0.049mt	0.105mt	0.030mt	0.298mt	0.180mt

Licensed Contractor	Texcycle (P2) Sdn Bhd	Texcycle (P2) Sdn Bhd	Texcycle (P2) Sdn Bhd	Texcycle (P2) Sdn Bhd	Texcycle (P2) Sdn Bhd
Remarks	<180 days	< 180 days	<180 days	< 180 days	< 180 days

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

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

Summary The domestic waste from the housing area is well managed and disposed at landfill sited at Batu Lintang Estate.

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

Criterion 4 Reduction of pollution and emission including greenhouse gas

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

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

1. EFB sent to estate for oil palm mulching
2. Belt pressed cake to estate as land application (source of organic fertilizer)
3. POME to estate as land application (irrigation & fertilizer)
4. Scrap Iron sell through tender

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

The GHG Calculation for 2019 based on the following parameters;

Description	Jan – Dec 2019
Electricity consumption (kWH)	2,235,967.00
Diesel/petrol consumption (Litre)	20,380
River water use (m ³)	162,220
CPO produced, mt	25,660.953
PK produced, mt	5,398.692
Used of steam, mt	57,787.747
FFB processed (mt)	120,391.14
Fibre formed, mt	23,175.296
Fibre combusted, mt	23,175.296
Shell formed, mt	6,019.56
Shell combusted, mt	6,019.56
EFB Mulching (mt)	27,939.96
Decanter Cake appl. (mt)	
Belt press cake appl. (mt)	3,896.19
POME formed (from flowmeter)	47,184.10
POME treated through Belt press, mt	56,000

Distance – Mill to Refinery (km)	355
Average Weight per Load (mt)	40

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

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

Summary The Environmental Management Plan has been reviewed by Mr Ravi A/L Kannaiah (Assistant Manager), verified by Mr Yeo Boon Keat (Mill Manager) on 01.03.2020 includes the following Major Activity/Aspect;

1. Smoke emission by FFB lorry and tractor
2. Emission of greenhouse gases from diesel engine
3. Noise generated by shovel
4. Leakage of hydraulic system
5. Discharge of condensate
6. Kernel oil leakage from Silo
7. Spillage of oil
8. Generation of dust
9. Fume emission
10. Spillage of scheduled waste into monsoon drain
11. Spillage of POL
12. Possible diesel leakage into monsoon drain and streams
13. Spillage of chemical
14. Generation of black smoke
15. Blowing of safety valve
16. Generation of Boiler Ash

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

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

Summary POME is treated by conventional method and delivered to Batu Lintang Estate for land application. To-date discharge of POME as at June 2020 is 27,029.99m³ measured using Flowmeter.

The final discharge of POME has been analysed by Technology & Quality Control Centre, KLK Bhd Kota Damansara, reported on 25.06.2020 for sampling date of 12.06.2020.

Parameter	Results	DOE Limits
pH	8.4 @26.0°C	N/A
COD	619ppm	N/A
BOD	74ppm	5,000 ppm
Suspended Solid	273ppm	N/A

Ammoniacal-N	65ppm	N/A
Total N	91ppm	N/A
Oil& Grease	39ppm	N/A
Total Solid	2,867ppm	N/A

Note: BOD results passed the DOE's limit.

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

Criterion 5 Natural water resources

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

Summary

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

The following sources has been identified;

- i) Tubewell
- ii) River
- iii) Linesite - wastewater
- iv) Palm oil mill effluent (POME)

Water for mill processes is derived from the nearby river (Sg Kerian) and pumped to holding tank sited on the hill. The water will then be used as follow;

1. Not treated water will be used for FFB processing
2. Treated water will be used for human consumption (treatment done by Batu Lintang Estate).

The water quality analysis report for raw water (from Sg Kerian, for FFB processing), analyzed by Organo (Asia) Sdn Bhd, Shah Alam, Selangor are;

Location	POM	M.O.H Standard
Reported date	01.06.2020	
pH Value	6.7	6.5 – 9.0
Turbidity, NTU	57.4	< 5
Aluminium (as Al), mg/L	8.70	< 0.2
Free Chlorine, mg/L	ND(<0.1)	>0.2
Iron (as Fe), mg/L	3.49	< 0.3

Fluoride (as F), mg/L	0.07	0.5-0.7
Magnesium (as Mg), mg/L	0.50	< 150

Note: ND means Not Detected

The treatment for drinking water has been handled by Batu Lintang Estate. The water quality analysis report for treated drinking water, analyzed by Organo (Asia) Sdn Bhd, Shah Alam, Selangor are;

Location	Batu Lintang Estate Home Div	M.O.H Standard
Reported date	01.06.2020	-
pH	9.0	6.5 – 9.0
Turbidity (NTU)	1.61	< 5
Aluminium (as Al), mg/L	0.33	< 0.20
Free Chlorine, mg/L	ND (<0.1)	> 0.20
E-Coli, MPN/100ml	ND (<1.1)	ND/ 100ml

Note: ND means Not Detected.

The Linesite Wastewater and Main Outlet Drain Water samples analysis results, analyzed by Chemindus Sdn Bhd, Pulau Indah, Port Klang, Selangor are;

Location	Linesite Outlet	Main Outlet Drain Water	DOE's Limit, ppm
Reported Date	13.06.2020	13.06.2020	-
BOD, mg/L	3.0	4.0	50
COD, mg/L	28.0	43.0	-
Suspended Solid, mg/L	18.0	30.0	-
pH	5.8	5.9	-
Ammoniacal Nitrogen, mg/L	6.4	2.3	-

Note: BOD results passed the DOE's limit-

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

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

Summary

The POME is sent to the estate for land application at a total of 27,029.99mt. The BOD is below DOE approved limit of 5,000ppm for land application (furrow system) i.e. 74ppm for the month of June 2020.

The report of POME analysis will be submitted to DOE on quarterly using OER (online environmental report).

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

2.6 Principle 6 : Best practices

Criterion 1 Mill management

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

Summary Mill capacity 25 MT/Hr – Sterilization is by vertical sterilizer. The mill has implemented Good Milling Practice (GMP) as seen from visit to the mill and seen from the document and also interviewing the workers.

Palm Oil Mill has 6 types of Manuals-

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

The document was well maintained and implemented.

- 1) Sustainability Manual & Standard Operating Procedure (20) includes:
 - i. SOP 1 – Stakeholders Engagement
 - ii. SOP 2 – Legal Compliance
 - iii. SOP 3 – Land Acquisition (OP Planting)
 - iv. SOP 4 – Soil Erosion & Fertility and Road Maintenance
 - v. SOP 5 – Surface Water & Groundwater Management
- 2) Mill Standard Operating Procedure includes:
 - i. Weighbridge
 - ii. Boiler
 - iii. Capstan
 - iv. Crude Oil Tank
 - v. Deoiling Tank
 - vi. Digester & Pressing
 - vii. Kernel Plant
- 3) Group Policy Occupational Safety & Health – Guidelines includes:
 - i. Safe Operating Procedure (SOP)
 - ii. Safety Guidelines
 - iii. Safety Checklist
 - iv. Training Material
 - v. Safety Signages
- 4) Group Policy Occupational Safety & Health – Manual includes:
 - i. GP/OSH 01 – Policy
 - ii. GP/OSH 02 – OSH Management System (1-5)
 - iii. GP/OSH 03 – SOP 1

- iv. GP/OSH 04 – Emergency Plan 1-2
 - v. GP/OSH 05 – Health & Safety
- 5) COVID 19 by Majlis Keselamatan Negara (MKN) - SOP Sektor Agrikomoditi includes:
- i. Saringan Kesihatan
 - Pemeriksaan dan Pemantauan Kesihatan Sebelum Operasi
 - Tindakan Pencegahan Semasa Operasi
 - Pemeriksaan Kesihatan ke atas Pelawat/Pembekal
 - ii. Laporan kesihatan (di premis dan penginapan pekerja yang disediakan syarikat)
 - iii. Aplikasi Sejahtera
 - iv. Protokol Pencegahan Penyakit & Sekatan
 - v. Saringan Kesihatan
 - vi. Laporan kesihatan (di premis dan penginapan pekerja yang disediakan syarikat)
 - vii. Aplikasi Sejahtera
- 6) COVID 19 Emergency Preparedness and Response Guidelines for Plantation (Estate and Mill Operations) – Malaysia March 2020 includes:
- i. Education On COVID-19 For Workers
 - ii. Standard Operating Procedures (SOPs) and Guidelines
 - Preventive Actions at Operating Centres
 - Health Screening and Monitoring
 - Guidance for Managing Suspected or Confirmed COVID-19 cases
 - Disinfection Services
 - iii. Workforce Management at Estates and Palm Oil Mills
 - iv. Protocol of Estates and Mills Closure Order by Government
 - v. Appendix
 - Emergency contact
 - List of private hospitals and healthcare providers for home sampling
 - List of designated hospital for handling COVID-19 cases

As evidence, sighted the training for “Perintah Kawalan Pergerakan & Langkah-langkah Pencegahan dan Kawalan Menangani COVID-19” on 19th March 2020. Attended by executives/staffs/workers/stakeholders.

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

Indicator 2 All palm oil mills shall implement best practices.

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

As evidence, the mill is operating in accordance to Jadual Pematuhan – Syarat-Syarat Lesen Premis Minyak Kelapa Sawit Mentah, Jabatan Alam Sekitar Ref No.



JPKKS/003627/2020-2021; License No: 003627; valid until 30.06.2021. The mill is complying with the BOD limit stipulated under "Pengurusan Efluen – Kepekatan Oksigen Biokimia Yang Diperlukan (BOD₃, 30°C) tidak melebihi 5000mg/l".

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

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

Criterion 2 Economic and financial viability plan

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

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

It is also incorporated items such as general charges, mill maintenance, process shift labour, general services, processing cost, fixed assets, etc. Sighted documented Business and Management Plan prepared by Mr. Chia Boon Huat (Mill Sr Assistant Manager) and approved by Mr. Yeo Boon Keat (Mill Manager).

Supply Base/FY	2019/20	2020/21	2021/22
FFB (MT)	136,705	132,961	134,018
Projected OER (%)	21.80	21.80	21.80
Projected PK (%)	4.70	4.70	4.70
Ex- Mill Cost Per Tonne	231.63	237.86	239.87
MPOB CPO Price Per Tonne Forecast	2,440	2,445	2,450
Net Profit (RM)	68,569,717.99	66,766,506.02	66,079,662.96

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

Criterion 3 Transparent and fair price dealing,

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

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

However, KLK has developed SOP for FFB Pricing Mechanism, SOP No. 17 Issue/Rev 3/2 dated 01/01/2020. Stated:

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

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

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

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

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

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

- Sighted the Contract Agreement between mill with Sakthy Transport Sdn Bhd (Hire of CPO Transporter) signed on 01st May 2018.
- Sighted the Contract Agreement between mill with Zhi Sheng Transport (Hire of PK Transporter) signed on 01st January 2020.

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

As evidence sighted the invoice send by:

- Sakthy Transport Sdn Bhd (Hire of CPO Transporter) to mill on 30th June 2020. Mill paid to the contractor on 26th July 2020.; Invoice No: S11540 & 11541: Cheque no: 603776; RM 62,839.61.
- Zhi Sheng Transport (Hire of PK Transporter) to mill on 30th April 2020. Mill paid to the contractor on 09th June 2020.; Invoice No: INV 200226, INV 200227 & INV 200228: Cheque no: 603691; RM 18,481.55.

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

Criterion 4 Contractor

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

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

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

- Sakthy Transport Sdn Bhd (Hire of CPO Transporter); Contract Agreement Terms and Conditions; Appendix I; "KLK Berhad – Occupational Safety and Health and Sustainability Requirement. Sighted the contract agreement/payment slip for their workers.

i. Worker A - 5699

Apr 2020



= RM 3,095.92

ii. Worker B - 5177

Apr 2020
= RM 3,801.18

- Zhi Sheng Transport (Hire of PK Transporter); Contract Agreement Terms and Conditions; Appendix I; "KLK Berhad – Occupational Safety and Health and Sustainability Requirement. Sighted the contract agreement/payment slip for their workers.

i. Worker C – 5161

June 2020
= RM 6,320.50

ii. Worker D – 6071

June 2020
= RM 6,303.66

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

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

Summary All the contractors aware that mill already certified under MSPO. Therefore, the contractor has been instructed by mill management to follow the MSPO standard requirement when carrying out their work in the mill premise.

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

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

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

Summary The mill was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 05th August 2020. Sighted audit plan dated 20th July 2020 (2nd Revised) which have been accepted address to Ms. Lee Kuan Yee, the KLK Sustainability Sr. Manager. All the auditors are qualified MSPO auditor. As per agreed, the KLK Berhad accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed.

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

2.7 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

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

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
02 nd August 2020	TBA	➤ Travelling to Batu Lintang Complex.	MS	NMS ABS
03 rd August 2020	08:00 – 09:00	➤ Centralize Opening Meeting at Subur 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	NMS ABS
	09:00 – 13:00	Subur 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. Verification on "Complaint Case from Stakeholders". 	MS	NMS ABS
	10:30 – 12:30	➤ Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	NMS ABS
	13:00 – 14:00	➤ Lunch/Rest	MS	NMS ABS
	14:00 – 16:00	➤ Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	NMS ABS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.	MS	NMS ABS

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor



04 th August 2020	08:00 – 13:00	Buntar 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	NMS ABS
	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	NMS ABS
	13:00 – 14:00	➤ Lunch/Rest	MS	NMS ABS
	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	NMS ABS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.	MS	NMS ABS

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
05 th August 2020	09:00 – 13:00	Batu Lintang 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	NMS ABS
	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	NMS ABS
	13:00 – 14:00	➤ Lunch/Rest	MS	NMS ABS
	14:00 – 15:30	<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 	MS	NMS ABS



		pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.		
	15:30 – 16:00	➤ Verify any outstanding issues and auditor discussion.	MS	NMS ABS
	16:00 – 17:00	➤ Centralize Closing Meeting at Batu Lintang POM: ➤ 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	NMS ABS

Appendix B : Non-Conformity details

Non-Conformities Identified During This Audit

Major Nonconformities:	Non-were raised during this audit.
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Minor Nonconformities:	Non-were raised during this audit.
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Area of Concern:	The following AOC's were raised for this audit.
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Company Name	KL Kepong Berhad – Batu Lintang POM			
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 4: General Principles for Palm Oil Mills			
Client Number	GGC-A13-MSPO-2017			
NC No. / Ref.	A13/MSPO/AOC/01	Date Detected	05 th August 2020	
Site(s) concern	Batu Lintang POM	Target Completion	-	
Normative Reference and Requirement	4.4.6.3 A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.			
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern			
Description of Non-Conformity	No records of training prior job assignment.			
NC Objective Evidence:				
Samples taken from 75 mill workers: 1. There is no record of training need analysis for Saidin (Boiler station) and Pramudia (Sterilizer station) upon their job assignment. This is contradicting to the SOP: 8.0, Issue/Rev: 3/2, Date: 01-01-2020 under Flow: Development and Implementation, Para 4.0 – New personnel will all be subjected to on-the-job training and thereafter an evaluation. The new personnel can only be allowed to commence work provided that he/she has completed the program, properly evaluated and approved by his/her immediate supervisor.				

2. No records on training has been provided on the basic knowledge and functions of committee to the OSH Committee members:



- vi. Mr Krishnamoorthy, appointed on 01/12/2018
- vii. Puan Rabunah, appointed on 02/06/2019
- viii. Mr Mohd Khairil, appointed on 02/06/2019
- ix. Mr Sankaran, appointed on 01/12/2019
- x. Mr Ragunatha, appointed on 01/01/2020

Lead Auditor Signature:



Client Signature:



Company Name	KL Kepong Berhad – Batu Lintang POM		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input checked="" type="checkbox"/>	Recertification
Audited Standard	Part 4: General Principles for Palm Oil Mills		
Client Number	GGC-A13-MSPO-2017		
NC No. / Ref.	A13/MSPO/AOC/02	Date Detected	05 th August 2020
Site(s) concern	Batu Lintang POM	Target Completion	-
Normative Reference and Requirement	4.4.4.2 The occupational safety and health plan should cover the following: i. Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.		
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern		
Description of Non-Conformity	Inadequate monitoring for first aid kit		
NC Objective Evidence:			
Inadequate monitoring on the first aid kit box available in Lab as it was found that the "Ubat Luka" is missing from the inventory.			
Lead Auditor Signature:		Client Signature:	
			

Non-Conformities Identified During Previous Audit [ASA1]

Major Nonconformities:	Non-were raised during this audit.
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Minor Nonconformities:	Non-were raised during this audit.
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Area of Concern:	Non-were raised during this audit.
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Appendix C: List of Stakeholders Contacted

Attendance List

Internal Stakeholders

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

External Stakeholders

- 1) Contractors
- 2) Suppliers