

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

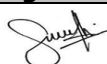
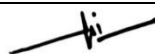


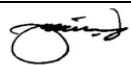
CERTIFICATION AUDIT REPORT


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

Kluang Rubber Company (M) Berhad
Kluang Estate

-Individual Certification-

MAIN ASSESSMENT AUDIT
4th July 2019

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	28/08/2019	Issued as Draft Report	Surenthiran Panneerselvam	Lead Auditor	
A	03/09/2019	Peer Review 1 Comments	Remi bin Rasidi	Peer Reviewer 1	
A	01/09/2019	Peer Review 2 Comments	Nzri bin Rasidi	Peer Reviewer 2	
B	05/09/2019	Issued as Final Report	Surenthiran Panneerselvam	Lead Auditor	
B	06/09/2019	Final Report Approved	Muhammad Syafiq bin Abd Razak	Certifier	

Acknowledgment by Kluang Rubber Company (M) Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	06/09/2019	Acceptance of the contents	Mr. A. Balaraman	General Manager	

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 **Kluang Rubber Company (M) Berhad – Kluang Estate**. During this **Main Assessment Audit (Stage 2)**, the audit team were briefed by Estate Manager, of the supply base disposition. The estate consists only Kluang Estate.

This assessment was conducted onsite on **4th July 2019** to assess the compliance of the certification unit against the **“MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholder”**. The scope of certification is **“Management of Sustainable Oil Palm Plantations from Cultivation, Planting and Production of Fresh Fruit Bunches”**.

1.2 Company details and Contact information

Company Name Kluang Rubber Company (M) Berhad

Business Address Batu 2, Jalan Mengkibol, P.O. Box 64, 86007, Kluang, Johor, Malaysia.

Contact Person Mr. A Balaraman

Office Telephone +07 7739066

E-Mail kluangestate@gmail.com

1.3 Certification Unit

Name of the Certification Unit

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Kluang Estate	Batu 2, Jalan Mengkibol, P.O. Box 64, 86007 Kluang, Johor, Malaysia.	E 103° 19' 51.199"	N 2° 0' 7.376"

MPOB License Information

No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
1.	Kluang Estate	501412602000	31.03.2020	Menjual & Mengalih FFB

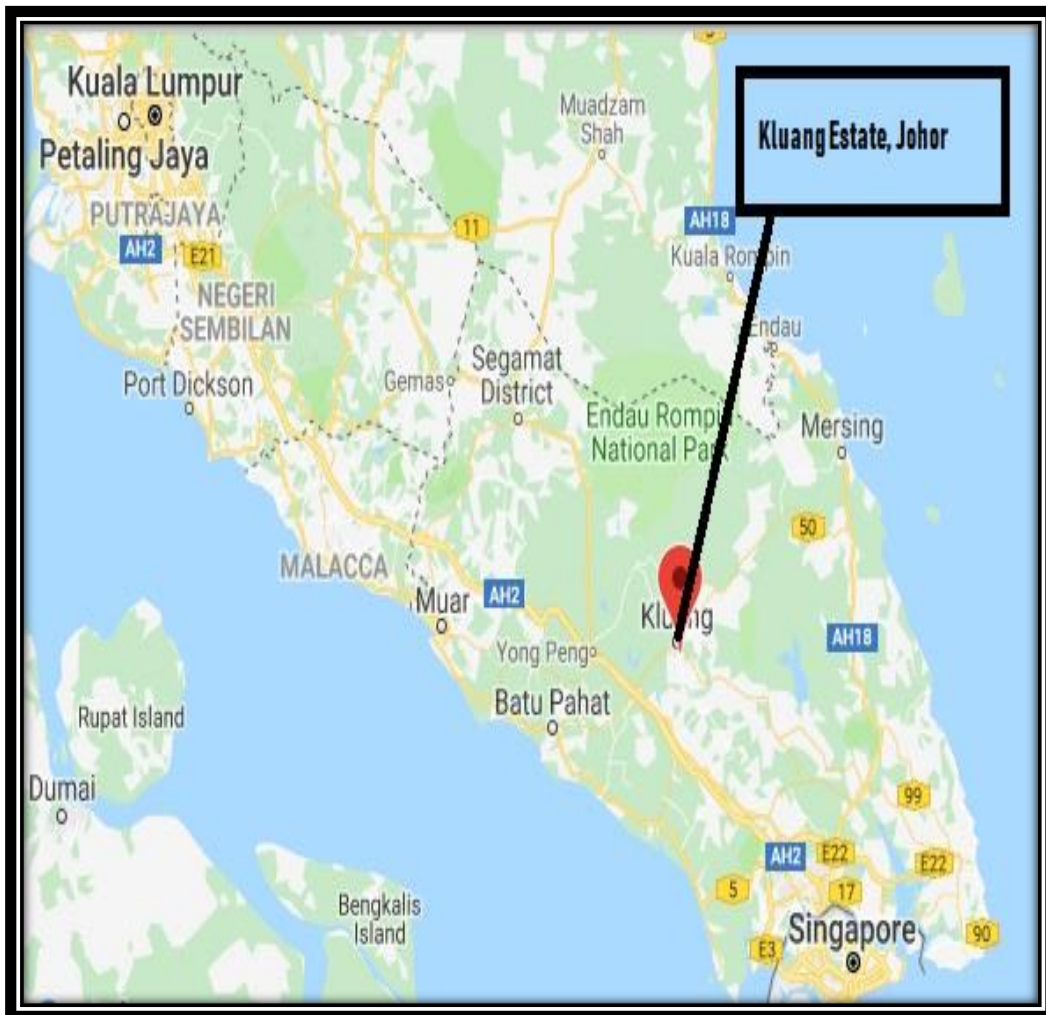


Others Sustainability Certification

No	Name of The Site	Others Sustainability Certifications
1.	Kluang Estate	NIL

1.4 Map Showing Geographical Location

1) Kluang Rubber Co. (M) Berhad – Kluang Estate





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

Name of the Certification Unit	Area Summary (HA)		
	Certified Area (per Land Title)	Planted	Mature
Kluang Estate	765	637	569
Total	765	637	569

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Kluang Estate	-	-	12
Total	-	-	12



Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit	Actual Production for 12 Months [Jul 2018-June 2019]	Projected Production for next 12 Months [Jul 2019-Jun 2020]
Kluang Estate	NIL	9,453.05	10,300
Total	NIL	9,453.05	10,300

1.6 Certificate Details

Certification body

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

Assessment standard

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

Certificate number

GGC-KRC001-MSPO-00-2019

Initial certificate issued date

06th September 2019

Certificate expiry date

05th September 2024

Stage 1 assessment date

24th April 2019

Stage 2 / Main Assessment

4th July 2019

Annual Surveillance 1 [ASA 1]

June 2020

Annual Surveillance 2 [ASA 2]

June 2021

Annual Surveillance 3 [ASA 3]

June 2022

Annual Surveillance 4 [ASA 4]

June 2023

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: Surenthiran Panneerselvam

Graduate in PgDip/MSc Oil and Gas Accounting from University of Abertay Dundee, Scotland, UK. Equipped with experience in sustainability audit field and with more than 6 years working experience. Involved in MSPO Assessment since 2017. Fully trained in audit certification such as MSPO, RSPO, ISO9001:2015, ISO37001: 2016. Able to communicate in both Bahasa Malaysia and English (written and spoken).

During this assessment, he assessed on the aspect of legal compliance, best practices, stakeholder's consultation and etc. 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 Transparency, stakeholder's consultation, traceability safety & health and etc. Able to speak and understand Bahasa Malaysia and English.

Auditor

Name: 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. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of stakeholder's consultation, legal compliance and environmental. 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). In the case of this certification unit, sampling calculation was not applied as there is only one estate namely "Kluang Estate".

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.

1.9 Audit Plan Information

Audit Date	4 th July 2019
Name of site(s) visited	Kluang Estate
Total number of man-days spent	3 man-days

1.10 Audit Result Summary Findings

Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	0	No action requires
Minor Nonconformities	2	Open (Next Surveillance Audit)
Area of Concern	1	No action requires
Noteworthy /Positive Comments	6	No action requires

1.11 Stakeholder Consultation

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

GGC has published the public notification on 20th May 2019 and as to accommodate a stakeholders' consultation meeting for estate. Therefore, it was conducted on 4th July 2019 in Kluang Estate to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

During this Main Assessment (Stage 2) audit, the audit team has conducted stakeholder consultations involving both internal and external stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of estate management.

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the estate management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. The details 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.	All stakeholders	<ul style="list-style-type: none"> Stakeholders who attended the meeting are aware about what is MSPO. Clear knowledge on the existence of a complaints/grievance mechanism. 	<ul style="list-style-type: none"> Management will continue briefing to all stakeholders on MSPO awareness Management will continue briefing to all stakeholders on MSPO's complaint and grievance mechanism available in their company 	Will review by next surveillance audit
2.	Stakeholders B (Government Authority)	<ul style="list-style-type: none"> Good communication and cooperation with the estate. Suggest the estate management to make aware on the activities that could affect the environment and will not interfere the college student learning session (i.e activity that produce loud noise). 	-	Positive comments and suggestion

3.	Stakeholders C (Local communities)	<ul style="list-style-type: none"> • Good communication and cooperation with the estate. • Receive electric and water supply from the estate. • No issues on the usage of route. • Request the estate to monitor on the estate activities (i.e pruning, spraying, manuring etc.) to avoid pollution to the nearby waterways. • No issues on using estate road for running activities 	-	Positive comments and suggestions
4.	Stakeholders D (Contractors and suppliers)	<ul style="list-style-type: none"> • Good communication and cooperation with the estate. • No issues on payment and agreement. 	-	Positive comments

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 Kluang Estate. Estate Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual.

The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this Main Assessment (Stage 2) Audit.

This report will be internally reviewed prior to certification decision by GGC and externally peer reviewed by independents panel reviewers (qualified and trained by MPOCC). During this Main Assessment (Stage 2) Audit, based on MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 3: General Principles for Oil Palm Plantations and Organized Smallholders), there were no major, 2 minor non-conformities and 1 area of concern 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 a certificate of compliance **"MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders"** is awarded to Kluang Estate.

1.13 Date of Next Surveillance Audit

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

1.14 Confidentiality

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

1.15 Abbreviations Used

BOD	Biological Oxygen Demand
CHRA	Chemical Health & Risk Assessment
CIP	Continuous Improvement Plan
COD	Chemical Oxygen Demand
CoP	Code of Practise
CSPO	Certified Sustainable Palm Oil
CPO	Crude Palm Oil
CSPK	Certified Sustainable Palm Kernel
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
FGS	Finished Good Stock
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysian Palm Oil Certification Council
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating
SPO	Sludge Palm Oil

SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

2.1 Principle 1 : Management commitment and responsibility

Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator 1 A policy for the implementation of MSPO shall be established.

Summary Kluang Estate has established MSPO Policy signed by Executive Director/General Manager, Mr. A Balaraman dated 23rd December 2017.

MSPO Policy was briefed to the workers on 10th October 2018 as recorded in daily briefing book by Mr. Lum Man Poo, Estate Manager.

In Compliance **Yes** No Not Applicable

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

Summary The company has established MSPO Policy which stating their commitment to implanting the following sustainable practices. The policy was signed by the Executive Director/General Manager, Mr. A. Balaraman dated 23rd December 2017.

Policy stated the company is committed to continuously improve their sustainable management system.

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 Kluang Rubber Company (M) Berhad has established MSPO Procedure on the [Standard Operating Procedure – "SOP" for Conducting Internal Audits]. The internal audit conducted on 22nd October 2018 [Internal Audit No. 1].

Sighted in SOP – Internal Audit, audit frequency is once a year prior to the external audit schedule, within 10 months from the date of the last certification. The internal audit done annually by external team appointed as Internal auditors. Internal audit report is made available. All internal audit findings have been reviewed and closed within the timeframe.

In Compliance **Yes** No Not Applicable

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

Summary Kluang Rubber Company (M) Berhad has established MSPO Procedure on the [Standard Operating Procedure – “SOP” for Conducting Internal Audits]. The internal audit conducted on 22nd October 2018 [Internal Audit No. 1].

The purpose of this procedure is to describe the audit process conducted internally to determine Kluang estate operations are effectively implemented to comply with the Malaysian Sustainable Palm Oil (MSPO) standards.

Internal audit carried out on the 22nd October 2018 all conformance, non-conformance and area for improvement identified. Sighted the internal audit report done by the consultant SPO Consultancy Sdn Bhd, dated 29th October 2018. As in total of 1 Major NC, 13 Minor NC and 22 Observations being raised by the internal auditor team.

The Non – conformities being closed within the stipulated period by the Internal Auditor of 1 month from date audit. The findings were documented in the Internal Audit Findings Summary.

In Compliance **Yes** No Not Applicable

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

Summary Sighted the internal audit report dated 29th October 2018 is made available. Conducted by Mr. Wee, SPO Consultancy who leads the internal audit team dated on 22nd October 2018. The report is available for Management to review and being responded in timely manner.

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 Management review meeting was conducted on 12th June 2019 as per document “Management Review on MSPO Internal Audit 2018”.

Decision on management action is listed in Management Review Meeting minutes, as the issues were related to chemical store, mixing area, general store, training matrix and workers linesite.

Meeting minutes was made available, as management action has been documented and time frame is updated with stating the status of the process.

In Compliance **Yes** No Not Applicable



Criterion 4	Continual improvement
Indicator 1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.

Summary Kluang Estate has established Sustainability Policy and approved by Mr. A. Balaraman, General Manager; dated on 3rd January 2019. Briefing to workers on the policy was conducted on 3rd March 2019 as recorded in daily briefing book.

Stated in the Sustainability Policy; Point no 5 – “To continuously improve our sustainable management system”. The estate made annual budget available (Estimates 2019/2020 - Particulars of estimated expenditure) for its operation improvement plan such as:

1. Re-fabricate FFB ramp
2. Office renovations
3. Purchasing of new fertilizer trailer
4. Purchasing of new roto slasher
5. Re-fabricate tractor parking bay

In Compliance **Yes** No Not Applicable

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

In Compliance **Yes** No Not Applicable

Indicator 3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.
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Summary The company disseminate the new information and techniques or new industry standards and technologies through the training. Trainings were conducted for the introduction and implementation of any new information or technology that is feasible and applicable to the company.

In Compliance **Yes** No Not Applicable

2.2 Principle 2 : Transparency

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



Summary Stakeholder complaints & grievances / feedback form available at the site. Sighted the guideline for the stakeholder's engagement which include the Procedures on the "Request and Response". Briefing to workers on the policy was conducted on 3rd March 2019 as recorded in daily briefing book.

As sampled procedures established by the company relevant to MSPO requirements as below:

- Consultation and communication procedure dated 1st January 2019), File EIA & SIA.
- "Prosedur Aduan dan Kilanan untuk pekerja, pembekal, kontraktor dan lain lain pemegang amanah", approved by Mr. Lum Man Poo, Estate Manager.
- SOP Chemical Handling is available [Penerangan pengendalian dan penggunaan bahan kimia

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 Company Policies are publicly displayed at site, Procedures document, contract agreement and financial budget is confidential documents, was made available.

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 Consultation and Communication Procedure is made available, and last stakeholder meeting was conducted on the 15th October 2018 attended by internal and external stakeholders. Sighted "Penerangan Tentang MSPO"- dated 12th December 2017 at Kluang Estate Main Office. Attendance record is available. Contractors attended training on 13th March 2018 at Kluang Estate, sighted attendance record.

In Compliance **Yes** No Not Applicable

Indicator 2 A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.

Summary The person in charge for consultation and communication is Mr Lum Man Poo, responsible for handling communication issues as appointed by Mr Balaraman a/l Annamaly, Group General Manager dated 22nd April 2019.

In Compliance **Yes** No Not Applicable



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

Summary Sighted latest stakeholders list updated by Estate Assistant Manager. Interviewed with the stakeholder and confirmed that they have been informed and keep updated during stakeholder meeting. The stakeholders are aware of the procedure and commitment to be implanted.

List of relevant internal and external stakeholders are made available at the time of audit. Internal Stakeholder meeting was conducted on the 3rd April 2019 and attended by 11 people (as per the attendance list). Last external stakeholder meeting was conducted on the 15th October 2018 attended by four stakeholders.

In Compliance **Yes** No Not Applicable

Criterion 3 Traceability

Indicator 1 The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).

Summary Kluang estate has established the MSPO procedure on Traceability and Supply Chain and was made available at the time of audit to establish suitable identification and traceability of FFB traceable from the plantation activities to the mill.

Check-roll workers are responsible in conducting harvesting operation, which workers are consisting of Kluang estate workers. Estate supervisor will conduct regular inspection. Based on interview with Mr. Lum Man Poo, person in-charge of all the Estates traceability process, he is well versed with the procedures.

In Compliance **Yes** No Not Applicable

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

Summary Regular inspection has been done during internal audit conducted by SPO Consultancy, last internal audit conducted on 22nd October 2018.

In Compliance **Yes** No Not Applicable

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

Summary Mr Lum Man Poo has been appointed by Mr Balaraman a/l Annamaly, Group General Manager as the person in charge to maintain and implement the traceability system as sighted the appointment letter [Ref: KE06/04/2019] dated 22nd April 2019.

In Compliance **Yes** No Not Applicable

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

Summary Sighted the records of sales, delivery or transportation of FFB. This record being maintained and the documents are kept by the estate. Kluang estate has established the procedure on Traceability and Supply Chain is made available at the time of audit. Records of delivery is available with the details of:

- Oil Palm Despatch Note
- Despatch Ticket [Ticket No: 024954]

In Compliance **Yes** No Not Applicable

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

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

Summary The company has established and updated list of applicable laws and regulations that are applicable for the estate. The legal register is available as listed below. Sighted permits/licenses being monitored and updated by the estates as follow;

1. Lesen MPOB (Menjual dan Mengalih FFB) for Ladang Kluang (647 ha). No lesen 501412602000 expires 31st March 2020.
2. Perakuan kelayakan peraturan-peraturan standard-standard minimum perumahan dan kemudahan pekerja 1990 [Peraturan 38(1)(a)] for 3 blok x 4 unit "rumah pekerja yang telah diluluskan pada 9th July 2014, approval No. K.5/2014 dated 7th August 2014.
3. Perakuan kelayakan peraturan-peraturan standard-standard minimum perumahan dan kemudahan pekerja 1990 [peraturan 38(1)(a)] for 1 blok x 4 unit "rumah pekerja yang telah diluluskan pada 4th January 2016, approval No. K.1/2016 dated 31st July 2016.
4. Permit Barang Kawalan Berjadual [No. Siri: J036364] untuk membeli dan menyimpan diesel (25,000 Liter) valid until 29th October 2019.
5. Perakuan Penentuan Timbang dan Sukat No. Siri Alat: 3175398 for 60 mt weight expires 27th April 2020 calibrated by Metrology Corporation Malaysia Sdn Bhd.
6. Pump Gun License No. KLG/A1622 (untuk 1 laras shotgun & 1 laras Riffle) – kept in the estate office.
7. Sighted List of Fire Extinguisher (10 unit) expiry 02nd July 2020

In Compliance **Yes** No Not Applicable

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

Summary List of all laws applicable to estate operations sighted during the audit. The list of laws applicable to the estate covers the detail requirements that related to MSPO compliance. All the 41 documents are in compliance with the applicable local, state, national and ratified international laws and regulations includes;

1. Environmental Quality Act 1974 (Act 127)
2. Environmental Quality Regulations, 1977
3. Environmental Quality (Assessment) Order, 1987
4. Environmental Quality (Schedule Waste) Regulations, 2005
5. Environmental Quality (Declared Activities) (Open Burning) Order, 2003
6. Environmental Quality (Industrial Effluent) Regulations, 2009
7. Environmental Quality (Sewage) Regulations, 2009
8. Environmental Quality (Clean Air), 1978
9. OSHA Act 1994 (Act 514)
10. OSHA, Safety & Health Committee Regulation, 1995
11. OSHA Regulations, 2000
12. OSHA (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations, 2013
13. OSHA Regulations, 2014
14. Trade Unions Act 1959
15. Factories and Machinery Act 1967
16. FMA, Noise Exposure Regulations, 1989
17. FMA, Safety, Health and Welfare Regulations, 1970
18. FMA, Fencing Machinery and Safety Regulations, 1970
19. Pesticides Act 1974 (Act 149)
20. Pesticides (Registration) Rules, 1988
21. Pesticides (Licensing for Sales & Storage) Rules, 1988
22. Pesticides (Labelling) Regulations, 1984
23. MPOB Act 1998 (Act 582)
24. MPOB (Licensing) Regulations, 2005
25. MPOB (Quality) Regulations, 2005
26. Industrial Relations Act 1967 (Act 177)
27. Employees Provident Fund 1991 (Act 452)
28. Employees' Social Security Act 1969 Act 1965 (Revised 1990)
29. Children and Young Persons (Employment) Act 1966 (Act 350)
30. Employment Act 1955 (Act 265)
31. Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446)
32. National Wages Consultative Council Act 2011 (Act 732), Minimum Wages Order (Amendment) 2018
33. Land Conservation Act 1960 (Act 385) (Rev. 1989)
34. Land Development Act 1956 (Rev. 1991)
35. Land Acquisition Act 1960 (Rev. 1992)
36. National Land Code 1965 (Act 56)
37. Wildlife Conservation Act 2010
38. National Park Act 1980
39. Waters Act 1920 (Rev. 1989)
40. National Forestry Act 1984 (Act 313)
41. Protection of Wildlife Act (Am. 2006)

Sighted weekly labour quarter inspection carried out by the Staff (Mr Kamarul Hisham) and Assistant Manager (Mr Manivanan A/L Chelliah).

In Compliance **Yes** No Not Applicable

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

Summary Based on interview with Mr Lum Man Poo (Estate Manager) any new amendments or any regulations once received through the following manner:

- HQ (HR 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 Sighted appointment letter for the responsible person, Mr Lum Man Poo (Estate Manager) signed by the Group General Manager, Mr Balaraman A/L Annamaly on 22nd April 2019.

In Compliance **Yes** No Not Applicable

Criterion 2 Land use rights

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

Summary Kluang Rubber Co. (M) Bhd land title is available and well maintained. The estate has the following land title and its Ownership;

Ownership	Lot No	Hectare	Quit Rent Payment (RM)
Kluang Rubber Co. (Malaya) Ltd	838	84.8827	4,140.00
Kluang Rubber Co. (Malaya) Ltd	1219	553.8128	38,880.00
Kluang Rubber Co. (Malaya) Ltd	2723	126.8687	11,070.00
TOTAL Land Title		765.5642	54,090.00

Sighted evidence of annual payment of quit rent for 2019 paid to the following;

- Kerajaan Negeri Johor Darul Ta'zim, Daerah Kluang, Johor amounted to RM54,090.00.

AOC: As sighted, Ladang Kluang MPOB License equal to 647ha, however total planted area is 636.82ha.

In Compliance **Yes** No Not Applicable



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

Summary Estate demonstrated legal ownership of their land by having legal land titles to the land. The copy of land titles is kept in the estate office. Sighted 3 copies of land titles kept by the estate. The land titles did not state its express conditions. The land titles are under 'Permanent Status' (Selama-lamanya).

Total land titled Ha	= 765.5642 ha
<i>Less:</i>	
Acquired by Government	= 116.68 ha
Swamps & Ravines	= 1.21 ha
Buildings Site & Roads	= 10.85 ha
Planted area	= 636.82 ha

Sighted letter of approval of "Permohonan Ubah Syarat Nyata Tanah Daripada Tiada kepada Pertanian (Kelapa Sawit)" for 3 titles (Lot 838, 1219 & 2723) addressed to Tetuan Henry Butcher Real Estate (Kluang) Sdn Bhd from Pejabat Pengarah Tanah dan Galian Johor, Johor dated 12th February 2018 inclusive "Sijil Ladang di bawah Seksyen 124 (1)(a), Kanun Tanah Negara Ubahsyarat Nyata Tanah".

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 Sighted map of Demarcation of Estate Boundary Geomac Survey Consultant as per Drawing No.: GSC/KRCL/KE/1-19 dated March 2019. Sighted some samples of boundary stones during field visit.

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 There is no evidence of conflict present in this estate. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

During interview with stakeholders, no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported.

No disputes have been recorded in the estate area. The land title has been legally acquired by the estate.

In Compliance **Yes** No Not Applicable



Criterion 3 Customary rights	
Indicator 1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.
Summary	There is no customary land in or surrounding all the estates' land titles. There are also no land disputes or claims involving these estates. The estate has proper legal land titles for the land ownership. In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available.
Summary	There is no customary land in or surrounding the estates. There are also no land disputes or claims involving these estates. The estate has proper legal land titles for the land ownership. Thus, no maps for recognized customary rights. In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.
Summary	There is no customary land in or surrounding the estates. There are also no land disputes or claims involving the estates. The company has proper legal land titles for the land ownership. In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable

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

Criterion 1 Social impact assessment (SIA)	
Indicator 1	Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.
Summary	Internal stakeholder meeting conducted on 3 rd April 2019. Seen record of meeting minutes approved by Mr. Lum Man Poo, Estate Manager. Photographs and attendance record are available as 11 internal stakeholders participated the meeting. External stakeholder meeting conducted on 15 th October 2018, attendance record was made available and 5 stakeholders participated, recorded the issues addressed by the stakeholders. However, one minor non-conformity has been raised to estate due to Social Impact Assessment (SIA) is not made available at the time of audit. In Compliance <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Applicable



Criterion 2 Complaints and grievances	
Indicator 1	A system for dealing with complaints and grievances shall be established and documented.
Summary	Kluang Rubber Co. (M) Bhd has established "Prosedur Aduan dan Kilanan Untuk Pekerja, Pembekal, Kontraktor dan Lain-lain Pemegang Amanah" and available at the time of audit. The procedure and flowchart outlined the mechanism to handle issues highlighted by all the stakeholders and resolved effectively, timely and appropriate manner that is accepted by all parties. Complaint form is available at the publicly accessible area such as in the front door of the main office.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.
Summary	Complaint form is available at the publicly accessible area such as in the front door of the main office. Briefing on the grievance report procedure has been conducted on the 22 nd October 2018. As per interview with Mr. Lum Man Poo (Estate Manager), all complaints are obtained and responded via verbal communication.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.
Summary	Complaint Form seen for all stakeholders. All internal employee and external stakeholders' can deliver their complaints and grievances directly to the management through filling the complaints form and place into the Drop Box outside the Office which are easily assessible. Complaint form is made available at Kluang Estate main office.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.
Summary	External stakeholder meeting conducted on 15 th October 2018, attendance record was made available, and seen the record of issues addressed by the stakeholders. During stakeholder meeting, interviewed the contractors and workers and verified that they have made aware on MSPO related requirements. Records of training/briefing on complaint/suggestion procedures available to the workers and stakeholders. Sighted in the minutes of meeting the agenda on Complaints and Request Procedure being briefed to all workforce.
In Compliance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Indicator 5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.

Summary There is no complaint sighted as to date. Last stakeholder meeting was conducted on the 15th October 2018.

In Compliance **Yes** No Not Applicable

Criterion 3 Commitment to contribute to local sustainable development

Indicator 1 Growers should contribute to local development in consultation with the local communities.

Summary Sighted the records on the contribution to local development in the Kluang Rubber Company (Malaya) Berhad; Corporate Social Responsibility (CSR) Report. Estate is committed and have contributed to local development. The contribution made to the internal and external stakeholders.

In Compliance **Yes** No Not Applicable

Criterion 4 Employees safety and health

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

Summary Operational Safety and Health (OSH) policy sighted displayed in the main office (Occupational Safety and Health) signed by Mr. Balaraman A/L Annamaly, Group General Manager, dated 22nd March 2013.

Briefing on the MSPO related policy has been conducted on 13th October 18 during the daily briefing session.

In Compliance **Yes** No Not Applicable

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

- a) A safety and health policy, which is communicated and implemented.
- b) The risks of all operations shall be assessed and documented.
- c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:
 - i) all employees involved shall be adequately trained on safe working practices; and
 - ii) all precautions attached to products shall be properly observed and applied.
- d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.
- f) The management shall appoint responsible person(s) for workers' safety and health.

The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.

g) The management shall conduct regular two-way communication with their employees

where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meetings are kept and the concerns of the employees and any remedial actions taken are recorded.

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

i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.

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

Summary

Occupational Safety and Health Policy signed by Mr. Balaraman A/L Annamaly, Group General Manager, dated 22nd March 2013.

Sighted "Prosedur apabila berlaku kemalangan di tempat kerja" is made available in SOP file. Adequate HIRARC being assessed and documented. Risk assessment was conducted through HIRARC based on the severity and the likelihood. 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). During audit, HIRARC file is made available, and latest date reviewed on 15th July 2018.

Estate has a comprehensive annual training plan for the Staffs and Workers and this was sighted in the training file – Safety and Health Programme for the year 2019.

Sighted PPE issuance and replacement record is made available. List of allocation of PPE to estate personnel year 2019 sighted in PPE issuance file. List of provided PPE to the workers in the are available in the "PPE Issue Book".

SOP Chemical Handling is available [Prosedur Kerja Selamat Bagi Pengeluaran Racun], [Prosedur Kerja Selamat Bagi Membancuh Racun] and [Prosedur kerja selamat bagi operasi membaja secara manual] is available. Sighted letter of confirmation on medical surveillance has been conducted on 12th March 2019 for Herbicide Spraying workers by Dr. Helen Tan Kwai, Klinik Rengam.

Sighted letter of appointment of person in charge for safety & Environment matters, Mr Lum Man Poo, dated 22nd April 2019.

Seen record of meeting on safety and health was last conducted on 12th June 2019 at Kluang Estate. Minutes of meeting is available in the OSH meeting file.

Emergency Response Procedure (ERP) sighted and the ERP has clearly justified procedures when dealing with chemical spillage, accident and others. Emergency response plan include the emergency contact number, Emergency Respond Plan Procedure and exit routes in file and notice board. Training Emergency Rersponse Plan conducted on 18th August 2018 at Kluang Estate, sighted attendance record and photographs of training conducted.

Trained first aider is available in the estate. Training certificate (by SPO Consultancy Sdn Bhd – Mr. Raman Krishnan) sighted during the audit. First Aid Training conducted on 22nd June 2018, attendance record and photographs are made available.

Estate has sent JKKP 8 report has been submitted to JKKP on 30th June 2019 and Accidents and Investigation records is verified.

In Compliance **Yes** No Not Applicable

Criterion 5 Employment conditions

Indicator 1 The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.

Summary Sighted policy sighted related to Human Rights as follows:

- a. "MSPO Sexual Harassment and Violence Policy" dated 23rd December 2017 and approved by Mr A. Balaraman.
- b. "Good social practices policy", approved by Mr. A. Balaraman dated 23rd December 2017.

Briefing on the MSPO related policy has been conducted on 13th October 18 during the daily briefing session. The Policy being displayed at notice boards outside the office. Communication of all the policies to all staffs and workers was through briefing during muster call.

In Compliance **Yes** No Not Applicable

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

Summary Sighted in the Social Policy workers' social life sighted in the "Good social practices policy", approved by Mr. A. Balaraman dated 23rd December 2017. Some of the objectives listed in the policy:

- a. Maintain no discrimination practices and provided equal opportunity and treatment to all.
- b. Ensure that employees' payment and conditions meet the legal minimum standards.

In Compliance **Yes** No Not Applicable

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



Summary The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2011 (Act 732), Minimum wage order 2018. Malaysian minimum salary is RM1,100.00 as stated in the guidelines. Pay and conditions are documented in the workers' Contract Agreement and wage payment records / pay slip.

Interview with both Estate staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment.

In Compliance **Yes** No Not Applicable

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

Summary The salary of contractor workers is according to "Guidelines on the Implementation on the Minimum Wages". National Wages Consultative Council Act (Act 732). Malaysian Minimum salary is RM1,000 as stated in guidelines. Sighted the Agreement between the Kluang Estate management and contractor (P. Ananthan) is verified during the audit. Samples taken for payslip May' 2019 for:

1. Saat (Passport no.: AU097087)
2. Sutrisno (Passport no.: B2651215)
3. Edi Sutrisno (Passport no.: B4665929)
4. Parameswaran a/l Palany (I/C: 850528 – 01-5827)
5. Ismal (BJ0739029)

Interviewed the contractors /suppliers during the audit and has verified on the MSPO implementation.

In Compliance **Yes** No Not Applicable

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

Summary Sighted, the registration card Pendaftaran Pekerja-Pekerja under Akta Keselamatan Dalam Negeri, 1960 Keselamatan Dalam Negeri (Undang –Undang Pendaftaran Pekerja),1960 (Peraturan 3).

The registration card stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. List of names for estate staff and workers sighted during the audit. "Daftar Pekerja" and "List of workers" record is made available at the time of audit.

In Compliance **Yes** No Not Applicable

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

Summary The Agreement stated all the term and conditions according to Malaysian Law. This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local and Indonesian.

Sample taken on

1. Saat (Passport no.: AU097087)
2. Sutrisno (Passport no.: B2651215)
3. Edi Sutrisno (Passport no.: B4665929)
4. Parameswaran a/l Palany (I/C: 850528 – 01-5827)
5. Ismal (BJ0739029)

In Compliance **Yes** No Not Applicable

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

Summary Working hours is 8 hours. From Saturday to Thursday. The overtime maximum is 104 hours according to Malaysian Law. Daily attendance recorded during muster call. Time recording is based on attendance book – Employee Attendance listed as below:

- Checkroll attendance
- Staff attendance book

In Compliance **Yes** No Not Applicable

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

Summary The working hour and break time have been clearly stated in the Employment Contract. Sighted in the Contract Agreement the rate of overtime which agreed by both parties. The working hours and break time are displayed on notice board and clearly stated in contract employment of employees. There is no complaint received regarding payment or are forced to work overtime during field visit.

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 Pay Slip and Employment Contracts of each workers sighted. Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Based on the interview with the workers, they confirmed that they are being paid more than the stipulated minimum wage and understand all the deductions being made.

Documented payslip was distributed to individual workers on the day of payment. Payment being made through bank and seen the letter of consent from workers to the Management. Records have been verified during the audit.

In Compliance **Yes** No Not Applicable

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

Summary All workers have been provided with regards to local workers, foreign workers, staffs and executives. Local workers are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations. Foreign workers insurance is covered under "Foreign Workers Compensation Scheme Policy" by Lonpac Insurance Bhd. Sample sighted as below:

- Policy number: J/18/WF00/046202/JHR-20

In Compliance **Yes** No Not Applicable

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

Summary All workers are provided with housing facilities at workers linesite. Electricity and water are provided by the estate without any charges to the workers. Implementation has been verified.

In Compliance **Yes** No Not Applicable

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

Summary Sighted policy of "MSPO-Sexual Harassment and violence policy" dated 23rd December 2017 and approved by Mr. A Balaraman, General Manager. listed as:

- Ensure employees are no subjected to verbal and non-verbal abuse or sexual harassment.
- Maintain condition at the workplace that are free of harassment or violence of any kind.
- No form of harassment based on race, religion, gender, national status.

In Compliance **Yes** No Not Applicable

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



collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.

Summary As per interview with Mrs Ramani, the Senior Executive, there is only one person joining the trade union (Ms Saritha a/p Genaadan) in Kluang Estate and there is no restriction been made to form trade union if needed.

In Compliance **Yes** No Not Applicable

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

Summary There is no children and young person been employed as per record "Daftar Pekerja" available at the time of audit. There are no children below ages of 18 working in the Estate and this was proven through checking the list of employees. 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, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.

Summary Training need analysis, training programme or training records which include the MSPO related, working SOP, social and environmental element for employee and contractors are made available at the time of audit in the "Training File". The statement under the following number:

- MSPO Daily briefing recorded by Mr. Lum Man Poo
- MSPO Introduction Training – 12th December 2017 [Sighted photographs, training materials and meeting minutes as evidence].
- Training for tractor driver – 20th April 2019 [Sighted photographs, training materials and meeting minutes as evidence].
- Training for Chemical sprayers – 25th September 2018, [Sighted photographs, training materials and meeting minutes as evidence].
- Training for harvesting – 28th September 2018 [Sighted photographs, training materials and meeting minutes as evidence].
- Prosedur Kerja Selamat Menyembur Racun for the sprayer, dated 25th September 2018 by Mr. Lum Man Poo.

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 Yearly training plan is created based on Training Needs Analysis for workers involved in the operations. Training need analysis is available for each individual work station in the estate dated 01st January 2019, prepared by the Manager, Mr. Lum Man Poo.

Sighted the Training Need Analysis of all workers, staffs and Management which are based on their competencies and job description.

In Compliance **Yes** No Not Applicable

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

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

Training programme on environment, social, safety and health related is available in the Safety and Health training programme for the year 2019, prepared by Mr. Lum Man Poo, Estate Manager.

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 Kluang Rubber Co. (M) Bhd has established Environment Policy signed by the Executive Director/ General Manager, Mr A. Balaraman dated 23rd December 2017. Based on the Environmental Policy, the estates are committed towards implementing the following practices:

- Comply with all environmental legislations and other requirement
- Prevent pollution and continuously improve the environmental program.
- Use natural resources in an ecologically sustainable manner by implementing best management practices
- Avoid, minimize and mitigate any adverse environment impacts caused by the plantation and mill operations.
- Maintain open channels of communication with stake holders in regard to environmental issues.

- Ensure all employees are aware of the Company's environmental policy, are motivated to conform, are aware of their own responsibilities and are given the support and training necessary to accomplish them.

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 Kluang Rubber Co. (M) Bhd has established its Environmental Management Plan dated 1st January 2019 which covers the following;

1. Ecological
2. Soil erosion
3. Air pollution
4. Biomass generation
5. Water pollution (agro-chem & fertilisers)
6. Water pollution (onsite workforce)
7. Water pollution (mill operations)
8. Noise pollution
9. Greenhouse gas emissions
10. Other consideration.

The Company has conducted environmental impact assessment for all its' activities in year 2019. The environmental assessment findings are recorded in document titled "Environment Impact Assessment" prepared on 23rd February 2019. The environment impact assessment covers 7 section/location includes the following;

1. Production and office
2. Parking area
3. Maintenance
4. Store
5. Chemical storage area
6. Line sites
7. Plantation area.

In Compliance **Yes** No Not Applicable

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

Summary The environmental improvement plan to mitigate the negative impact was incorporated in the environment management plan.

For example;

Work activity:

Scheduled waste from estate operations.

Specific Concerns:



Management of toxic waste (or scheduled waste)

Mitigation plan:

Provide safe disposal of toxic waste, provide measures to contain all pollution waste (bunds, oil traps and other measures), develop waste water treatment systems to contain and treat waste water, develop a system to separate solid waste to avoid toxic and non-biodegradable material into landfills (and disposal methods).

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 programme to promote the positive impacts on environmental was incorporated in the environment management plan. The sample includes;

Pollution Source: Scheduled waste from estate operations.

Next action plan: to conduct site inspection and documented (for control of pollution sources)

Next monitoring:

1. Monitoring of surface water quality, heavy metal, hydrocarbons or other common toxins.
2. Monitoring of ground water quality, heavy metal, hydrocarbons or other common toxins.

In Compliance **Yes** No Not Applicable

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

Summary Sighted the environmental related trainings is planned, provided as below:

1. Type of training and the target group for the year 2019.
2. (Executives/Staffs/Workers) Training needs, training analysis and training plan for the year 2019.
3. Safety and Health programme for the year 2019.

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 Environmental meeting is combined with the OSH meeting as sighted OSH meeting minutes there is environmental issue has been discussed.

Training/ Meeting conducted at Kluang Estate, the Environment Issue Training", explaining about content policy. Sighted training implementation, attendance records



and photographs are made available attended by staff and workers covering as listed below;

NO.	PROGRAMME	KLUANG ESTATE
		DATE DONE (ATTENDEES)
1.	MSPO Policy	10th October 2018
2.	Environment Policy/ Polisi Persekitaran	13 th October 2018
3.	Kitar semula dan kebersihan	19 th October 2018
4.	Kebersihan rumah pekerja	24 th October 2018
5.	Perlindungan hidupan liar	31st October 2018
6.	Riparian buffer zone	2 nd November 2018
7.	Triple rinse of chemical drum	13th November 2018
8.	Spill mitigation procedure	15 th November 2018
9.	Penggunaan air di rumah	29 th November 2018
10.	Penggunaan elektrik di rumah	1 st December 2018
11.	Tong racun kosong	4 th December 2018
12.	MSPO Policy	6 th December 2018
13.	Pemeliharaan burung	13 th December 2018
14.	Memancing ikan	17 th December 2018
15.	Environment policy	10 th January 2019

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 Diesel consumption is closely monitored by daily and monthly record as sighted. This is including baseline value based on 3 years data (e.g. year Jul 2018/June 2019=0.48 MT FFB). Electricity is monitored by monthly through TNB bill. The usage is based on per MT FFB production. Sighted record "Electrical usage for year 2019".

In Compliance **Yes** No Not Applicable

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

Summary Sighted the projection consumption of diesel for Kluang Estate visited has been documented on annual basis based on the financial year. Seen annual estimate of non-renewable energy being established for the year 2019/2020 as follow;



Month	Estimated diesel usage (liter)	Estimated FFB (ton)	Fuel Efficiency (liter/ton FFB)
Jul 2019 – June 2020	4,500	10,300	0.44

Sighted annual estimate of electricity usage being established for the year 2019/2020 as follow;

Month	Estimated Electricity usage (kWh)	Estimated FFB (ton)	Electricity Efficiency (kWh/ton FFB)
Jul 2019 - June 2020	60,000	10,300	5.83

In Compliance **Yes** No Not Applicable

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

Summary There is no renewable energy is being use by the estate at the moment.

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 Kluang Rubber Co. (M) Berhad has established the MSPO Procedure; Title: SOP – PKSL [Doc: 3.2.3.1 d/PKSL] dated 1st February 2018. Types and source of pollutions was made available, and sighted type and source of pollutions such as;

1. Leakage of oil - Diesel store
2. General and domestic waste - Line sites
3. Used paper, printer cartridge - Office
4. Chemical containers, leakage - Chemical stores
5. Plastics, containers, leakage - Fertilizer stores
6. Water pump

Seen scheduled waste record established by the estate as sampled below:

Code	Source	Date of 1st generated	Balance as at 30.06.2019
SW409	Empty bags	22 nd February 2019	3,762 pcs
SW409	Empty drum (20L)	22 nd February 2019	102 pcs



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 Waste Management Action Plan for the year 2019 of Kluang Estate is seen and prepared by Estate Manager dated on 2nd May 2019. Sighted Pollution Prevention Plan dated 2nd May 2019 focused on the following pollution source;

1. Diesel & Lubricants Store/Scheduled waste store
2. Line site/housing
3. Chemical store/ mixing area
4. Pump house
5. Rubbish dumping area/ landfill
6. Fertilizer application
7. Chemical application
8. Transport

As sampled;

Pollution source	: Chemical store/ mixing area
Specific concerns	: Agrochemicals spillage, residues from washing and mixing area
Mitigation plan	: Containment via bunds and proper flooring, spillage kit, proper drainage system into spillage sump.
Monitoring & action plan	: Site inspection by staff and store attendant.

Sighted Segregation and Temporary Storage of Waste as follow;

No	Source	Waste
1	Tractors	Filters, lubricant, battery, rags & gloves, tyres, scrap iron
2	Linesite	Recyclable, organic
3	Office	Organic, recyclable, paper, PC, catridges
4	Chemical Store	Containers, boxes
5	Fertilizer Store	Bags
6	Chreche	Recyclable, organic, paper
7	Shops	Organic, recyclable
8	Religious Area & Comm. Hall	Organic, recyclable
9	Recreational Areas	Recyclable

However, one minor non-conformity has been raised to estate due to inadequate evidence of Waste Management Plan being established by the estate.

In Compliance Yes **No** Not Applicable

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

Summary Kluang Rubber Co. (M) Bhd has established Safety Operating Procedure - PKSL, [Doc No. 3.2.3.1 d/PKSL] dated on 1st February 2018. The estate management listed down the "Prosedur Kerja Selamat Bagi Pengeluaran Racun" which includes;

1. Before task/work "Sebelum Bekerja".
2. During task/work "Semasa Bekerja".
3. After task/work "Selepas Bekerja".

In Compliance **Yes** No Not Applicable

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

Summary As per interviewed with estate manager, the chemical containers will be triple rinsed and punctured to prevent contamination of water source or to human health. Some of it will be used as a pre-mix container. Proper storage of scheduled wastes has been established.

Empty pesticide containers to be treated as follow;

1. Empty containers are to be triple-rinsed and stored in a dedicated area.
2. Containers for reuse should be appropriately labeled and 3 holes are to be punctured at the base of those for disposal, and dispose through an accredited vendor.

After mixing the chemicals, to ensure the following;

1. All wash water is to be directed to a soakage-pit sited a distance away from the chemical mixing area.
2. No water should escape into field drains or streams.

In Compliance **Yes** No Not Applicable

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

Summary Domestic waste at linesite area is well managed by the estate management. All domestic wastes are disposed at landfill located at Block 2019 which are 1.5km from line site.

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 activities contributing to pollution in the estate has been accessed and documented as per Environmental Impact Assessment (EIA), dated 23rd February 2019 which includes the 17 work activities;

1. Usage of computer, light, plan
2. Usage of toilet
3. Printing/scanning
4. Usage of air condition
5. Ventilation system
6. Usage of parking area
7. Usage of lubricant oil
8. Fertilizers storage
9. Scheduled waste
10. General waste
11. Diesel tank
12. Chemical storing (liquid) at storage area
13. Disposal of items (general and domestic waste)
14. Discharge of waste water
15. Application of chemicals (solid and liquid)
16. Good agriculture practice
17. Transportation

In Compliance **Yes** No Not Applicable

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

Summary Action plan and monitoring sighted in document of Environmental Management Plan" dated 01st January 2019. Seen one of the action plan referring to water pollution, due to agro-chemicals and fertilizers application activities. The action/mitigation plan carried out by the estate are;

1. Avoid fertilizer application close to water bodies or on rainy days.
2. Improve efficiency of fertilizer application (research)
3. Develop reduction plans for high-risk agro-chemicals
4. Develop plans to reduce chemical exposure in sensitive areas workers, settlements, waterways)

The estate has recommended additional monitoring & develop action plan on water pollution due to agro-chemicals and fertilizers application activities as follow;

1. Surface and ground water quality monitoring – from lab.
2. Monitoring of surface water including DO, TSS, turbidity, COD, BOD, faecal coliform, oil & grease, agro-chemicals (nitrate, phosphate)
3. Ground water monitoring including agrochemicals (nitrate, phosphate)



4. Monitor efficiency of fertilizer inputs (measure leaf samples vs soil samples)

In Compliance **Yes** No Not Applicable

Criterion 5 Natural water resources

Indicator 1 The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water).
The water management plan may include:
a) Assessment of water usage and sources of supply.
b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.
c) Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).
d) Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.
e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.
f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Summary Kluang Rubber Co. (M) Bhd has established Water Management Plan dated 01st February 2019.

Syarikat Air Johor Sdn Bhd was identified as a water source for domestic consumption. Therefore, the water testing shall be excused. The estate outlined its water management plan as follow;

1. Rainfall data to be monitored and maintained daily.
2. Water logged area, damage roads and flooding area to be marked in the estate’s map.
3. Road repair and road construction to focus on damage roads due to no proper water management system.
4. Water quality monitoring programme on parameters such as pH, total suspended solid, BOD, COD, Ammoniacal-N, pesticide residue and phosphorus.
5. Water test for treated water from treatment plant. This estate is exempted as the water supply comes from Syarikat Air Johor Sdn Bhd.

In Compliance **Yes** No Not Applicable

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

Summary As sighted, Sg. Kluang & Sg. Mengkibol are passing through the estate land. During site visit, buffer zone has been established and demarcated.

In Compliance **Yes** No Not Applicable



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

Summary During site visit, there were road side drains constructed along the main roads to divert and conserve water at designated points.

In Compliance **Yes** **No** **Not Applicable**

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

Indicator 1 Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:

a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.

b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.

Summary The estate is surrounded by neighboring estates and smallholders. Therefore, no rare, threatened or endangered (RTE) species was identified in the estate. Proper signage (No fishing and no hunting) has been displayed at strategic locations in the estate. The management has identified several species of wildlife found in the estate with a title of Biodiversity – Wildlife found in the Estate includes:

- Long-tailed Macaque
- Wild boar
- Asian elephant
- Common treeshrew
- Bat
- Oriental pied hornbill
- Red jungle fowl
- White-throated kingfisher
- Crested Serpent Eagle
- Common Myna
- White-breasted Waterhen
- Greater Coucal
- Spotted wood-owl
- Large-tailed nightjar
- Purple heron
- Little egret
- Black-thighed Falconet
- Yellow-vented Bulbul
- Amboina Box Turtle
- Asian water monitor lizard
- Malayan spitting cobra
- Reticulated python
- Ratsnake



- Malayan Green Whipsnake

In Compliance **Yes** No Not Applicable

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

Summary High biodiversity value (HBV) evaluation plan has been established for planted area, appropriate measures has been taken by the management such as:

- Displaying of proper signage at estate boundary with stakeholders and other strategic places.
- Briefing to workers on rare, threatened or endangered species (RTE) and biodiversity in the estate.

In Compliance **Yes** No Not Applicable

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

Summary Sighted Biodiversity Management Plan established by the estate which includes;

1. Strictly not allowed activities such as hunting, fishing, catching birds, setting animal traps, etc.
2. Displaying "No Hunting Allowed" sign board at the entrance of the field.
3. Educating estate's employees on biodiversity conservation.
4. To install barn owl houses in the field to tackle mouse problem in an eco-friendlier method.
5. To set up more rhinoceros beetle traps to reduce the use of chemical.
6. To plant more beneficiary plant such as Antigonon, Cassia and Turnera. These beneficiary plants will help to nurture more bees.

In Compliance **Yes** No Not Applicable

Criterion 7 Zero burning practices

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

Summary No burning of oil palm residue during replanting activities in the estate. Kluang Rubber Co. (M) Bhd is committed towards implementing the following practices:

1. The palm trunk is to be chipped not more than 10 cm thick (approx. 3 inches) to allow rapid disintegration and decomposition of the residue. Remnants of palm bole tissues and bulk of the root mass are to be dug out, broken up and the hole refilled.
2. The shredded pieces are to be stacked in single rows and layer to reduce the thickness of the stack.



In Compliance **Yes** No Not Applicable

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

Summary As per interview with Estate Manager no significant risk of disease palm was reported. Estate replanting programme based on estate’s operation policies and agronomic practices is established.

In Compliance **Yes** No Not Applicable

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

Summary As per interview with Estate Manager, no special approval needed to do open burning. All replanting activities are using the felling method. The practice is observed during field assessment. No controlled burning being sought by the estate.

In Compliance **Yes** No Not Applicable

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

Summary Open burning in relation to new planting, re-planting or other development is not allowed and this was communicated to all employee and stakeholder. The following practices has been implemented by the management during replanting:

1. The palm trunk is to be chipped to not more than 10cm thick (approx. 3 inches) to allow rapid disintegration and decomposition of the residue. Remnants of palm bole tissues and bulk of the root mass are to be dug out, broken up and the hole refilled.
2. The shredded pieces are to be stacked in single rows and layer to reduce the thickness of the stack.

In Compliance **Yes** No Not Applicable

2.6 Principle 6: Best practices

Criterion 1 Site management

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

Summary Kluang Rubber Estate has established Standard Operating Procedure for estates. Person in charge (Mr. Lum Man Poo) will monitor the work flow and ensure all operations as per guided in the SSOP Doc No. 3.2.3.1 d/PKLS, dated 1st February 2018 as listed below:



No.	SOP	Policy No.
1	Memotong buah sawit	H-1
2	Menolak buah kelapa sawit dengan menggunakan kereta sorong	H-2
3	Memangkas pelepah kelapa sawit	H-3
4	Memunggah tandan sawit	H-4
5	Memotong buah kelapa sawit berhampiran kabel TNB	H-5
6	Meracun makhluk perosak	P-1
7	Menyembur racun rumpai	P-2
8	Meracun menggunakan pam racun bermotor (Mist blower)	P-3
9	Mengumpan racun tikus (Rat bait application)	P-4
10	Suntikan batang pokok dengan monocrotophos	P-5
11	Mengaplikasi furadan 3G	P-6
12	Meracun Kawasan kediaman	P-7
13	Pengeluaran racun	P-8
14	Membancuh racun	P-9
15	Membaja secara manual	F-1
16	Sungkupan tandan kosong (EFB Mulching)	F-2

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

In Compliance **Yes** No Not Applicable

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

Summary Estate is generally flat area with undulating at certain area. No steep is more than 25 degrees. During site visit, observed there is no terracing above 25 degrees.

In Compliance **Yes** No Not Applicable

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

Summary Maps are made available showing separation of estates. The estate has a map showing separation of block/field. Each field has the field marking (boundary marker) sighted during field visit.

The estate has a visual reference system to identify each field or block. Each field painted on crops with block number, year of planting, progeny & hectare only. Marking has been sprayed on the nearest crops, sighted during field visit. Riparian zone is marked on crops and signboard has been displayed near to the Sg. Kluang.

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 Estate had an annual budget for the financial year 2019 is made available. Seen Estimated Cost of Oil Palm Replanting in (Kluang Estate). Annual budget for the financial year 2019 is made available.

Immature oil palm:

No.	Year	Replanting	Acres
1.	2017	Yes	168
2.	2019	Yes	103

Swamps & Ravines: 3 acres
Buildings & roads: 26.815 acres

In Compliance **Yes** No Not Applicable

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

Summary The last replanting program made in the year as below:

- 2017 – 168 acres
- 2019 – 103 acres

Sighted Statement of Expenditure for the year ending 30th June 2019 [Immature Oil Palm – Replanting 2019 expenditure].

No.	Field/Block	Replanting Year	Est. Crop	Est. Yield/Acre
1.	93 (DxP H&C)	2021	903	7.00
2.	95 (DxP H&C)	2019	412	-
3.	96 (DxP H&C)	2022	1,629	9.00

Total cost: RM322,515.00
Cost per acre: RM3,131.21

In Compliance **Yes** No Not Applicable

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



e) Financial indicators: cost benefit, discounted cash flow, return on investment.

Summary

Estate had an annual budget for the financial year 2019. The budget includes the projected FFB production, general charges, upkeep & cultivation, Collection and Immature areas. Sighted in annual budget year 2019, there is estimated expenditure for the year 2019 made available. Sighted analysis of expenditure for the year 2019, as sampled below:

Details	2019
OER	19.25%
PK	5%
Replanted	1993, 1995, 1996, 2004, 2005, 2007, 2009, 2010, 2011, 2013, 2014
Average selling price (CPO)	RM2,500
Average selling price (PK)	RM1,875
FFB tons	12,243 mt
Amount (RM)	RM 6,411,904
FFB sales price per mt	RM 523.72
Progeny/clone	DxP-H & C, DXP Felda, DXP Chemara

In Compliance **Yes** No Not Applicable

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

Summary

Estate performance is recorded on monthly basis and Kluang Rubber Company (M) Bhd budget final year 2019 is made available. The monitoring to achieved the target is effectively implemented such field monitoring and enforcement of all SOP.

Monthly account is made available to record the budgeted and actual production on monthly basis. Details on the actual vs budget i.e: FFB production, capital expenditure, production cost and profit & loss account are shown therein.

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

Record seen in estimated income and expenditure statement for year 2018 & 2019, stated the prices of FFB [CPO & PK]. Sighted the "Offer to Purchase FFB" between:

Kluang Oil Palm Processing Sdn Bhd dated 7th August 2018 signed and agreed by Mr. Gan Ah Kau, Director of Kluang Oil Palm Processing Sdn Bhd and Mr Cheong Mun Hong, Director.

Pricing formula for CPO & PK:



- Extraction rate: min 19.25% (CPO) and 5.00% (PK).
- Price shall be deduction of MPOB Cess and Levy as imposed by statutory bodies, CPO Transport cost RM30/mt of CPO, Processing charges RM50.00/mt of FFB.

In Compliance **Yes** No Not Applicable

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

Summary All contracts are kept in estate office. Sighted the contract Agreement signed by contractor and Kluang Estate. As evidence, sampled:

- Mr. P. Ananthan – Harvesting Contract
- Mr. Ang Fiat Ching – Transport Contract
- Mr. P. Ananthan – Transport Contract

Contract agreement between Kluang Estate between Chandran a/l Balakrishnan dated 1st April 2019, Ref: 62/2018/2019 – Supplying workers (Spraying & Manuring)

Contract agreement between Kluang Estate between Ananthan a/l Palaniveloo dated 30th June 2019, ref.: 01/2018/2019 – harvesting activities.

In Compliance **Yes** No Not Applicable

Criterion 4 Contractor

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

Summary All the contractors are aware that estate will be certified under MSPO. Therefore, the contractor has been informed by estate management to follow the MSPO standard requirement.

Sighted "Penerangan Tentang MSPO"- dated 12th December 2017 at Kluang Estate Main Office. Attendance record is available. Contractors attended training on 13th March 2018 at Kluang Estate, sighted attendance record. During stakeholder meeting, interviewed the contractor, (Mr. P Ananthan – Transport contractor) he understands the MSPO requirements and act accordingly.

In Compliance **Yes** No Not Applicable

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

Summary Contract agreement of contractors are made available as below:

- Mr. P. Ananthan – Harvesting Contract
- Mr. Ang Fiat Ching – Transport Contract
- Mr. P. Ananthan – Transport Contract

Contract agreement between Kluang Estate between Chandran a/l Balakrishnan dated 1st April 2019, ref: 62/2018/2019.

In Compliance **Yes** No Not Applicable

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

Summary The estate was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 24th April 2018 (Stage 1) and 4th July 2019 (Stage 2). Sighted audit plan which have been accepted address to Mr. A Balaraman (General Manager). All the auditors are qualified MSPO auditor. As per agreed, the company accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed.

In Compliance **Yes** No Not Applicable

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

Summary Estate verified the work done by the contractors before all the payment paid to the contractors. Estate also inspect the contractor's workers. As per interviewed and also during site visit, the workers aware with OSH requirement. As example, the workers wear the PPE during the work task that given to them.

As interviewed the Mr Lum Man Poo, Manager, he monitors the work done by the contractors on daily basis. He is responsible as field conductor and monitor on the daily task operation.

In Compliance **Yes** No Not Applicable

2.7 Principle 7: Development of new planting

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

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Criterion 2 Peat land
Indicator 1 New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.

Summary At this moment, there were no new plantings involving peat area. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Criterion 3 Social and Environmental Impact Assessment (SEIA)
Indicator 1 A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Indicator 4 Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable Kluang Estate.

In Compliance Yes No **Not Applicable**



Criterion 4 Soil and topographic information

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Criterion 5 Planting on steep terrain, marginal and fragile soils

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Criterion 6 Customary land

Indicator 1 No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.



Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Indicator 2 Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Indicator 3 Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Indicator 4 The owner of recognized customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Indicator 5 Identification and assessment of legal and recognised customary rights shall be documented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

Indicator 6 A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

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

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for Kluang Estate.

In Compliance Yes No **Not Applicable**

2.8 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) The estate managed to provide full commitment during the entire audit process.
- 2) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 3) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 4) Relationship between the surrounding smallholders and villagers are well maintained.
- 5) Signages throughout office, chemical area and in the field sites, effectively maintained and appropriate to the needs of the process.
- 6) Good positive feedback received from internal and external stakeholders.



Appendix A: Audit Plan


AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
4 th July 2019	08:00 – 09:00	<ul style="list-style-type: none"> ➤ Centralize Opening Meeting at Kluang 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). 	SP	NA/AS
	09:00 – 13:00	Kluang 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. 	SP	NA/AS
	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. 	SP	NA/AS
		<ul style="list-style-type: none"> ➤ Centralize Stakeholder Consultation 		NA/AS
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch 	SP	NA/AS
	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 pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	SP	NA/AS
	15:30 – 16:00	<ul style="list-style-type: none"> ➤ Verify any outstanding issues, auditor discussion and end of audit for day. 	SP	NA/AS
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Closing Meeting at Kluang Estate: Chaired by the audit Lead Auditor <ul style="list-style-type: none"> • 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 	SP	NA/AS
5 th July 2019	TBA	<ul style="list-style-type: none"> ➤ Travelling back from Kluang, Johor to Ampang, Selangor. 	SP	NA/AS




Note: Centralize Stakeholder Consultation with Mixed Holding Pte Ltd on 02nd July 2019 at Ang Tong Estate

Appendix B: Non-Conformity details

Non-Conformities Identified During This Audit			
Major Nonconformities:		Non-was raised during this audit.	
Minor Nonconformities:		The following NC's were raised for this audit.	
Company Name		Kluang Rubber Company (M) Berhad	
Stage of Audit		Initial Stage 1	<input type="checkbox"/>
		Surveillance	<input type="checkbox"/>
Audited Standard		Initial Stage 2	<input checked="" type="checkbox"/>
		Recertification	<input type="checkbox"/>
Client Number		GGC-P1-MSPO-2019	
NC No. / Ref.	P1/MSPO/MINOR/01	Date Detected	4 th July 2019
Site(s) concern	Kluang Estate	Target Completion	Next Surveillance audit
Normative Reference and Requirement	4.4.1.1 Social impact should be identified, and plans are implemented to mitigate the negative impacts and promote the positive ones.		
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No records sighted		
NC Objective Evidence: Social Impact Assessment (SIA) was not made available at the time of audit.			
Lead Auditor Signature: 		Client Signature: KLUANG ESTATE Batu 2, Jalan Mengkilbol, P. O. Box 64, 86007 KLUANG, JOHOR. 	
Root cause Analysis (to be filled by client):			
Insufficient information to carry out SIA report.			
Corrective action planned (to be filled by client):			
In progress to prepare a more details SIA report.			
Preventive Action (to be filled by client):			
Continuously update & review the SIA report.			
Review of corrective/preventive action (to be filled by Lead Auditor)			

To be verified during Annual Surveillance 1.	
NC Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified:	Lead Auditor Signature: 

Company Name	Kluang Rubber Co. (M) Bhd			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-P1-MSPO-2019			
NC No. / Ref.	P1/MSPO/MINOR/02	Date Detected	04 th July 2019	
Site(s) concern	Kluang Estate	Target Completion	Next Surveillance Audit	
Normative Reference and Requirement	4.5.3.2 A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products			
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	Inadequate of evidence sighted during the audit			
NC Objective Evidence: Inadequate of Waste Management Plan being established by the estate's management.				
Lead Auditor Signature: 	Client Signature: KLUANG ESTATE Batu 2, Jalan Mengkilol, P. O. Box 64, 88007 KLUANG, JOHOR. 			
Root cause Analysis (to be filled by client): Lack of information in Waste Management Plan.				
Corrective action planned (to be filled by client): Too establish waste management plan with objectives, designated contractor & specific schedule waste coding.				
Preventive Action (to be filled by client): To periodically review the waste management plan to keep information up-to-date.				

Review of corrective/preventive action (to be filled by Lead Auditor)	
To be verified during Annual Surveillance 1.	
NC Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified:	Lead Auditor Signature: 

Area of Concern:	The following area of concern was raised for this audit.
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Company Name	Kluang Rubber Co. (M) Bhd							
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>				
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>				
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders							
Client Number	GGC-P1-MSPO-2019							
NC No. / Ref.	P1/MSPO/AOC/01	Date Detected	04 th July 2019					
Site(s) concern	Kluang Estate	Target Completion	Nil					
Normative Reference and Requirement	4.3.2.1 The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.							
NC Type	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Area of Concern							
Description of Non-Conformity	Hectare stated on MPOB License different than the planted hectare.							
NC Objective Evidence:								
The comparison of declared hectares between MPOB license and planted ha is tabulated below;								
<table border="1"> <thead> <tr> <th>Ha as per MPOB License</th> <th>Planted Ha</th> </tr> </thead> <tbody> <tr> <td>647</td> <td>636.82</td> </tr> </tbody> </table>					Ha as per MPOB License	Planted Ha	647	636.82
Ha as per MPOB License	Planted Ha							
647	636.82							
Lead Auditor Signature: 	Client Signature: KLUANG ESTATE Batu 2, Jalan Mengkalad, P. O. Box 84, 88007 KLUANG, JOHOR. 							

Appendix C: List of Stakeholders Contacted

Attendance List

Internal Stakeholders

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

External Stakeholders

- 1) Kementerian Pendidikan
- 2) Housing Developer
- 3) Temple representative
- 4) Cattle owner
- 5) Ladang Lambak – Sime Darby Plantation Berhad
- 6) Suppliers
- 7) Local Communities
- 8) Villagers
- 9) Runner club representatives