

**RSPO PRINCIPLE AND CRITERIA
1st Annual Surveillance Assessment (ASA1)
Public Summary Report**

Kretam Holdings Berhad
Head Office: Lot 6, Block 44, Leboh Tiga P.O. Box 1292 90714 Sandakan, Sabah Malaysia
Syarikat Kretam Mill Sdn Bhd Kretam Palm Oil Mill Off KM 45, Sandakan – Lahad Datu Highway Kinabatangan 90714 Sandakan Sabah, Malaysia

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Section 1: Scope of the Certification Assessment

1. Company Details			
RSPO Membership Number	1-0189-15-000-00	Date	Member since: 16 September 2015
Company Name	Kretam Holdings Berhad		
Address	Head Office: Lot 6, Block 44, Leboh 3, P.O. Box No 1292 90714 Sandakan, Sabah, Malaysia Certification Unit: Kretam Palm Oil Mill, Off KM 45, Sandakan-Lahad datu Highway, Kinabatangan 90714 Sandakan, Sabah, Malaysia		
Subsidiary of (if applicable)	Syarikat Kretam Mill Sdn Bhd		
Contact Name	Mr Subhas Chandra Datta Mr Mohd Masran B Hamzah		
Website	www.kretam.com	E-mail	subhas@kretam.com masran@kretam.com
Telephone	+6089 218 999	Facsimile	+6089 275 777

2. Certification Information			
Certificate Number	RSPO 671993	Original Certificate Issued Date	15/06/2016
		Expiry Date	14/06/2021
Scope of Certification	Palm Oil and Palm Kernel Production from Kretam Palm Oil Mill and Supply Base (Bode, Masang, Winpalm, Sapagaya, Sukau and Bukit Sekong Estate)		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
44 100 122322-001	ISO 9001 : 2008	TUV Nord CERT GmbH	14/09/2018
EU-ISCC-Cert-DE129-35187228	ISCC EU	TUV Nord CERT GmbH	09/11/2017

3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
Kretam Palm Oil Mill (60 mt/hr)	Off KM 45, Sandakan – Lahad Datu Highway, Kinabatangan, Sandakan, Sabah	117° 50' 15.1"	05° 39' 25.8"
Bode Estate	Off KM 45, Sandakan – Lahad Datu Highway, Kinabatangan, Sandakan, Sabah	117° 49' 54.0"	05° 38' 37.3"
Masang Estate	Off KM 45 Sandakan – Lahad Datu Highway, Kinabatangan, Sandakan, Sabah	E 117°51'55.8"	N 05°39'47.3"
Masang Estate (Winpalm Div)	Off KM 45, Sandakan-Lahad Datu Highway, Kinabatangan, Sandakan, Sabah	E 117°53'47.9"	N 05°43'16.4"
Sapagaya Estate	KM 82 Jalan Lahad Datu / Sandakan, Kinabatangan, Sandakan, Sabah	E 118°01'06.3"	N 05°34'52.9"
Bukit Sekong Estate (Sukau Div)	KM 136, Jalan Sukau – Sandakan, Kinabatangan, Sandakan, Sabah	E 118°15'43.0"	N 05°32'54.3"
Bukit Sekong Estate	Batu 60, Jalan Sukau, Kinabatangan, Sandakan, Sabah	E 117°54'09.8"	N 05°36'12.8"

4. Description of Supply Base							
Estate	Mature (ha)	Immature (ha)	Infras & Other (ha)	HCV (ha)	Total Planted (ha)	Total Hectarage	% of Planted
Bode Estate	2,602.47	237.13	432.81	200.00	2,839.60	3,472.41	81.78
Masang Estate	2,605.95	212.00	179.08	50.00	2,817.95	3,047.03	92.48
Masang Estate (Winpalm Div)	130.97	-	-	-	130.97	130.97	100.00
Sapagaya Estate	3,001.18	-	48.59	-	3,001.18	3,049.77	98.41
Bukit Sekong Estate (Sukau Div)	61.45	-	42.18	-	61.45	103.63	59.30
Bukit Sekong Estate	408.31	400.60	44.42	-	808.91	853.33	94.79
Total	8,810.33	849.73	747.08	250.00	9,660.06	10,657.14	

Note: Infras = infrastructure

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5. Plantings & Cycle								
Estate	Age (Years)					Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Estimated (ASA1) (Apr 2016 –Mar 2017)	Actual (ASA1) (Apr 2016 – Mar 2017)	Forecast (ASA2) (Apr 2017 – Mar 2018)
Bode Estate	237.13	422.60	1,923.79	256.08	-	61,896.00	53,176.15	58,000.00
Masang Estate	212.00	1,488.64	841.24	276.07	-	46,861.00	37,982.55	53,000.00
Masang Estate (Winpalm Div)	-	-	130.97	-	-	3,550.00	1,762.01	3,200.00
Sapagaya Estate	-	1,501.55	1,496.63	-	3.00	61,320.00	52,893.27	60,000.00
Bukit Sekong Estate (Sukau Div)	-	-	61.45	-	-	1,634.00	1,498.40	1,600.00
Bukit Sekong Estate	400.60	194.72	-	213.59	-	5,240.00	3,971.67	3,500.00
Total	849.73	3,607.51	4,454.08	745.74	3.00	180,501.00	151,284.05	179,300.00

6. Certified Tonnage of FFB (Own Certified Scope)			
Estate	Tonnage / year		
	Estimated (ASA1) (Apr 2016 –Mar 2017)	Actual (ASA1) (Apr 2016 –Mar 2017)	Forecast (ASA2) (Apr 2017 – Mar 2018)
Bode Estate	61,896.00	53,176.15	58,000.00
Masang Estate	46,861.00	37,982.55	53,000.00
Masang Estate (Winpalm Div)	3,550.00	1,762.01	3,200.00
Sapagaya Estate	61,320.00	52,893.27	60,000.00
Bukit Sekong Estate (Sukau Div)	1,634.00	1,498.40	1,600.00
Bukit Sekong Estate	5,240.00	3,971.67	3,500.00
Total	180,501.00	151,284.05	179,300.00

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7. Non-Certified Tonnage of FFB (outside supplier – excluded from certificate) if applicable			
Independent FFB Supplier	Tonnage / year		
	Estimated (ASA1) (Apr 2016 –Mar 2017)	Actual (ASA1) (Apr 2016 –Mar 2017)	Forecast (ASA2) (Apr 2017 – Mar 2018)
Sdk Harvest Sdn. Bhd.	1,590.00	417.13	0
Central Agricultural Development Sdn. Bhd.	7,495.00	2,601.21	0
Borneo Global Sdn Bhd	2,925.00	814.31	0
Psifera Plantation Sdn. Bhd.	1,130.00	199.72	0
Helene Yap Sui Yin	240.00	39.04	0
Lo KetWoon	735.00	204.34	0
Harimaju Plantation Sdn. Bhd	595.00	209.86	0
Sapiah Saka	475.00	70.89	0
PB Plantation Sdn. Bhd.	194.00	41.74	0
Lo Ho Min	159.00	32.88	0
Profound Growth Sdn Bhd	1,617.00	413.52	0
Profound Plantation	1,290.00	358.37	0
LekasMewah Sdn Bhd	923.00	464.12	0
Anne Lee Kit Chin	615.00	152.00	0
Ling Piak Kee	9.00	1.60	0
Abedon Oil Mill Sdn. Bhd.	-	267.01	0
Abedon Sdn. Bhd.		49.53	0
Total	19,992.00	6,337.27	0

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8. Certified Tonnage									
Mill	Estimated (ASA1) (Apr 2016 –Mar 2017)			Actual (ASA1) (Apr 2016 –Mar 2017)			Forecast (ASA2) (Apr 2017 – Mar 2018)		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Kretam Palm Oil Mill	144,544.84	28,872.21	6,723.41	127,096.68	26,961.88	5,802.93	179,300.00	39,087.40	8,247.80
		OER : 19.97%	KER : 4.65%		OER : 21.21%	KER : 4.57%		OER : 21.8%	KER : 4.6%

* 24,187.37 mt of FFB from own estates (Kretam CU) were divert to Abedon POM due to machinery breakdown and annual inspection at Kretam POM.

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
(ASI Accreditation Number: RSPO-ACC-19)
Unit 3, Level 10, Tower A
The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is ASI Accredited (RSPO-ACC-19) to conduct RSPO assessment since 31/10/2014 with accredited office located at Kuala Lumpur, Malaysia. BSI is accredited for RSPO Supply Chain Certification Systems (SCCS) and Principles & Criteria for Sustainable Palm Oil Production (P&C, Single Site & Group) certification Worldwide.

Assessment Methodology, Programme, Site Visits

This 1st Annual Surveillance Assessment was conducted from 19-21 April 2017. The audit programme is included as Appendix D. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates (Sapagaya Estate, Bukit Sekong Estate and Bode Estate (HCV area)). A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. RSPO Principles & Criteria 2013 (MYNI-2014) and RSPO Supply Chain Certification Standard 2014 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. The mill was audited together with the estates (or smallholders) of its supply base. The estates sample were determined based on formula $N = 0.8\sqrt{y}$ where y is the number of estates while when applicable, the smallholders sample were determined following the RSPO Certification Requirement for Group Certification Standard 2016. The sampling of smallholders were based on the formula $(0.8\sqrt{y}) \times (z)$; where y is total number of independent group member and where z is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix K.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of

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workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E. The previous nonconformity is remains closed. The assessment findings for the 1st Annual Surveillance Assessment are detailed in Section 3.3.

This report is structured to provide a summary of assessment finding as attached in the Appendix A. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

For any intial and recertification, the report is externally reviewed by RSPO approved Certification Reviewer prior to certification decision by BSI.

The following table would be used to identify the locations to be audited each year in the 5 year cycle

1. Assessment Program					
Name (Mill / Supply Base)	Year 1 (Initial Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Kretam Palm Oil Mill	√	√	√	√	√
Bode Estate			√	√	
Masang Estate	√		√		√
Sapagaya Estate	√	√			√
Bukit Sekong Estate		√		√	

[Click here to enter a date.](#)

Tentative Date of Next Visit: March 13, 2018 – March 15, 2018

Total No. of Mandays: 9 mandays

BSI Assessment Team:

Mohd Hafiz Mat Hussain – Lead Auditor

He holds Bachelor Degree in Plantation Technology and Management, graduated from University Technology Mara (UiTM) on 2009. He has 4 years working experience in oil palm plantation industry. He also has the experiences as an auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2014 and MSPO Awareness Training in 2014. He had been involved in RSPO auditing since May 2013 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, estate best practices, safety and health, environmental and workers and stakeholders consultation.

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Revision 4 (November / 2016)****Mohamed Hidhir Zainal Abidin – Team Member**

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers and stakeholders consultation.

Nicholas Cheong – Team Member

He holds Master of Environmental Management from the University Putra Malaysia and Bachelor of Science (Food Science) from Charles Sturt University Australia. He has more than 5 years of working experience in sustainability auditing and carbon emissions accounting. He has also 2 years of working experience in wastewater treatment construction and operations. He has completed the ISO9001, ISO14001 and RSPO P&C Lead Auditor course and MSPO Awareness Training. In his previous certification body he is a Assessor for Clean Development Mechanism and ISCC. He had been involved in Sustainable Palm Oil auditing for more than 2 years.

Accompanying Persons: -

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following RSPO normative requirements. The assessment details are provided in Appendix A.

- Kretam Holdings Berhad Time Bound Plan
- RSPO Group Certification Standard 2016 Checklist
- RSPO P&C MY-NIWG 2014 Checklist
- RSPO Supply Chain Certification Checklist November 2014

3.2 Progress against Time Bound Plan

Kretam Palm Oil Mill (KM) and the supply base are owned by Kretam Holdings Berhad (KHB) is located at Bode Estate, Kinabatangan, Sabah, Malaysia were assessed against RSPO Certification Systems, RSPO P&C for Sustainable Palm Oil production version 2013, RSPO Malaysia National Interpretation version 2014 and RSPO SCC version 2014 on the date of audit.

Kretam Holdings Berhad (KHB) is a plantation organisation with operations in 3 regions namely Sandakan, Tawau and Lahad Datu, Sabah, Malaysia. There are 3 mills, one at each region and one refinery in Sandakan region. The supply bases of the Kretam Mill consists of 4 internally owned estates namely Bode including Winpalm Div, Masang, Sapagaya and Bukit Sekong including Sukau Div.

Time Bound Plan		
Requirement	Remarks	Compliance
Summary of the Time Bound Plan		
Does the plan include all subsidiaries, estates and mills?	All the estates and mill were include	Yes
Is the time bound plan challenging? <ul style="list-style-type: none"> • Age of plantations. • Location. • POM development • Infrastructure. • Compliance with applicable law. 	The time bound has sufficiently taking into account of all entities.	Yes
Have there been any changes since the last audit? Are they justified?	There is no changes	Yes
If there have been changes, what circumstances have occurred?	Delays in certification of some POMs and estates.	Yes
Have there been any stakeholder comments?	So far there no comments received.	Yes
Have there been any newly acquired subsidiaries?	No	Yes

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Have there been any isolated lapses in implementation of the plan?	No	Yes
Un-Certified Units or Holdings		
Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	RSPO internal audit assessment for all units been conducted and the report had been submitted to all unit for improvement plan.	Yes
No replacement after dates defined in NIs Criterion 7.3: <ul style="list-style-type: none"> • Primary forest. • Any area identified as containing High Conservation Values (HCVs). • Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. 	There is a new planting of approx. 40ha in year 2010 at Tawau region. A HCV assessment will be carried out in June 2016 according to the time bound plan. Upon completion of assessment, it will be submitted to RSPO for the compensation. The certification for Tawau region will in year 2018.	Yes
Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	There is a new planting of approx. 40ha in year 2010 at Tawau region. A HCV assessment will be carried out in June 2016 according to the time bound plan. Upon completion of assessment, it will be submitted to RSPO for the compensation. The certification for Tawau region will in year 2018.	Yes
Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	No land conflict	Yes
Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No labour dispute	Yes
Any Legal non- compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	No legal non compliance	Complied.

3.3 Details of findings

The nonconformity is listed below. The summary report of the assessment by criteria is listed in Appendix A.

During the 1st Annual Surveillance Assessment there were 2 (two) Major & 7 (seven) Minor nonconformity raised. The Kretam Palm Oil Mill Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified on-site on 15/6/2017 for major closure for it effectiveness and closed accordingly.

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1462604-201704-M1	Requirements Indicator 2.1.1 Evidence of compliance with relevant legal requirements shall be available. Environmental Quality Act 1974, Scheduled Waste Regulations 2005 OSHA 1994, regulation 17 of USECHH Regulation 2000.	Major
	Evidence of Nonconformity Sepagaya Estate A) No evidence of 2nd schedule @ notification submitted to DOE as to date. B) No records of 5th scheduled @ inventory updated for contaminated sand, SW 408. C) 1 black bin containing contaminated soil stored at the schedule waste store. No labelling and date of first generation on the container. iv) Scheduled waste was transported to Kretam Mill for centralized disposal without any approval from DOE. 1060 liter used oil @ drums and 240 kg of oil filter was transported using estate own vehicle to Kretam mill using government road. Verified the delivery note# E5285 dated 13/3/17 for the said activity. Bukit Sekong Estate i) No approval granted from DOE for the movement/transport of schedule waste to Kretam Mill. Refer to DO# 1595 for 400 liter of used hydraulic oil dated 14/3/17. Kretam Mill The mill management did not conduct testing of the local exhaust ventilation system every twelve (12) months by registered hygiene technician in view of complying with the regulation 17 of USECHH Regulation 2000.	
	Statement of Nonconformity Evidence of compliance with relevant legal requirements were not effectively implemented.	
	Corrective Actions A. Immediate Action Sapagaya and Other estates i) All 4 estates will register to DOE by using ESWIS as additional location storing of schedule waste notification by 1st May 2017 ii) All estates and mill will update the contaminated sand (SW 408) and other schedule waste record by monthly basis. iii) All contaminated sand and other schedule waste stored at the schedule waste	

	<p>store will be fixed with proper label and date of storing. iv) The company will appoint licenced agent to collecting of schedule waste direct from each estates stores.</p> <p>Bukit Sekong iv) The company will appoint licenced agent to collecting of schedule waste from all estates.</p> <p>Kretam Mill - Job order (09-049980) is given to DAB OH Sdn. Bhd. on Laboratory LEV inspection and calibration. - Confirmation OSH service is received. Ref: DABOH GEN/042017-023 - LEV inspection and calibration was done on 27th April 2017.</p> <p>B. Long Term Action Plan</p> <p>1) To ensure compliance with legal requirements, Regulation 17 of USECHH Regulation 2000, all schedule wastes generated in the estates are notified to DOE by using ESWIS. 2) To ensure all estates to updating the schedule waste and contaminated sand record by monthly basis to Mill ESWIS controller. 3) To ensure all contaminated sand are fixed with proper label and date storing. 4) To ensure no schedule waste transferred out from each store location except by the appointed licensed agent to collecting of schedule waste from the estates. 5) To ensure compliance with legal requirements. 6) Mr. Razali Bin Yusoff, person in-charge for mill equipment’s calibration will ensure LEV is inspected and calibrate annually.</p> <p>The CAP and evidence has been submitted on 7 & 8/5/2017. However, an on-site visit was carried out on 15/6/2017 for major closure. Evidence submitted verified and onsite verification updates:</p> <ol style="list-style-type: none"> 1. Verified eSWISS-(DOE File No for eSWISS: ASSH/SDK (B) 95/130/100/318 (Bukit Sekong Estate), ASSH/SDK (B)93/311/100/027 (Bode Estate), ASSH/SDK (B)95/130/100/317 (Sapagaya Estate) and ASSH/SDK (B)/95/130/100/316 (Masang Estate). 2. Verified 2nd Schedule and 5th schedule for the month of May 2017. All the records were up-to-date. 3. Verified during site visit at schedule waste store (Bode Estate). The labels were according to the legal requirement. 4. The management decided to establish permanent scheduled waste store at each estate. Sighted the record, no scheduled waste transferred out from the estates starting from May 2017. 5. LEV inspection was include into ‘Calibration Control at Lab & Mill Procedure’ (SKM/SDK-QSP-11) and ‘Calibration Master List and Equipment Calibration Log’ (SKM/SDK-QSP-11/A02). 6. Sighted the organization chart which Mr Razali was appointed to handle the LEV inspection (QSP-11). 	
	<p>Assessment Conclusion An Major NC closure onsite assessment has been conducted to verify and confirm that the issue has been fully addressed. The Major NC was closed on 15/6/2017.</p>	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1462604-201704-M2	<p>Requirements Indicator 6.3.1 The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p>	Major
	<p>Evidence of Nonconformity There is no procedures that provides a way for workers to report a grievance against a higher managerial level. As per the current procedures, the field workers do not have the channel directly to the Human Resource to report a grievance of the managerial level in an anonymity manner.</p>	
	<p>Statement of Nonconformity The mechanism or procedure to provide way for workers to report a grievance is not effectively implemented.</p>	
	<p>Corrective Actions A. Immediate Action The Human Resource Department will update the procedures and reporting flow chart that provides a way for workers to report a grievance against a higher managerial level. The new procedures and reporting flow chart, the field workers will have the channel directly to the Human Resource to report a grievance of the managerial level in an anonymity manner.</p> <p>B. Long Term Action Plan</p> <ol style="list-style-type: none"> 1. The Human resource department will organise training on the new updated procedure and reporting flow chart to all employees. 2. Human Resource Department will monitor the employee awareness and understanding of the grievance reporting procedure. 3. Human Resource Department will review the grievance reporting procedures. 	
	<p>The CAP and evidence has been submitted on 7/5/2017. However, an on-site visit was carried out on 15/6/2017 for major closure. Evidence submitted verified and onsite verification updates:</p> <ol style="list-style-type: none"> 1. The Human resource department had organise training of the new updated procedure and reporting flow chart to all employees on 14/6/17 (HREP Department), 13/6/17 (Bode Estate, Sapagaya Estate, Bukit Sekong estate, Masang Estate), 10/6/17 (Kretam Mill) and 9/6/17 (HR & Sustainability Department). 2. Through interview with the estate workers, mill operators and clerk, noted that they understand on how to report the complaint and grievance to the management. 3. Human Resource Department had review the grievance reporting procedures and add the necessary requirement from time to time. Refer to KHB-HR-P05: Complaint & Grievance Procedure, Rev:01 dated 1/7/2017 	
<p>Assessment Conclusion An Major NC closure onsite assessment has been conducted to verify and confirm that the issue has been fully addressed. The Major NC was closed on 15/6/2017.</p>		

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1462604-201704-N1	Requirements Indicator 4.1.2 A mechanism to check consistent implementation of procedures shall be in place.	Minor
	Evidence of Nonconformity Routine vaccination for buffaloes was not conducted at Sapagaya Estate (54 heads).	
	Statement of Nonconformity Kretam Holdings Berhad-Planting Manual (harvesting/buffalo assisted collection) was established, however there is no evidence to show that the management conducted the routine vaccination.	
	Corrective Actions A) Immediate Action The company will get advices and services from the Veterinary Department or qualified Vets consultant regarding the vaccination of the buffaloes in the estates by May 2017. B) Long Term Action Plan <ol style="list-style-type: none"> 1. The Veterinary Department and appointed Vets Consultant to consult the livestock health and treatments in the estates. 2. HREP Department will monitor the livestock treatment and vaccination as per required. 3. The estates will record all treatment and vaccination done to the livestock from time to time. 4. The company will organise training of "livestock management" for the estate staffs from time to time. 	
	Assessment Conclusion Accepted on 7/5/17, the effectiveness of the corrective action will be verified during the next assessment.	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1462604-201704-N2	Requirements Indicator 4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.	Minor
	Evidence of Nonconformity During site interview at Sapagaya estate and Bukit Sekong Estate, found that the workers need to buy safety boots/safety shoes by their own money. According to the OSHA 1994 and FMA 1967, the employer shall provide approved PPE to the employee.	
	Statement of Nonconformity The PPE (safety shoes/safety boots) for workers was not provided adequately.	

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	<p>Corrective Actions</p> <p>A) Immediate Action The company will provide safety shoes or suitable shoes that preferred by the harvesters in Sapagaya estate, Bukit Sekong Estate and all estates, to comply with the OSHA 1994 and FMA 1967, the employer shall provide approved PPE to the employee. This is will be fully implemented by 1st July 2017.</p> <p>B) Long Term Action Plan</p> <ol style="list-style-type: none"> 1. All estates will organise training on important using of PPE to all harvesters and other employees. 2. All estates will monitor the PPE implementation to the employee. 3. All estates will do PPE usage audit to the harvesters, sprayers, manurer and other related job by quarterly. TSHO will do spot check audit on PPE usage twice a year. 4. The company will check the type of shoe that can meet with the harvester's requirement and also for safety. 	
	<p>Assessment Conclusion Accepted on 7/5/17, the effectiveness of the corrective action will be verified during the next assessment.</p>	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1462604-201704-N3	<p>Requirements Indicator 4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.</p> <p>Evidence of Nonconformity The record of accident (JKKP 8) that submitted to DOSH was not captured 5 cases of an occupational disease at Kretam Mill. a. 690909-12-5675 b. 790203-12-5807 c. 690909-12-5675 d. 790203-12-5807 e. AM321208</p> <p>Statement of Nonconformity The record of accident (JKKP 8) was not reviewed adequately.</p> <p>Corrective Actions</p> <p>A. Immediate Action Audiometric test/program and medical surveillance report will be discuss in every safety committee meeting.</p> <p>B. Long Term Action Plan</p> <ol style="list-style-type: none"> 1. Mill personnel will nominate for external training to enhance knowledge and competency (Hearing Loss Prevention and Audiometric Testing (HLPAP) and Preparation and filling of NADOPOD) 	Minor

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	<p>2. Mr. Fredrict Matiu, safety coordinator will be trained and in-charge preparation of NADOPOD filling. (JKKP6, JKPP7 & JKPP8)</p>	
	<p>Assessment Conclusion Accepted on 8/5/17, the effectiveness of the corrective action will be verified during the next assessment.</p>	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
<p>1462604-201704-N4</p>	<p>Requirements Indicator 5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented</p> <p>Evidence of Nonconformity Sepagaya Estate i) Procedure, Waste Disposal; KHB/G/SOP-08 rev:2 dated 4/10/16 was not in compliance with Scheduled Waste Regulations 2005. Scheduled waste will be sent to Kretam Mill for disposal and collected by DOE licensed contractor. No information on the approval required prior to the transport arrangement to other collection area. ii) Waste disposal plan for empty chemical container is based on the procedure, KHB/G/SOP-18 rev:2 dated 4/4/16. Based on the procedure, triple rinsed and punched empty chemical container will be disposed by land filling method and not as per national programme on recycling of used HDPE pesticide container.</p> <p>Statement of Nonconformity A waste management and disposal plan was not comprehensive documented and implemented.</p> <p>Corrective Actions Immediate Action Sepagaya Estate 1.1) Procedure, Waste Disposal; KHB/G/SOP-08 had been reviewed and updated accordingly following the compliance requirement with Scheduled Waste Regulations 2005. 1.2) All 4 estates will register to DOE by using ESWIS as an additional location storing of Kretam Mill by 1st May 2017. All Scheduled waste generated from estates will be kept in the individual estate's store and to be collected by appointed DOE licensed contractor. No more Schedule waste transported to collection area in Kretam Mill by estate or mill but collected by appointed DOE licenced Contractor direct from each estates schedule waste store. ii) Waste disposal plan for empty chemical container is based on the procedure, KHB/G/SOP-18 rev:2 dated 4/4/1 have been reviewed and updated. Based on the updated procedure, triple rinsed and punched empty chemical container will be dispose through a national programme on recycling of used HDPE pesticide container through DOA licenced contractor. The assigned contractor to do recycling of HDPE chemical containers is; NewGates Industries (Borneo) Sdn Bhd, 31, Lorong Hiltop 2, Casa Fabulosa, 88200 Kota Kinabalu, Sabah. The NewGates will come to collect the empty containers from Kretam Plantation estates by 02/05/2017 and will be come for collecting the recyclable items in quarterly basis.</p>	<p>Minor</p>

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	<p>Long Term Action Plan 1) HREPD will organise training on recycling items for all estates and mill personnel. 2) The estates to monitor the recycling implementation and records. 3) All estates will do recycling audit to the recyclable items from time to time.</p>	
	<p>Assessment Conclusion Accepted on 7/5/17, the effectiveness of the corrective action will be verified during the next assessment.</p>	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1462604-201704-N5	<p>Requirements Indicator 5.2.4 Where a management plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. </p> <p>Evidence of Nonconformity Bukit Sekong Estate Buffer zone and riparian reserve for monitoring was carried out on quarterly basis. Last monitoring was done on 15/1/17. Based on biodiversity and HCV area report dated 24/7/15, monitoring plan has to be carried out on weekly and monthly basis.</p> <p>Statement of Nonconformity On-going monitoring of management plan was not effectively was not effectively implemented.</p> <p>Corrective Actions Immediate Action New format of monitoring forms for Buffer zone and Riparian Reserve as per Biodiversity and HCV area monitoring plan has been prepared for monitoring on weekly and monthly basis. The new format of monitoring form will be implemented by 1st May 2017.</p> <p>Long Term Action Plan 1) HREP Department will organise training on new format of "Buffer zone and Riparian Reserve Monitoring Plan and Forms" to the estates personnel. 2) The estates will monitor the new Format of "Buffer zone and Riparian Reserve Monitoring" implementation. 3) The Assistant Manager Environment Protection will do auditing and consultation on monitoring implementation from time to time.</p> <p>Assessment Conclusion Accepted on 7/5/17, the effectiveness of the corrective action will be verified during the next assessment.</p>	Minor

Non-Conformity		
NCR #	Description	Category (Major / Minor)

<p>1462604- 201704- N6</p>	<p>Requirements Indicator 6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.</p>	<p>Minor</p>
	<p>Evidence of Nonconformity 1. The list of the stakeholders maintained by the certification unit was not up to date. During the assessment preparation, the assessment team had contacted several stakeholders. However there are phone numbers provided by in the list were not contactable. 2. The Stakeholder list did not include other significant stakeholders which would affect the operations of the company (e.g. Environmental Protection Department and Jabatan Pertanian).</p>	
	<p>Statement of Nonconformity The stakeholders list are not reviewed effectively.</p>	
	<p>Corrective Actions Immediate Action 1. The list of the stakeholders maintained by the certification unit will be updated twice a year; first in February and second on July before Stakeholders Meeting. The phone numbers provided by in the list also will be update on time. 2. The Stakeholder list will be added with stakeholders which would affect the operations of the company (e.g. Environmental Protection Department, Jabatan Pertanian and Lembaga Letrik Sabah Sdn Bhd (SESB)) and other related department. All stakeholder lists will be invited during company's stakeholder meeting held in yearly basis. Long Term Action Plan 1) The certification unit will the updating the stakeholder list and contact number twice a year, however updating of contact number will be done immediately when changes detected. 2) The certification unit will add the relevant third party into the stakeholder list from time to time according to the requirement.</p>	
	<p>Assessment Conclusion Accepted on 7/5/17, the effectiveness of the corrective action will be verified during the next assessment.</p>	

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Non-Conformity		
NCR #	Description	Category (Major / Minor)
1462604-201704-N7	Requirements Indicator 6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.	Minor
	Evidence of Nonconformity As per interview with the workers at Bukit Sekong estate, there is currently no treated water supplied to the housing. During the onsite assessment it was observed that only water from rain harvesting faculties are being provided to workers to harvest rain for their consumptions. However, the contract for installment of water treatment plant has been signed and work is in progress.	
	Statement of Nonconformity No adequate water supplies are available or accessible.	
	Corrective Actions Immediate Action The contract for instalment of water treatment plant has been signed and work is in progress for installation of water Treatment Plant, Pump house and piping etc. to all labour housing. Long Term Action Plan 1) Construction of Water Catchment had been done and completed in February 2017, instalment of Water Treatment Plant are in progress 2) The estate will have treated water for all workers, staffs, executive housing and office building. 3) Kretam Mill and Milivest SB will do consultation on monitoring of water quality from time to time.	
	Assessment Conclusion Accepted on 7/5/17, the effectiveness of the corrective action will be verified during the next assessment.	

Observation	
OBS #	Description
1	Nil

Positive Findings	
PF #	Description
1	Good commitment present from management and all personnel involved were very cooperative during the assessment process
2	Interview with both male and female employees indicate understanding of their rights
3	Employees indicated positive impacts to their livelihood as mill and estates employee

Issues raised by Stakeholders	
<p>Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss Kretam Palm Oil Mill Certification Unit's environmental and social performance, legal and any known dispute issues.</p> <p>Meetings were conducted with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and later was verified with the management team. These have been incorporated into the assessment findings.</p> <p>Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.</p>	
IS #	Description
1	<p>Issues: NUPW Representative – He explained that the pay and conditions was according to Minimum Wage Order 2016. They were provided with housing and amenities such as medical assistant and transport to send children to school.</p> <p>Management Responses: The management will continue to comply with the legal requirement.</p> <p>Audit Team Findings: No further issue.</p>
2	<p>Issues: Workers' Representative – They were satisfied with the management and informed that the management treated them equally without any discrimination based on nationality.</p> <p>Management Responses: The management acknowledged and will continue to treat all the workers without prejudice and discrimination.</p> <p>Audit Team Findings: No other issue.</p>
3	<p>Issues: Workshop Station: Worker well aware the emergency procedures such as first aid box and contacts number. In the workshop, oil trap was used to prevent any pollution. Periodic cleaning and inspection to ensure no contamination of diesel or lubricant oil.</p> <p>Management Responses: Management will continue maintain the good practice in the workshop.</p> <p>Audit Team Findings: No further comments.</p>
4	<p>Issues: Villager heads: As to date the leaders are satisfied with Kertam's stakeholder engagement. As an example, the stakeholders have been socialized with regards to the Biogas plant installation. The leaders would like Kretam to continue to employ the workers from the villages when there is any vacancy.</p> <p>Management Responses: Management will continue maintain the good stakeholder relationship and will continue to hire locals for suitable job vacancy.</p> <p>Audit Team Findings:</p>

No further comments.

3.3.1 Status of Nonconformities Previously Identified and Observations

Non-Conformity		
NCR #	Description	Category (Major / Minor)
Nonconformity Number <1>	<p>Requirements: Indicator 4.8.2 Records of training for each employee shall be maintained</p>	Minor
	<p>Evidence of Nonconformity: 1. During the onsite inspection at the water treatment in Sapagaya estate, the operator has received training in performing the task. However, the training record was not available. 2. Training on the emergency procedure was conducted for the office staff of Masang estate however, the records were not available.</p>	
	<p>Statement of Nonconformity:</p>	
	<p>Corrective Action: The records of training were maintained at estates and mill office. Sighted the training records as follow: A. Kretam Mill 1. Briefing on RSPO conducted on 8/4/17 2. Training on recycle conducted on 15/2/17 3. Briefing on procedure and policies to FFB supplier conducted on 8/7/16 4. Training on CPO handling for transporter conducted on 5/7/16 5. Training on process (SOP) conducted on 9/8/16 6. Training for Lab operator conducted on 28/11/16 7. Training on emergency procedure conducted on 28/2/17 B. Sapagaya Estate 1. Training on chemical hazard conducted on 11/4/17 2. Training on zero burning conducted on 18/1/17 3. Training on PPE for manuring activity conducted on 21/3/17 4. Training on spraying activity conducted on 20/3/17 5. Training on first aid conducted on 20/3/17 6. Training on buffer zone conducted on 6/3/17 7. Training on waste disposal conducted on 8/3/17 8. Training on harvesting aactivity conducted on 8/3/17 9. Training on emergency procedure conducted on 8/4/17 C. Bukit Sekong Estate 1. Training on chemical handling conducted on 15/2/17 2. Training on manuring conducted on 2/1/17 3. Training on spraying activity conducted on 10/1/17 4. Training on harvesting activity conducted on 31/3/17 5. Training on rat baiting conducted on 28/2/17</p>	
	<p>Assessment Conclusion: All the records of training were maintained accordingly, thus the Minor NC was closed on 21/4/17.</p>	

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Observation	
OBS #	Description
Nil	



3.3.2 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
Nonconformity Number <1> - 4.8.2	Minor	24/3/2016	Closed on 21/4/17
1462604-201704-M1	Major	21/4/2017	Closed on 15/6/17
1462604-201704-M2	Major	21/4/2017	Closed on 15/6/17
1462604-201704-N1	Minor	21/4/2017	"Open"
1462604-201704-N2	Minor	21/4/2017	"Open"
1462604-201704-N3	Minor	21/4/2017	"Open"
1462604-201704-N4	Minor	21/4/2017	"Open"
1462604-201704-N5	Minor	21/4/2017	"Open"
1462604-201704-N6	Minor	21/4/2017	"Open"
1462604-201704-N7	Minor	21/4/2017	"Open"

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Assessment Conclusion and Recommendation:

Based on the findings during the assessment Kretam Palm Oil Mill Certification Unit and supply base complies with the RSPO P&C 2013 (MY-NI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) for CPO Mill. It is recommended that the certification of Kretam Palm Oil Mill Certification Unit is approved and continued.

Acknowledgement of Assessment Findings	Report Prepared by
Name: Mr Subhas Datta	Name: Mr Mohd Hafiz Mat Hussain
Company name: Kretam Holdings Berhad Syarikat Kretam Mill Sdn Bhd Kretam Palm Oil Mill	Company name: BSI Services Malaysia Sdn Bhd
Title: Sr Estate Manager	Title: Lead Auditor
Signature:  Date: 22/8/17.	Signature:  Date:16th August 2017

Appendix A: Summary of Findings

Criterion / Indicator		Assessment Findings	Compliance
Principle 1: Commitment to Transparency			
Criterion 1.1:			
Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.			
1.1.1	There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. - Minor compliance -	Adequate information covering on environmental, social and legal issues which are relevant to RSPO Criteria and relevant to stakeholders is shared for effective participation and decision making. Requests for information from the Regulatory Department such as DOE, DOSH, MPOB or buyers during compliance visit were attended. Workers normally request for house repairing which are attended promptly. Besides, Kretam Holdings Berhad also published annual report 2015 which incorporating upstream and downstream information.	Complied
1.1.2	Records of requests for information and responses shall be maintained. -Major compliance	KHB has continued to implemented Information Procedure dated KHB-HR-07 rev no. 0 dated 01/06/2015 that states the time frame for response to request of information. DOSH visit conducted on 3/3/2017. There is no NOI or NOP raised during this visit. Only comments were raised regarding the machineries.	Complied
Criterion 1.2:			
Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.			
1.2.1	Publicly available documents shall include, but are not necessary limited to: • Land titles/user rights (Criterion 2.2); • Occupational health and safety plans (Criterion 4.7); • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); • HCV documentation (Criteria 5.2 and 7.3); • Pollution prevention and reduction plans (Criterion 5.6); • Details of complaints and grievances (Criterion 6.3); • Negotiation procedures (Criterion 6.4); • Continual improvement plans (Criterion 8.1); • Public summary of certification assessment report; • Human Rights Policy (Criterion 6.13). - Major compliance –	There was no restriction noted as to the documents made available to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. Syarikat Kretam Mill Sdn Bhd continued to use the internet for disseminating public information. Information relating to land titles, safety and health plans, pollution prevention plans was made available at all operating units. Procedure for complaints and grievances were available through Syarikat Kretam Mill Sdn Bhd website: http://www.kretam.com Among the documents that were made available for viewing are: • Complaint and Grievances procedure. • sexual harassment reporting procedure • information procedure • Consultation & communication procedure Besides the above document, Syarikat Kretam Mill Sdn Bhd policy on the followings are also available at the same website: 1. Social 2. Occupational Safety & Health 3. Environment & Biodiversity 4. Human Right 5. Sustainability 6. Confidentiality In addition to the website, the policies were also displayed	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
	at various locations including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view.		
Criteria 1.3: Growers and millers commit to ethical conduct in all business operations and transactions.			
1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. -Minor compliance	The Code of Conduct and Human Rights Policy has been established. The latest revision of this policy is dated 03 January 2017. The policy is available in English and the local language (Bahasa Malaysia). The policy had included the following: <ul style="list-style-type: none"> a. Respect and protect the fundamental human rights, as stated in the Universal Declaration of Human Rights of the United Nation, as well as the dignity of the individual workers in all levels of operation including contracted third parties. b. Respect the rights of local and indigenous people and implement FPIC c. Promote healthy, safety and harmonious working environment. d. Provide fair and equal employment opportunities for all employees. e. Provide training and development to employee to enhance their potential. f. Respect the rights of freedom of associations. g. Prohibit all form of corruption, bribery and fraudulent use of funds and resources. h. Provide-proper disclosure of information in accordance with applicable regulations. i. Protect the confidentiality of Company’s and our associates’ information to safeguard against unauthorized disclosure of important information that is not in the nest interested of the company. j. Comply with all relevant laws and regulation concern to labour and human rights. The policy is communicated to through daily briefing, awareness training, morning muster and published at notice board within the vicinity of the operating units.	Complied
Principle 2: Compliance with applicable laws and regulations			
Criterion 2.1: There is compliance with all applicable local, national and ratified international laws and regulations.			
2.1.1	Evidence of compliance with relevant legal requirements shall be available. - Major compliance -	Kretam Holding Berhad (KHB) had continued to comply with legal requirements as per indicator. Compliance to each applicable law and regulation is monitored by the operating units and sustainability team. KHB has obtained and renewed license and permits as required by the law. Sample of licenses or permit checked: <u>Kretam Mill</u> <u>Competent person</u> i) Steam engineer – 057/2009 (1 st grade)	Major nonconformance

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Criterion / Indicator	Assessment Findings	Compliance
	<p>ii) Engine driver and ICE driver – 1st grade (SB/12EIS/01/27) and SB/13/EIP/01/7 (1st grade)</p> <p>ii) AGT/AESP – NW-NSDK-AGT-R-0057-M valid until 31/3/18 AESP- NW-NSDK-AE-R-0694-M valid until 25/10/18</p> <p>iii) Electrical Chargeman and wireman – PJ-T-4-H-0134-1997 valid until 15/1/18, PJ-T-1-B-0631-2008 valid until 15/1/18</p> <p>iv) CePPOME and CePsWaM – Mill engineer attending the CePsWaM training (17-21/4/17), CePPOME (Mill manager will attend the training in August 2017)</p> <p><u>License and permit</u></p> <p>i) DOE compliance schedule#, JPKKS/12/003434 validity period (1/7/16 -30/6/17). BOD limit 20 mg/l. Disposal method is land irrigation. Design processing capacity is 60 mt/hr.</p> <p>ii) Certificate of fitness (CF) for steam boiler (SB) and unfired pressure vessel (UPV)</p> <p>Steam boiler: SB PMD 2324 – inspection completed in 3/3/17. Waiting for the new CF.</p> <p>Sterilizer: SB PMT11011 valid until 4/3/18, SB PMT 11012 SB valid until 4/3/18</p> <p>Back Pressure Receiver: PMT 36519 valid until 4/7/17</p> <p>iii) Energy Commission license, serial no. 17633, license# 2016/01786 for 3540 kW valid until 23/10/17.</p> <p>iv) MPOB license, 500066404000 valid until 30/11/17</p> <p>v) Permit to employ non-resident workers, under Section 118, Labour Ordinance (Sabah Cap 67), license no. JTK.H.KBN.600-4/1/1/10401/0536 valid until 21/4/18.</p> <p>vi) Deduction Permit under Section 113(4), Labour Ordinance (Sabah Cap 67)</p> <ul style="list-style-type: none"> - License serial no. 11(0961)SDK valid until 7/2/18 for (transport document processing fees, sundry shop deduction, motorcycle loan) - License serial no. 11(0960)SDK valid until 7/2/18 (advance payment for levy deduction for non-resident workers) <p><u>Sepagaya Estate</u></p> <p>i) MPOB licence 509407302000 for sales and transporting FFB for Syarikat Kretam Plantations Sdn Bhd, Sepagaya Estate valid until 30/11/17.</p> <p>ii) Permit to buy diesel and petrol, serial# S004478, ref# PPDNKK.SDK.24/2014(SKK); diesel-18,200 litre per month, petrol-1,000 litre per month.</p> <p>iii) Energy Commission license, serial no. 16992 license# 2016/01418 for 108.8 kW valid until 4/9/17.</p>	

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Criterion / Indicator	Assessment Findings	Compliance
	<p>iv) Permit to employ non-resident workers, under Section 118, Labour Ordinance (Sabah Cap 67), license no. JTK.H.SDK.600-4/1/1/012261/0532 valid until 21/4/18.</p> <p><u>Bukit Sekong</u></p> <p>i. Approved Environment Conditions (AEC) @ “<i>Syarat-Syarat Alam Sekitar (Seksyen 12(5) dan 20, Enakmen Perlindungan Alam Sekitar 2002</i>”, ref: JPAS/PP/06/600-1/11/1/162 dated 25/2/13 for replanting project of Oil Palm Plantation at Bukit Sekong Estate, District of Kinabatangan, Sabah for total 808.91 ha.</p> <p><u>Sepagaya Estate</u></p> <p>i. No evidence of 2nd schedule @ notification submitted to DOE as to date.</p> <p>ii. No records of 5th scheduled @ inventory updated for contaminated sand, SW 408.</p> <p>iii. 1 black bin containing contaminated soil stored at the schedule waste store. No labelling and date of first generation on the container. iv) Scheduled waste was transported to Kretam Mill for centralized disposal without any approval from DOE. 1060 liter used oil @ drums and 240 kg of oil filter was transported using estate own vehicle to Kretam mill using government road. Verified the delivery note# E5285 dated 13/3/17 for the said activity.</p> <p><u>Bukit Sekong Estate</u></p> <p>i. No approval granted from DOE for the movement/transport of schedule waste to Kretam Mill. Refer to DO# 1595 for 400 liter of used hydraulic oil dated 14/3/17.</p> <p><u>Kretam Mill</u></p> <p>The mill management did not conduct testing of the local exhaust ventilation system every twelve (12) months by registered hygiene technician in view of complying with the regulation 17 of USECHH Regulation 2000.</p> <p>Thus, Major NCR was raised.</p>	
2.1.2	<p>A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance -</p>	<p>Documented system which includes written information on legal requirements was maintained via document named Related Laws, Regulations and Guidelines rev:1 dated 23/7/16. Minimum Wages Order 2016 has been updated and incorporated in the list.</p> <p>Complied</p>
2.1.3	<p>A mechanism for ensuring compliance shall be implemented. - Minor compliance -</p>	<p>Mechanism for ensuring compliance was implemented based on SOP, Mechanism of Implementation of Legal Requirements and System for Tracking Changes in the Law, KHB/G/SOP-36, rev:1 dated 4/10/16.</p> <p>Monthly evaluation of compliance was discussed during department head meeting, dated 18/3/17. Register of license and permit has been monitored; refer to Appendix 2 dated 11/4/17. As to date, there was no expiry of license based on the above evaluation date</p> <p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance																																	
2.1.4	A system for tracking any changes in the law shall be implemented. - Minor compliance -	System for tracking any changes was continuously implemented. The changes are normally from news release, law change by government published material and circular from relevant government agencies and information from within management unit. RSPO team will follow up with the changes and cascaded down to the management unit for implementation.	Complied																																
Criterion 2.2: The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.																																			
2.2.1	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land was made available at visited operating units. <u>Sepagaya Estate</u> 3 land titles under Syarikat Kretam Ladang Sdn Bhd subsidiary of KHB Group checked as per below table: <table border="1" data-bbox="660 927 1294 1431"> <thead> <tr> <th>Land title no.</th> <th>Land use type</th> <th>Land tenure</th> <th>Title area</th> </tr> </thead> <tbody> <tr> <td>CL075380004</td> <td>Cultivation of oil palm and cocoa</td> <td>01/01/1980 to 31/12/2078 (98 years)</td> <td>2,025.86 ha</td> </tr> <tr> <td>CL095384217</td> <td>Cultivation of oil palm and crop of economic value</td> <td>01/01/1982 to 31/12/2041 (59 years)</td> <td>14.22 ha</td> </tr> <tr> <td>CL075383596</td> <td>Cultivation of cocoa or/ and oil palm</td> <td>01/01/1980 to 31/12/2078 (98 years)</td> <td>1,009.69 ha</td> </tr> </tbody> </table> <u>Bukit Sekong</u> 4 land titles under Abedon Sdn Bhd subsidiary of KHB Group checked: <table border="1" data-bbox="660 1594 1294 2018"> <thead> <tr> <th>Land title no.</th> <th>Land use type</th> <th>Land tenure</th> <th>Title area</th> </tr> </thead> <tbody> <tr> <td>CL095314597</td> <td>Cultivation of oil palm</td> <td>01/01/1986 to 31/12/2084 (99 years)</td> <td>202.70 ha</td> </tr> <tr> <td>CL095324584</td> <td>Cultivation of oil palm</td> <td>01/01/1986 to 31/12/2084 (99 years)</td> <td>200.7 ha</td> </tr> <tr> <td>CL095316082</td> <td>Cultivation of an agricultural</td> <td>01/01/1986 to</td> <td>402 ha</td> </tr> </tbody> </table>	Land title no.	Land use type	Land tenure	Title area	CL075380004	Cultivation of oil palm and cocoa	01/01/1980 to 31/12/2078 (98 years)	2,025.86 ha	CL095384217	Cultivation of oil palm and crop of economic value	01/01/1982 to 31/12/2041 (59 years)	14.22 ha	CL075383596	Cultivation of cocoa or/ and oil palm	01/01/1980 to 31/12/2078 (98 years)	1,009.69 ha	Land title no.	Land use type	Land tenure	Title area	CL095314597	Cultivation of oil palm	01/01/1986 to 31/12/2084 (99 years)	202.70 ha	CL095324584	Cultivation of oil palm	01/01/1986 to 31/12/2084 (99 years)	200.7 ha	CL095316082	Cultivation of an agricultural	01/01/1986 to	402 ha	Complied
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Criterion / Indicator		Assessment Findings				Compliance
			crop of economic value	31/12/2084 (99 years)		
		CL095319029	Cultivation of an agricultural crop of economic value	01/01/1991 to 31/12/2089 (89 years)	47.93 ha	
2.2.2	Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance -	Legal boundaries were clearly demarcated and visibly maintained within the estates. Verified during site visit at Sepagaya Estate, block 08SE5 the boundary peg/marker was clearly demarcated and visible bordering with Ngan Plantation. No evidence of encroachment on both sides the boundary area was left untouched.				Complied
2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance -	<p>All lands that is developed by KHB are leased land from the State Government. The lands were leased since the 1980s. Through interviewing the stakeholders and KHB land officer, there were no traces of land dispute on land.</p> <p>The leasing agreements are available at onsite. The assessment team had sighted samples of the land lease agreements. The land lease agreements included the basic land size and demarcation. Example of land lease agreement sighted:</p> <ul style="list-style-type: none"> a. Title number 075380004 dated 02/04/1980 b. Lease number 10937 dated 02/05/1986 <p>As the lands are leased, KHB will be paying the leasing fee to the State Government and the amount is as stated in the leasing agreement/title.</p>				Complied
2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. -Major compliance	<p>There were no land conflict issues observed during stakeholders consultation meeting. In case of any land conflict, the Land Conflict Resolution Procedure dated 16/02/2016 stated the procedure to resolve and Land conflict.</p> <p>If there any conflict and resolutions, it will be captured in the Complaints & Grievance Register.</p>				Complied
2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). -Minor compliance	At the point of assessment there was no land conflict. However, in the land lease agreements, the basic map and demarcation is included.				Complied
2.2.6	To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. -Major compliance	KHB does not instigate violence. KHB in its' Social Policy had stated the Prohibit of Domestic Violence. During the stakeholder interview with the villagers, it was found that no instigated violence had occurred.				Complied
Criterion 2.3:						

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Criterion / Indicator		Assessment Findings	Compliance
Use of the land for oil palm does not diminish the legal rights, customary or user right of other users without their free, prior and informed consent.			
2.3.1	<p>Maps of an appropriate scale showing the extent of recognized legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).</p> <p>- Major compliance -</p>	<p>The Stakeholder Engagement/Negotiation Procedure dated 04/10/2016 had documented the procedure on Land management and KHB had adopted the FPIC Guidance procedure of RSPO as the SOP to manage any land use for oil palm which may have customary or user rights of other users.</p> <p>All lands that are being occupied by KHB are lease/sub-lease land. As there is no acquisition of land, no FPIC is involved. All sub-leased are registered with Sabah state land authority for land usage.</p> <p>Maps are available at Land Office with scale of 1:10,000 to 1:50,000 depending on the land area/size. The maps produced by land owners and approved by state land authority.</p> <p>State leased lands are obtained directly from land authority and sub- leased lands directly with land owners with no reference to SIA and HCV assessment since the lands were obtained and planted before 2005. The development of the oil palm started since 1980s.</p> <p>At the point of the assessment and reference to the land statement, there is no new development observed.</p>	Complied
2.3.2	<p>Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <p>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities’ decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company’s title, concession or lease on the land.</p> <p>- Minor compliance -</p>	<p>The copies of leased/sub-leased land and negotiated agreement are available at the Sandakan Region Plantation office. There were no evidences observed that there are any withhold consent for development. The assessment team had interviewed the nearby villager to confirm that there were no such withholding for development.</p> <p>KHB had leased land through sub-leasing. These sub leasing lands were already previously planted with palm oil. The leasing agreements of these lands had demonstrated that KHB has been given consent by the land owners to harvest and manage the planted oil palm.</p> <p>With both the land owner and KHB had entered into a leasing agreement, this shows that there is a binding agreement between both parties.</p>	Complied
2.3.3	<p>All relevant information shall be available in appropriate forms and languages, including assessments of</p>	<p>As there is no acquisition of land, there is no FPIC. However, all lease/sub-lease agreement is available in English. Any</p>	Complied

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Criterion / Indicator	Assessment Findings	Compliance
	impacts, proposed benefit sharing, and legal arrangements. -Minor compliance	leasing or sub-leasing is endorsed by the State Land Authority.
2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. -Major compliance	The negotiation of leasing is directly between KHB and State Government while sub-leasing is between KHB and land owner. There is no community involved.
Principle 3: Commitment to long-term economic and financial viability		
Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.		
3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. - Major compliance -	Kretam Mill and supply bases have established and implemented its commitment to long term sustainability and improvements through a capital expenditure programme. Budget and Long term plan & financial projection plan (projections 2016- 2022) was verified during the audit. Kretam Mill and supply bases have made progress towards achieving their performance production targets for the current financial year. Sighted Capex year 2017 for Kretam Mill and supply bases that sampled: <ol style="list-style-type: none"> 1. Boiler scrubber 2. Boiler biogas burner 3. To renew boiler no. 2 4. HV cable to effluent ponds 5. Water Pump House at Sapagaya Estate 6. Multi-purpose court at Sapagaya Estate 7. FFB ramp (1 units) at Sapagaya Estate 8. Fertilizer store roofing and floor (upgrading) at Bukit Sekong Estate 9. John Deer Genset (1 unit) at Bukit Sekong Estate
3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. - Minor compliance -	The replanting programme was established. However, at Sapagaya Estate, there is no replanting was plan until 2022. At Bukit Sekong Estate, the replanting will be carried only in 2017 (213.59 Ha). Sighted Replanting Programme 2017-2022 which was approved by Chief Plantation officer, dated 4/1/2017.
Principle 4: Use of appropriate best practices by growers and millers		
Criterion 4.1: Operating procedures are appropriately documented, consistently implemented and monitored.		
4.1.1	Standard Operating Procedures (SOPs) for estates and mills are documented - Major compliance -	KHB Sandakan region and mill has established and implemented palm oil mill operation SOPs and Planting Manual with supporting SOPs for the estates. Quality Manual (SKM/SDK-QM-01), Processing of FFB Procedure (SKM/SDK-QSP-15), Handling of CPO & PK final despatch procedure (SKM/SDK-QSP-18), Safety & Health procedure (SKM/SDK-QSP-26), Revenue budget and Capex procedure (SKM/SDK-QSP-27), Chemical Handling procedure (KHB/G/SOP-13), Waste disposal procedure (SKM/SDK-RSPO-04), Recycle Program (SKM/SDK-RSPO-03), Operational Manual for Palm oil mill effluent polishing plant, Safety and Health SOPs (File 013b)-Harvester (KHB/SOP-26/S&H-04), Sprayer (KHB/SOP-26/S&H-09),

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Criterion / Indicator		Assessment Findings	Compliance
		Fertilizing using machinery or manual (KHB/SOP-26/S&H-11) and Kretam Holdings Berhad-Planting Manual including nursery practices, weed control, manuring, harvesting/buffalo assisted collection, frond pruning, leaf sampling, rat control etc.	
4.1.2	A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance -	The mechanism to check consistent implementation for all the activities carried out in the estate/mill was through: <u>Kretam Mill:</u> The internal audit was conducted by Estate personnel on 17/3/2017 to cover all the indicators of RSPO. <u>Bukit Sekong Estate</u> The internal audit was conducted by HREPD for Sandakan Region on 30/1/2017 to cover all the indicators of RSPO. <u>Sapagaya Estate</u> The internal audit was conducted by Admin supervisor for Sandakan Region on 28/3/2017 to cover all the indicators of RSPO. Kretam Holdings Berhad-Planting Manual (harvesting/buffalo assisted collection) was established, however there is no evidence to show that the management conducted the routine vaccination.	Minor nonconformance
4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance -	Records of monitoring were available and maintained accordingly. <u>Kretam Mill:</u> The internal audit was conducted by Estate personnel on 17/3/2017 to cover all the indicators of RSPO. <u>Bukit Sekong Estate</u> The internal audit was conducted by HREPD for Sandakan Region on 30/1/2017 to cover all the indicators of RSPO. <u>Sapagaya Estate</u> The internal audit was conducted by Admin supervisor for Sandakan Region on 28/3/2017 to cover all the indicators of RSPO.	Complied
4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	Kretam Mill has established and implemented SOP Handling of Incoming Material / Product SKM-SDK-QSP-14 Rev 4 dated 01/02/2016. There were 3 rd party source FFB received at Kretam Mill but starting from August 2016 all diverted to Abedon Mill under KHB Group.	Complied
Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.			
4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance -	Sapagaya Estate practices good agricultural practices as contained in their SOPs (Kretam Holdings Manual-Planting Manual and Standard Operating Procedure:Soil Fertility Monitoring-KHB/G/SOP-39). They are followed to manage the soil fertility to levels ensuring optimal and sustainable yields.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
	<p>One of the SOP procedures, KHB/G/SOP-39: Soil Fertility Monitoring, dated: 4/10/16 is referred for managing soil fertility. It includes on the requirement for soil sampling test and leaf sampling analysis. The frequency for soil sampling test should be done once in a 8 years while for leaf sampling analysis should be done once a year.</p>	
<p>4.2.2 Records of fertiliser inputs shall be maintained. - Minor compliance -</p>	<p>Fertilizers are applied as per agronomist recommendation. Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators.</p> <p><u>Sapagaya Estate:</u> The fertilizer recommendation 2017 was carried out accordingly by Appointed Plantation Adviser from Boris Agri-Services Sdn Bhd on 14th December 2016. fertilizer recommendation 2017 was sighted: 1. Compound fertilizer-2,260.6 mt 2. MOP- 170.30 mt 3. Kieserite- 9.6mt 4. Borate- 31.35 mt</p> <p>The latest application was carried out at 10SF1 (Sapagaya Estate, Div II) on 20/4/2017 for Compound (2.0kg/palm).</p> <p><u>Bukit Sekong Estate:</u> The fertilizer recommendation 2017 was carried out accordingly by Appointed Plantation Adviser from Boris Agri-Services Sdn Bhd on 4th November 2016. fertilizer recommendation 2017 was sighted: 1. Compound fertilizer-179.50 mt 2. MOP- 10.90 mt 3. Kieserite- 0.00 mt 4. Borate- 2.38 mt</p> <p>The latest application was carried out at field 2012 phase 81-2 on 6/4/17 for compound (2.0kg/palm).</p>	<p>Complied</p>
<p>4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance -</p>	<p>The estate will conduct the sampling on annual basis. Foliar analysis was conducted on July - August 2016 and the samples were sent to Central Laboratory, Borneo Samudera Sdn Bhd for tested. The foliar analysis report dated 21/9/2016 (CL/F/2016/402) at Sapagaya and dated 24/8/2016 at Bukit Sekong Estate (CL/F/2016/299) were sighted.</p> <p>Soil analysis was conducted on May 2014 by Roris Agri-Services Sdn Bhd. The soil analysis reports dated May 2014 was sighted for both estates.</p>	<p>Complied</p>
<p>4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. - Minor compliance -</p>	<p>In the manual (Kretam Holdings Berhad-Planting Manual), the nutrient strategy includes the use of Empty Fruit Bunches (EFB) distributed in the field to improve the soil structure as well as to improve the organic matter.</p> <p>For Sapagaya Estate, EFB mulching was not recommended by the Appointed Plantation Adviser from Boris Agri-Services</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance																							
	<p>Sdn Bhd, however the EFB was received for supplementary purpose.</p> <p>Records of distribution / received (receipts) are recorded in the EFB Application record.</p> <p>The last EFB was received as below:</p> <table border="1" data-bbox="660 580 1299 748"> <thead> <tr> <th>Month</th> <th>Estate</th> <th>Tonnage</th> </tr> </thead> <tbody> <tr> <td>Sept 16</td> <td>Sapagaya Estate</td> <td>13.75 mt</td> </tr> <tr> <td>Sept 16</td> <td>Bukit Sekong Estate</td> <td>192.19 mt</td> </tr> </tbody> </table>	Month	Estate	Tonnage	Sept 16	Sapagaya Estate	13.75 mt	Sept 16	Bukit Sekong Estate	192.19 mt															
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<p>Criterion 4.3: Practices minimise and control erosion and degradation of soils.</p>																									
<p>4.3.1</p> <p>Maps of any fragile soils shall be available. - Major compliance -</p>	<p>Soil series map available for both estates visited. No other soil categorised as problematic or fragile soil. Sighted the type of soil available at Sapagaya Estate and Bukit Sekong Estate.</p> <table border="1" data-bbox="660 954 1299 1167"> <thead> <tr> <th>No.</th> <th>Type of Soil</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Lungmanis</td> </tr> <tr> <td>2</td> <td>Silabakan</td> </tr> <tr> <td>3</td> <td>Rumidi</td> </tr> <tr> <td>4</td> <td>Kretam</td> </tr> <tr> <td>5</td> <td>Gomantong</td> </tr> <tr> <td>6</td> <td>Lokan</td> </tr> </tbody> </table>	No.	Type of Soil	1	Lungmanis	2	Silabakan	3	Rumidi	4	Kretam	5	Gomantong	6	Lokan	<p>Complied</p>									
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<p>4.3.2</p> <p>A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance -</p>	<p>Both estates refer to the following procedures for guidance</p> <ol style="list-style-type: none"> Soil Conservation/Terracing (KHB/G/SOP-07) Leguminous Cover Plants Planting (KHB/G/SOP-06) <p>The estate also has a file known as File 019c:Estate Soil Map where the following are identified for reference :</p> <ol style="list-style-type: none"> Soil Map Slope class map <p>Slope classes for Sapagaya Estate and Bukit Sekong was identified in the terrain mapping and analysis:</p> <table border="1" data-bbox="660 1503 1299 1805"> <thead> <tr> <th>Estate</th> <th>Slope (degree)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Sapagaya Estate</td> <td>0-4</td> <td>24.40</td> </tr> <tr> <td>5-11</td> <td>-</td> </tr> <tr> <td>12-23</td> <td>66.80</td> </tr> <tr> <td>>24</td> <td>8.60</td> </tr> <tr> <td>Water body</td> <td>0.20</td> </tr> <tr> <td rowspan="4">Bukit Sekong</td> <td>0-6</td> <td>30.25</td> </tr> <tr> <td>7-15</td> <td>49.27</td> </tr> <tr> <td>16-24</td> <td>18.57</td> </tr> <tr> <td>>25</td> <td>1.91</td> </tr> </tbody> </table>	Estate	Slope (degree)	%	Sapagaya Estate	0-4	24.40	5-11	-	12-23	66.80	>24	8.60	Water body	0.20	Bukit Sekong	0-6	30.25	7-15	49.27	16-24	18.57	>25	1.91	<p>Complied</p>
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<p>4.3.3</p> <p>A road maintenance programme shall be in place. - Minor compliance -</p>	<p>The road maintenance programme is found in the 'Road Maintenance programme 2017' file. The monthly road maintenance programme was sighted. The latest road maintenance for Sapagaya Estate was completed on March 17 (710 chains). The road maintenance programme 2017 for Sekong Estate was sighted, however the road grading will be start on May 2017.</p>	<p>Complied</p>																							

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Criterion / Indicator	Assessment Findings	Compliance																		
4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Minor compliance -	Based on the soil map, no peat found in Sapagaya Estate and Bukit Sekong Estate. Complied																		
4.3.5	Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. - Minor compliance -	Based on the soil map, no peat found in Sapagaya Estate and Bukit Sekong Estate. Complied																		
4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance -	Based on the soil map report, no other fragile and problem soils found in Sapagaya Estate and Bukit Sekong Estate. Complied																		
Criterion 4.4: Practices maintain the quality and availability of surface and ground water.																				
4.4.1	An implemented water management plan shall be in place. - Minor compliance -	The management continued to implement Water Management Plans Procedure (SKM/SDK-RSPO-02)-Kretam Mill and Water Management Plan for Sapagaya Estate (Guideliness). The plan was implemented and monitored on monthly basis by Mill Engineer and Estate Assistant Manager. Complied																		
4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. - Major compliance -	<p>Based on the upstream and downstream analysis, all the parameters have been complied with. Analysis was done once and every month and submitted to the authority on quarterly basis. The following parameters (BOD, TSS, Ammonical Nitrogen, Total Nitrogen, Oil & Grease, pH, COD, Total Suspended Solids) are checked by independent Lab, Dynakey Laboratories Sdn Bhd.</p> <p>Kretam Mill</p> <table border="1" data-bbox="660 1361 1272 1630"> <thead> <tr> <th>Month</th> <th>14/3/17 & 7/11/16</th> <th>13/10/16</th> <th>17/2/17</th> </tr> </thead> <tbody> <tr> <td>Upstream & downstream</td> <td>Within Spec</td> <td>-</td> <td>-</td> </tr> <tr> <td>Water analysis</td> <td>-</td> <td>E.coli and Total coliforms = present</td> <td>Within Spec</td> </tr> </tbody> </table> <p>For water analysis, the sampling was done against Drinking Water Quality Standard Report (MOH).The water analysis on 13/10/16 shown present of E.Coli and Total coliform. The management had investigated and the action plan was established to ensure this parameters were complied. The dosage of chlorin was increase to ensure E.Coli and Total Coliform were absent. The retest on 17/2/17 shown result was in compliance against the standard tested.</p> <table border="1" data-bbox="660 1917 1272 1975"> <thead> <tr> <th>Month</th> <th>NWQSM Standard IIB</th> <th>Drinking water analysis</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> Complied	Month	14/3/17 & 7/11/16	13/10/16	17/2/17	Upstream & downstream	Within Spec	-	-	Water analysis	-	E.coli and Total coliforms = present	Within Spec	Month	NWQSM Standard IIB	Drinking water analysis			
Month	14/3/17 & 7/11/16	13/10/16	17/2/17																	
Upstream & downstream	Within Spec	-	-																	
Water analysis	-	E.coli and Total coliforms = present	Within Spec																	
Month	NWQSM Standard IIB	Drinking water analysis																		

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Criterion / Indicator		Assessment Findings				Compliance
		Sapagaya Estate	Upstream & downstream (8/7/16) Within spec)	Reservoir – Bintang (8/7/16): recommend to increase the dosage		
		Sekong Estate	Upstream & downstream (26/9/16)	Rain harvesting		
		The training on hygiene policy was conducted at Sekong Estate on 4/3/17.				
4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6). - Minor compliance -	Based on the effluent final discharge analysis, all the parameters have been complied with. Analysis was done once and every month and submitted to the authority on quarterly basis. The following parameters (BOD, TSS, Ammonical Nitrogen, Total Nitrogen, Oil & Grease, pH, COD, Total Suspended Solids) are checked by independent Lab, Dynakey Laboratories Sdn Bhd.				Complied
		Month	14/3/17	07/2/17	6/1/17	30/12/16
		ETP Final Discharge Results *BOD limit= 20ppm	Within Spec	Within Spec	Within Spec	Within Spec
		Quarterly report to DOE has been forwarded. The following record has been reviewed and report dated: 11 th April 2017, 12 th Jan 2017, 5 th October, 2016, 11 th July 2016 (2 nd quarter), 4 th April 2016 (1 st quarter) were sighted during the audit.				
4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance -	Kretam Mill monitored its water consumption on monthly basis for the source of water supply for its mill process usage.				Complied
		Year	Domestic Water	Factory Water Ratio		
		2015	0.22 m ³	1.41 m ³		
		2016	0.20 m ³	1.46 m ³		
		2017 (todate)	0.12 m ³	1.79 m ³		
Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.						

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Criterion / Indicator		Assessment Findings	Compliance												
4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. - Major compliance -	<p>Documented IPM is found in the file 030a: IPM Control Plan. It identified the pest such as :</p> <ul style="list-style-type: none"> a. Leaf Eating Pest b. Mamalian Pest c. Ganoderma Disease d. IPM Training <table border="1"> <thead> <tr> <th></th> <th>Chain</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Beneficial Plant</td> <td>1188.70 ch</td> <td>Sapagaya Estate</td> </tr> <tr> <td>16.34 ch</td> <td>Bukit Sekong</td> </tr> </tbody> </table> <p>Rat damage monitoring on March at Sapagaya Estate, Div I at field 04SB4 was above than threshold (76.64%). The rat baiting was started on 17/3/17 (1st round) and it was completed on 15/4/17 (the acceptance below than 15%).</p> <p>Rat damage monitoring on January 2016 at Bukit Sekong Estate field 2012 phase 81/2 was above than threshold (22%). The rat baiting was started on 26/1/17 (1st round) and it was completed on 7/2/17 (the acceptance below than 15%).</p>		Chain	Estate	Beneficial Plant	1188.70 ch	Sapagaya Estate	16.34 ch	Bukit Sekong	Complied				
	Chain	Estate													
Beneficial Plant	1188.70 ch	Sapagaya Estate													
	16.34 ch	Bukit Sekong													
4.5.2	Training of those involved in IPM implementation shall be demonstrated. - Minor compliance -	<p>Training records for staff and workers on IPM implementation were available and verified to be satisfactory during on-site assessment.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>11/3/17</td> <td>IPM training (Rat)</td> <td>AM</td> <td>Sapagaya estate</td> </tr> <tr> <td>9/1/17</td> <td>IPM training (Rat)</td> <td>AM</td> <td>Bukit Sekong Estate</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Estate	11/3/17	IPM training (Rat)	AM	Sapagaya estate	9/1/17	IPM training (Rat)	AM	Bukit Sekong Estate	Complied
Date	Training Topic	Trainer	Estate												
11/3/17	IPM training (Rat)	AM	Sapagaya estate												
9/1/17	IPM training (Rat)	AM	Bukit Sekong Estate												
Criterion 4.6:															
Pesticides are used in ways that do not endanger health or the environment															
4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. - Major compliance -	The Justification of Pesticide was identified in the manual (Kretam Holdings Berhad-Planting Manual). The manual indicates the weeding methods, frequency of weeding, selective weeding, calibration and safety, safety considerations, storage, type of herbicides, and reference weedicides cocktail.	Complied												
4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	<p>List of LD50 for all chemical used in the estate was established. Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications was maintained.</p> <table border="1"> <thead> <tr> <th></th> <th>2015</th> <th>2016</th> <th>2017 (todate Mar17)</th> </tr> </thead> <tbody> <tr> <td>Sapagaya Estate</td> <td>5.50 a.i/ha</td> <td>6.21 a.i/ha</td> <td>5.66 a.i/ha</td> </tr> <tr> <td>Bukit Sekong estate</td> <td>16.13 a.i/ha</td> <td>21.03 a.i/ha</td> <td>21.42 a.i/ha</td> </tr> </tbody> </table> <p>At Bukit Sekong Estate, the active ingredients used slightly increase because of immature area.</p>		2015	2016	2017 (todate Mar17)	Sapagaya Estate	5.50 a.i/ha	6.21 a.i/ha	5.66 a.i/ha	Bukit Sekong estate	16.13 a.i/ha	21.03 a.i/ha	21.42 a.i/ha	Complied
	2015	2016	2017 (todate Mar17)												
Sapagaya Estate	5.50 a.i/ha	6.21 a.i/ha	5.66 a.i/ha												
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4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. - Major compliance -	<p>Use of pesticide is minimized and part of the IPM programme. To reduce chemical use the following is implemented in Sapagaya Estate</p> <ol style="list-style-type: none"> a. Planting of beneficial plant b. Cattle <p>Documented IPM procedure was established (Integrated Pest Management:KHB/G/SOP-33). It identified the pest such as :</p> <ol style="list-style-type: none"> a. Identification of pest, b. Implementation monitoring c. Biology control d. Pesticides use e. IPM Review f. Records g. IPM Training <p>Sighted the pesticides usage monitoring record for 2015 and 2016 was reduced.</p>	Complied																									
4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance -	<p>The procedure for Paraquat Handling (KHB/G/SOP-42) was established. The uses of paraquat in estate are limited to:</p> <ol style="list-style-type: none"> 1. Weeding in immature area 2. VOPs eradication control 3. Weeding in cattle grazing area. <p>The safe and agreed chemical premix dosage is according to the industry's best practical or according to the product recommendation. Other new required mixing dosage must have approval from Sr. Estate Manager.</p>	Complied																									
4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). - Major compliance -	<p>Training for both estates was conducted accordingly.</p> <table border="1" data-bbox="662 1335 1289 1637"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>11/4/17</td> <td>Chemical Hazard</td> <td>SA</td> <td rowspan="3">Sapagaya Estate</td> </tr> <tr> <td>20/3/17</td> <td>Store</td> <td>AM</td> </tr> <tr> <td>20/3/17</td> <td>Spraying</td> <td>Staff</td> </tr> <tr> <td>20/3/17</td> <td>First aid</td> <td>Staff</td> <td rowspan="2">Bukit Sekong Estate</td> </tr> <tr> <td>15/2/17</td> <td>Chemical handling</td> <td>Staff</td> </tr> <tr> <td>10/1/17</td> <td>Sprayer</td> <td>Staff</td> <td></td> </tr> </tbody> </table> <p>During site visit for spraying activity at Sapagaya Estate (07NB2) and Bukit Sekong Estate (field 2012 phase 81/5) found that all the sprayers understood on the hazard, how to spray and handle the chemicals, the emergency procedure and etc.</p>	Date	Training Topic	Trainer	Remarks	11/4/17	Chemical Hazard	SA	Sapagaya Estate	20/3/17	Store	AM	20/3/17	Spraying	Staff	20/3/17	First aid	Staff	Bukit Sekong Estate	15/2/17	Chemical handling	Staff	10/1/17	Sprayer	Staff		Complied
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10/1/17	Sprayer	Staff																									
4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). - Major compliance -	<p>Storage of paraquat and others chemical were according to Regulation 9 of the Pesticides Act 1974 which requiring balance of remaining solution to be kept under lock and key. During visit it was noted that all the remaining pesticides including paraquat were kept in the store and securely locked and comply with regulation.</p>	Complied																									

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4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. - Minor compliance -	The quantity of agrochemicals required for various field conditions were documented and justified in the Kretam Holdings Berhad-Planting Manual and procedure for Paraquat Handling (KHB/G/SOP-42). Complied																														
4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. - Major compliance -	No aerial spraying was carried out at both estates Complied																														
4.6.9	Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated, including provision of appropriate information materials (see Criterion 4.8). - Minor compliance -	No associated smallholders. Complied																														
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). - Minor compliance -	The waste material especially the empty containers were disposed as recycle containers. Complied																														
4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. - Major compliance -	Annual medical surveillance for sprayers and pesticide operators were demonstrated. Medical examination programme established for sprayer which conducted by Klinik Mansor Sdn Bhd (HQ/08/DOC/00/695). <table border="1" data-bbox="660 1346 1294 1704"> <thead> <tr> <th>ID No</th> <th>Date of Medical check up</th> <th>Result</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>L4452</td> <td rowspan="4">2/9/16</td> <td>Fit for work</td> <td rowspan="4">Sapagaya Estate</td> </tr> <tr> <td>L2918</td> <td>Fit for work</td> </tr> <tr> <td>L4323</td> <td>Fit for work</td> </tr> <tr> <td>L3095</td> <td>Fit for work</td> </tr> <tr> <td>1501</td> <td>3/9/16</td> <td>Fit for work</td> <td rowspan="5">Bukit Sekong Estate</td> </tr> <tr> <td>S377</td> <td>3/9/16</td> <td>Fit for work</td> </tr> <tr> <td>1645</td> <td>3/9/16</td> <td>Fit for work</td> </tr> <tr> <td>S209</td> <td>3/9/16</td> <td>Fit for work</td> </tr> <tr> <td>1757</td> <td>3/9/16</td> <td>Fit for work</td> </tr> </tbody> </table> Complied	ID No	Date of Medical check up	Result	Estate	L4452	2/9/16	Fit for work	Sapagaya Estate	L2918	Fit for work	L4323	Fit for work	L3095	Fit for work	1501	3/9/16	Fit for work	Bukit Sekong Estate	S377	3/9/16	Fit for work	1645	3/9/16	Fit for work	S209	3/9/16	Fit for work	1757	3/9/16	Fit for work
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4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance -	Urine test for pregnancy was conducted on quarterly basis by Estate dresser. <table border="1"> <thead> <tr> <th>ID No</th> <th>Date of check up</th> <th>Result UPT</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>L4452</td> <td>24/3/17</td> <td>Negative</td> <td rowspan="3">Sapagaya Estate</td> </tr> <tr> <td>L2918</td> <td>24/3/17</td> <td>Negative</td> </tr> <tr> <td>L4323</td> <td>24/3/17</td> <td>Negative</td> </tr> <tr> <td>L3095</td> <td>24/3/17</td> <td>Negative</td> <td rowspan="5">Bukit Sekong Estate</td> </tr> <tr> <td>1501</td> <td>14/10/17</td> <td>Negative</td> </tr> <tr> <td>S377</td> <td>14/10/17</td> <td>Negative</td> </tr> <tr> <td>1645</td> <td>14/10/17</td> <td>Negative</td> </tr> <tr> <td>S209</td> <td>14/10/17</td> <td>Negative</td> </tr> <tr> <td>1757</td> <td>14/10/17</td> <td>Negative</td> <td></td> </tr> </tbody> </table>	ID No	Date of check up	Result UPT	Estate	L4452	24/3/17	Negative	Sapagaya Estate	L2918	24/3/17	Negative	L4323	24/3/17	Negative	L3095	24/3/17	Negative	Bukit Sekong Estate	1501	14/10/17	Negative	S377	14/10/17	Negative	1645	14/10/17	Negative	S209	14/10/17	Negative	1757	14/10/17	Negative		Complied
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Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:																																					
4.7.1	A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. - Major compliance -	<p>Kretam Mill and supply bases were established the policy for safety and health which was signed by CEO on 3rd January 2017.</p> <p>OHS plan (Kretam Mill Training Plan) for 2017 dated 10/4/2017 has been established. The OHS plan comprises of OSH legal compliance, emergency response plan (ERP), OSH management system, risk management and safety committee activities. Sample of OSH management system activities as follows :</p> <p>a. Chemical Health Risk Assessment (CHRA) CHRA was conducted on 20/11/2012 (Kretam Mill) by DAB OH Sdn Bhd (JKKP HIE 127/171-2(298)). The action plan for 2017 was established through the recommendation from the assessor.</p> <p>CHRA was conducted on 5/8/2016 (Sapagaya Estate) by Klinik Mansor Sdn Bhd (JKKP HIE 127/171-2(289)). The action plan for 2017 was established through the recommendation from the assessor.</p> <p>CHRA was conducted on 9/4/2013 (Bukit Sekong Estate) by Klinik Mansor Sdn Bhd (JKKP HIE 127/171-2(289)). The action plan for 2017 was established through the recommendation from the assessor.</p> <p>b. Annual Audiometry Audiometric testing was conducted on 23/1/2017 by Klinik Mansor Sdn Bhd. Total workers tested 31. 8 workers were found with hearing impairment and 2 workers found with STS. The retest for those 2 workers who found with STS was plan on 23/4/2017. JKKP 7 was sent to DOSH accordingly on 23/1/2017.</p> <p>c. Medical Surveillance 28 workers were sent on 24/1/2017 for medical surveillance for those who are involved with chemical, refer to medical surveillance report by registered OHD,</p>	Complied																																		

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		<p>Klinik Mansor Sdn Bhd. (HQ/DOC/00/695). All the operators were found fit for work.</p> <p>d. Chemical Exposure Monitoring Initial CEM was conducted on 3/5/2016 by DAB OH Sdn Bhd (JKKP/HIE/127-3/1(197)). Based on CEM, particulates not otherwise classified (PNOC), hexane and respirable dust exposure level to the personnel and area were below the permissible exposure limit (PEL) listed in schedule 1 (Regulation 7), OSH (USECHH) Regulation 2000.</p> <p>e. Baseline Inspection, examination and Testing of Local Exhaust Ventilation (LEV) Systems 2016. Monthly inspection was conducted by Lab Assistant using visual inspection, latest on 18/4/17. LEV testing was conducted on 18/1/2016 by DAB OH Sdn Bhd. (JKKP HIE 127/171-3/2(206). Based on the testing, the LEV systems installed and operated meet the minimum required face velocity and ducting velocity for Fume Hood No. 1 and No. 2. Based on the recommendation by assessor, the management shall conduct testing of the local exhaust ventilation system every twelve (12) months by registered hygiene technician in view of complying with the regulation 17 of USECHH Regulation 2000.</p>															
4.7.2	<p>All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. - Major compliance -</p>	<p>Safety and Health-Hazard Identification, Risk Assessment, Risk Control (HIRARC) for Kretam Mill and supply bases were established. This was approved by Estate/Mill Manager. The latest review was done on 1/9/2016. Eg:Biogas Plant, housing, FFB ramp, engine room/power house, office, laboratory, WTP, polishing plant, decanter plant, canteen, electrical, mechanical, store, workshop, processing of FFB, weighbridge, steriliser, tipper, confined space, boiler, chemical handling, harvesting, pruning, FFB loading and collection, spraying, rat baiting, manuring, workshop, genset house and etc.</p> <p>However the HIRARC for construction of Biogas plant was not identified.</p>	Complied														
4.7.3	<p>All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. - Minor compliance -</p>	<p>Training Scheduled for 2016 and 2017 was established. Awareness and training programme had been carried out. All workers involved had been adequately trained in safe working practices. The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE. Suitable PPE has been provided to the workers based on the information in the MSDS/CSDS and CHRA assessor's recommendation.</p> <table border="1" data-bbox="660 1854 1289 2029"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>8/4/17</td> <td>Briefing on RSPO</td> <td>Exec</td> <td rowspan="3">Kretam Mill</td> </tr> <tr> <td>15/2/17</td> <td>Recycle</td> <td>Engineer</td> </tr> <tr> <td>24/1/17</td> <td>RSPO Audit</td> <td>HREPD</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Remarks	8/4/17	Briefing on RSPO	Exec	Kretam Mill	15/2/17	Recycle	Engineer	24/1/17	RSPO Audit	HREPD	Minor nonconformance
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		8/7/16	Briefing on procedure and policies to FFB supplier	Staff		
		5/7/16	CPO handling (Transporter)	Exec		
		9/8/16	Training on process (SOP)	Staff		
		28/11/16	Training for Lab Operator	Staff		
		11/4/17	Chemical Hazard	SA	Sapagaya Estate	
		18/1/17	Zero Burning	AM		
		20/3/17	Store	AM		
		21/3/17	PPE Manuring	Staff		
		20/3/17	Spraying	Staff		
		20/3/17	First aid	Staff		
		6/3/17	Buffer zone	AM		
		8/3/17	Waste disposal	AM		
		21/3/17	Water catchment (WTP)	AM		
		15/2/17	Harvesting	Staff		
		15/2/17	Chemical handling	Staff	Bukit Sekong Estate	
		2/1/17	Manuring	Staff		
		10/1/17	Sprayer	Staff		
		31/3/17	Harvesting	Staff		
		28/2/17	Rat baiting	Staff		
		3/1/17	Induction	Staff		
		<p>During site interview at Sapagaya estate and Bukit Sekong Estate, found that the workers need to buy safety boots/safety shoes by their own money. According to the OSHA 1994 and FMA 1967, the employer shall provide approved PPE to the employee. The PPE (safety shoes/safety boots) for workers was not provided adequately.</p> <p>Thus, Minor NCR was raised.</p>				

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<p>4.7.4</p> <p>The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. - Major compliance -</p>	<p>OSH Committees meeting conducted quarterly and meeting minutes includes issues raised and action taken form workplace inspection report etc. The discussion on the accident review, workplace inspection, safety improvement plan, issues from workers, training, complaints has been discussed and action to be taken. There was no major issue.</p> <p><u>Kretam Mill:</u> SHC organization chart for 2017 i) Chairman – Manager ii) Secretary – Staff (#1:22/3/17, #4: 21/12/16, #3: 24/9/16, #3: 30/6/16)</p> <p><u>Sapagaya Estate:</u> SHC organization chart for 2017 i) Chairman – Sr. Assistant In-charge ii) Secretary – Assistant Manager (#1:9/3/17, #4: 16/12/16, #3: 28/9/16, #3: 27/6/16)</p> <p><u>Bukit Sekong Estate:</u> SHC organization chart for 2017 i) Chairman – Sr. Assistant In-charge ii) Secretary – Chief clerk (#1:25/3/17, #4: 16/12/16, #3: 29/9/16, #3: 28/6/16)</p>	<p>Complied</p>
<p>4.7.5</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. - Minor compliance -</p>	<p>Fire Drill and Emergency Evacuation procedure (KHB/G/SOP-26/S&H—31), Fire extinguisher procedure (KHB/G/SOP-26/S&H—32), Earthquake procedure (KHB/G/SOP-26/S&H—33), Flood and emergency evacuation procedure (KHB/G/SOP-26/S&H—34), Accident procedure (KHB/G/SOP-26/S&H—35), and emergency plan procedure (KHB/G/SOP-26/S&H—36) have been established and communicated to employees, contractors and visitors. Fire evacuation drill and fire extinguisher training was last conducted on 28/2/2017(Kretam Mill) and 8/4/17 (Sapagaya Estate) to test the state of readiness during emergency situation. Workers trained in First Aider were present in the mill and field operations.</p> <p><u>Kretam Mill:</u> No accident occurred for 2016. JKPP 8 for 2016 was sent to DOSH on 10/1/2017.</p> <p>However, the record of accident (JKPP 8) that submitted to DOSH was not captured 5 cases of an occupational disease at Kretam Mill. a. 690909-12-5675 b. 790203-12-5807 c. 690909-12-5675 d. 790203-12-5807 e. AM321208</p> <p>Thus, the Minor NCR was raised.</p> <p><u>Sapagaya Estate:</u></p>	<p>Minor nonconformance</p>

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Criterion / Indicator	Assessment Findings	Compliance																					
	<p>There is 1 case accident occurred for 2016 with >4days MC. The investigation report was conducted by safety committee accordingly on 15/10/16. JKKP 6 was sent to DOSH accordingly on 27/02/16. JKKP 8 for 2016 was sent to DOSH on 20/1/2017.</p> <p><u>Bukit Sekong Estate:</u> There is 1 case accident occurred for 2016 with >4days MC. The investigation report was conducted by safety committee accordingly on 13/2/16. JKKP 6 was sent to DOSH accordingly on 26/10/16. JKKP 8 for 2016 was sent to DOSH on 19/1/2017.</p>																						
<p>4.7.6</p> <p>All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance -</p>	<p>Medical care is provided to all the employees. Local workers are covered under SOCSO scheme while foreign workers are covered under foreign workers compensation scheme.</p> <table border="1" data-bbox="660 920 1299 1451"> <thead> <tr> <th>Insurance</th> <th>Period</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>LONPAC INSURANCE BHD (S/17/WF00/012 711/SDK-24)</td> <td>1/4/17- 31/3/18</td> <td>Kretam Mill</td> </tr> <tr> <td>SOCSO</td> <td>Dec 16, Nov 16, Sept 16</td> <td></td> </tr> <tr> <td>LONPAC INSURANCE BHD (S/17/WF00/012 708/SDK-27)</td> <td>1/4/17- 31/3/18</td> <td>Sapagaya Estate</td> </tr> <tr> <td>SOCSO</td> <td>Dec 16, Nov 16, Sept 16</td> <td></td> </tr> <tr> <td>LONPAC INSURANCE BHD (S/17/WF00/012 748/SDK)</td> <td>13/6/2017 – 12/6/2018</td> <td>SBukit Sekong estate</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Insurance	Period	Remark	LONPAC INSURANCE BHD (S/17/WF00/012 711/SDK-24)	1/4/17- 31/3/18	Kretam Mill	SOCSO	Dec 16, Nov 16, Sept 16		LONPAC INSURANCE BHD (S/17/WF00/012 708/SDK-27)	1/4/17- 31/3/18	Sapagaya Estate	SOCSO	Dec 16, Nov 16, Sept 16		LONPAC INSURANCE BHD (S/17/WF00/012 748/SDK)	13/6/2017 – 12/6/2018	SBukit Sekong estate				<p>Complied</p>
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<p>4.7.7</p> <p>Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics - Minor compliance -</p>	<p>Records on Lost Time Accident (LTA) metrics was maintained and based on accident statistic monitoring, JKKP 6, 7 & 8. Sample of accident statistic as shown below:</p> <table border="1" data-bbox="660 1588 1294 1798"> <thead> <tr> <th>Year</th> <th>Kretam Mill</th> <th>Sapagaya Estate</th> <th>Bode Estate (included BSE)</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>98</td> <td>1</td> <td>133</td> </tr> <tr> <td>2016</td> <td>0</td> <td>23</td> <td>32</td> </tr> <tr> <td>2017 (Todate Mar)</td> <td>0</td> <td>2</td> <td>0</td> </tr> </tbody> </table> <p>*LTA is equivalent to lost man days</p>	Year	Kretam Mill	Sapagaya Estate	Bode Estate (included BSE)	2015	98	1	133	2016	0	23	32	2017 (Todate Mar)	0	2	0	<p>Complied</p>					
Year	Kretam Mill	Sapagaya Estate	Bode Estate (included BSE)																				
2015	98	1	133																				
2016	0	23	32																				
2017 (Todate Mar)	0	2	0																				
<p>Criterion 4.8: All staff, workers, smallholders and contract workers are appropriately trained.</p>																							

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4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. - Major compliance -	Training programme has established for all estates and mill.				Complied
		Date	Training Topic	Trainer	Remarks	
		8/4/17	Briefing on RSPO	Exec	Kretam Mill	
		15/2/17	Recycle	Engineer		
		24/1/17	RSPO Audit	HREPD		
		8/7/16	Briefing on procedure and policies to FFB supplier	Staff		
		5/7/16	CPO handling (Transporter)	Exec		
		9/8/16	Training on process (SOP)	Staff		
		28/11/16	Training for Lab Operator	Staff		
		11/4/17	Chemical Hazard	SA	Sapagaya Estate	
		18/1/17	Zero Burning	AM		
		20/3/17	Store	AM		
		21/3/17	PPE Manuring	Staff		
		20/3/17	Spraying	Staff		
		20/3/17	First aid	Staff		
		6/3/17	Buffer zone	AM		
		8/3/17	Waste disposal	AM		
		21/3/17	Water catchment (WTP)	AM		
		15/2/17	Harvesting	Staff		
		15/2/17	Chemical handling	Staff	Bukit Sekong Estate	
2/1/17	Manuring	Staff				
10/1/17	Sprayer	Staff				
31/3/17	Harvesting	Staff				
28/2/17	Rat baiting	Staff				
3/1/17	Indution	Staff				
4.8.2	Records of training for each employee shall be maintained. - Minor compliance -	The records of training were available and maintained at estates and mill office.				Complied
Principle 5: Environmental responsibility and conservation of natural resources and biodiversity						
Criterion 5.1: Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.						
5.1.1	An environmental impact assessment (EIA) shall be documented. - Major compliance -	KHB Sandakan has established the environment aspect and impact and incorporated under environmental management plan dated 2/1/17. The environmental aspect and impact has				Complied

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	<p>covered the mill activities from FFB reception until POME treatment (ETP, tertiary plan and decanter system). Environmental Risk Assessment (ERA) is documented under, Appendix II. Date of last update of ERA was on 11/1/16.</p> <p><u>Sepagaya Estate</u></p> <p>Environmental impact assessment was documented under document named Environmental Risk Assessment 2/3/17.</p> <p><u>Bukit Sekong Estate</u></p> <p>For Sabah, under Environmental Impact Assessment Order 2005, Schedule 2 of the Environmental Protection (Prescribed Activities), EIA is required for the replanting project which is more than 500 hectares. Environmental Impact Assessment entitled, "Proposed Replanting of Oil Palm Plantation at Bukit Sekong Estate, District of Kinabatangan, Sabah carried out by Chemsain Konsultant Sdn Bhd, ref# CK/EV403-4166/12 dated December 2012. The proposed progressive replanting area involved of 808.91 ha started on 2012 until 2015 and some of the proposed plan was deferred until 2017. To date 2016, total of 595.32 ha has been replanted and the remaining area is 213.59 ha and yet to be completed by end of 2017. The major environmental impacts identified as listed below:</p> <ul style="list-style-type: none"> - Biomass and waste management - Water pollution - Soil erosion and management - Pest infestation - Socio-economics - Abandonment 	
<p>5.1.2</p>	<p>Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons.</p> <ul style="list-style-type: none"> - Minor compliance - <p><u>Kretam Mill</u></p> <p>Environmental Management Plan (EMP) has been revised and updated on annual basis. EMP document dated 2/1/17 was verified and approved Mill Processing Controller. Each on every significant location (ETP, POME discharge, boiler, WTP, CPO dispatch, chemical store, Scheduled Waste, EFB evacuation and power room has been identified and incorporated in the improvement plan. New project such as biogas plant is now in progress and 70% completion as at 31/12/16. In a preparation of Clean Air Regulation 2014 compliance by 2019, CAPEX has been allocated for the new boiler flue gas scrubber system for 2017.</p> <p>Environmental Performance Monitoring Committee (EPMC) is the one who in charge on the environmental compliance and monitoring and chaired by mill manager. Monitoring of final discharge, scheduled waste movement, decanter plant operation, polishing plant performance and boiler stack emission.</p> <p><u>Bukit Sekong Estate</u></p> <p>Environmental management plan has been developed based on the approved environmental conditions (AEC), ref:JPAS/PP/06/600-1/11/1/162 dated 25/2/13. Among</p>	<p>Complied</p>

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	<p>approved environmental conditions to be monitored as follow:</p> <ul style="list-style-type: none"> i) Soil erosion and sedimentation ii) Road construction iii) Construction of workers housing, workshop and nursery iv) Surface run-off v) Protection of streams and quality of water source vi) Oil and toxic waste vii) Solid and biomass waste and sewage viii) Control of open burning and air quality <p>Management and prevention plan under appendix D of 1st report of 2014 CK/MO4011/651/1-14 is referred to. Noted there were changes recorded in the plan and monitored via ECR @ Environmental Compliance Reporting in every 4 months by EPD consultant.</p>		
<p>5.1.3</p>	<p>This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>- Minor compliance -</p>	<p><u>Kretam Mill</u> As per the above indicator, EMP is subject for revision every. Current monitoring protocol has been incorporated and adaptive to operational changes from time to time guided under SOP for Monitoring Protocol SKPSB/SDK/RSPO-37 dated 11/01/2016.</p> <p>The latest directive from Department of Environment (DOE) has been implemented on the Guided Self-Regulation concept with the initiative on the EPMC for improvement.</p> <p><u>Bukit Sekong Estate</u> Environmental monitoring has incorporated the environmental aspect identified in the EIA by EPD registered consultant, Chemsain Konsultant Sdn Bhd, EPD registration F001. Environment monitoring and compliance audit is to be carried out once in every 4 months and reported in accordance to the approval conditions as specified in the "Syarat- Syarat Alam Sekitar (Seksyen 12(5) dan 20, Enakmen Perlindungan Alam Sekitar 2002, ref: JPAS/PP/06/600-1/11/1/162 dated 25/2/13.</p> <p>Sample of ECR @ environmental compliance report checked: i) ECR for March 2016, ref# CK/MO411/651-1/16 dated 5/3/16. No non-compliance reported. ii) 2nd ECR (July 2016), ref# CK/MO411/651-2/16 dated 29/7/16. No non-compliance reported. iii) 3rd ECR (December 2016), ref# CK/MO411/651-3/16 dated 19/12/16. No non-compliance reported.</p> <p>As part of ECR reporting, water quality monitoring (W1, W2, W3 and W4) for surface water as per Interim NWQS under class IIB was carried for the last reporting period. Latest monitoring was done in 27/9/16, ref#CK/CL405/3517/16 dated 13/10/16. In addition, pesticides in water test was carried out in 23/9/16, Refer for report# CK/CL105/99424/16 dated 18/10/16. Pesticides residue in water for paraquat, glyphosate, aminomethylphosponic acid and methamidophos were not detected.</p>	<p>Complied</p>
<p>Criterion 5.2:</p>			

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<p>The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>			
<p>5.2.1</p>	<p>Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). - Major compliance -</p>	<p>The baseline HCV assessment conducted in May and July 2015 by KHB Sandakan Region Biodiversity assessment team. Inventory of the sites using HCVF Toolkit for Malaysia within the KHB Sandakan Region to determine the presence of sites with high conservation attributes. 2 HCV forest were identified at Masang and Bode Estate as follow:</p> <p><u>Bode Estate</u> HCV 1.2, 1.4, 4.1 – Parcel B (forest area):200 Ha</p> <p><u>Masang Estate</u> HCV 1.2, 1.4, 5 – Parcel A (forest area): 50 Ha</p> <p>For the other estates, there were other biodiversity area @ conservation area for unplanted area, graveyard, water catchment buffer zone, softwood area and steep terrain.</p>	<p>Complied</p>
<p>5.2.2</p>	<p>Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan. - Major compliance -</p>	<p>Based on the HCV assessment, below measures being implementing following section outlines some of the key threats that are known to exist within the landscape. The management plan dated July 2015 verified per the following:</p> <p><u>Forest area and other conservation areas</u></p> <p>i)Communication and continuous awareness on impotence of wildlife and prohibition of hunting in the estate property</p> <p>ii)Enforcement of gate pass system to monitor the people entering the estate</p> <p>iii) Fixing signage to the forest boundary – no hunting of animals, no logging of trees and open burning.</p> <p>iv)Frequent monitoring on weekly, monthly, quarterly and yearly monitoring on patrolling, site observation, signboards inspection and animal/fauna sighting</p>	<p>Complied</p>
<p>5.2.3</p>	<p>There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. - Minor compliance -</p>	<p>A programme to regularly educate the workforce about the status of these RTE species has been planned on yearly basis. As for 2017, awareness training on RTE animals and buffer zone training was carried out at Sepagaya Estate on 15/3/17 and 6/3/17. Based on the interview with field workers, they did aware on the RTE species restriction and rules set by the company policy and authorities. In addition, SOP for Buffer Zone Restriction (with reference to streams and rivers), KHB/G/SOP-04, rev:4 dated 4/10/16 was developed to ensure consistent implementation for the estates.</p> <p><u>Bukit Sekong Estate</u> The latest buffer zone restriction training was carried out on 13/2/17 for spraying gang.</p>	<p>Complied</p>
<p>5.2.4</p>	<p>Where a management plan has been created there shall be ongoing monitoring: • The status of HCV and RTE species that are affected by plantation or mill</p>	<p>Estates are doing HCV monitoring assessment based on recommendation of management plan. There is evidence to continuously prevent and discourage any illegal hunting, fishing or collecting activities via the signage erected.</p>	<p>Minor nonconformance</p>

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<p>operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. - Minor compliance -</p>	<p>Besides that, management plan also include monitoring activities such signage, training, maintain buffer zone marking and maintaining vegetation at riparian zone every two months. All these activities were documented in HCV and conservation/buffer zone areas monitoring checklists. In addition, catchment/raw water analysis was carried on half yearly basis to cross check the water contamination at the intake point. Refer to cert# 20160708-11-0 dated 30/8/16 based on the raw water quality standard by MOH, Malaysia. Noted that microbiological content were present (E.Coli & Total Coliforms) which requires further treatment with Chlorine injection before consumption.</p> <p><u>Sepagaya Estate</u> Monitoring checklist for restricted area (river riparian reserve) and buffer zone available for March 2017. Outcomes of the monitoring was summarized be fed back into the management plan for improvement. Based on the latest monitoring records, there were no negative comments recorded.</p> <p><u>Bukit Sekong Estate</u> Buffer zone and riparian reserve for monitoring was carried out on quarterly basis. Last monitoring was done on 15/1/17. Based on biodiversity and HCV area report dated 24/7/15, monitoring plan has to be carried out on weekly and monthly basis.</p> <p>Thus, a minor NC was raised.</p>																
<p>5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. - Minor compliance -</p>	<p>Based on the assessment conducted by desktop, interview and field visits, it was verified that there has been no instance of HCV set aside that conflicts with cultural identify, basic needs for local communities and critical for water catchments at these estates.</p>	<p>Complied</p>															
<p>Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.</p>																	
<p>5.3.1 All waste products and sources of pollution shall be identified and documented. - Major compliance -</p>	<p>Waste identification and disposal method incorporated under section 6 of Waste Management Plan dated 2/1/17. Waste identification and source of waste are as per below table :</p> <table border="1" data-bbox="660 1653 1305 2031"> <thead> <tr> <th>No.</th> <th>Waste identification</th> <th>Source of waste</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Palm fiber</td> <td>Process byproduct @ waste product from pressing</td> </tr> <tr> <td>2</td> <td>Palm shell</td> <td>Process byproduct @ waste product from nut cracking and clay bath</td> </tr> <tr> <td>3</td> <td>Empty fruit bunch (EFB)</td> <td>Process byproduct @ waste product from threshing</td> </tr> <tr> <td>4</td> <td>Boiler soot/ash</td> <td>Boiler waste from multi dust cyclone, stack and furnace</td> </tr> </tbody> </table>	No.	Waste identification	Source of waste	1	Palm fiber	Process byproduct @ waste product from pressing	2	Palm shell	Process byproduct @ waste product from nut cracking and clay bath	3	Empty fruit bunch (EFB)	Process byproduct @ waste product from threshing	4	Boiler soot/ash	Boiler waste from multi dust cyclone, stack and furnace	<p>Complied</p>
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5.3.2	<p data-bbox="220 1144 580 1227">All chemicals and their containers shall be disposed of responsibly. - Major compliance -</p>	<p data-bbox="660 1144 1305 1283"><u>Kretam Mill</u> Disposal records for scheduled waste recorded via online reporting system to DOE. Last disposal was made on 14 and 20 March 2017. Refer to 6th schedule for SW 305 and SW410 as per below:</p> <p data-bbox="660 1301 1305 1384">i) Consignment note# 2017040611GU0WAK date submission: 6/4/17 for SW305, quantity: 6.6 mt disposed by Alam Segar Kinabalu</p> <p data-bbox="660 1402 1305 1485">ii) Consignment note# 20170406119DOLPG date submission: 6/4/17 for SW410, quantity: 0.352 mt disposed by Alam Segar Kinabalu</p> <p data-bbox="660 1503 1305 1641">Domestic waste collection scheduled for twice a week and disposed at designated landfill in the estate. For recyclable water, collection will be done on weekly basis and send to centralize collection centre located at Bode Estate before sell to 3rd party recycler.</p> <p data-bbox="660 1659 1305 1843"><u>Sepagaya Estate</u> Waste disposal was made in the centralized location, Kretam Mill. Scheduled waste transported to Kretam Mill using only own transport. Refer to delivery note, ref# E5284 for 5 drums of SW305 (1060 liter), 230 kg of oil filter. Refer to NC raised under indicator 2.1.1 for further details.</p> <p data-bbox="660 1883 1305 2022"><u>Bukit Sekong Estate</u> Schedule waste sent to Kretam mill for disposal, DO# 1595 for 400 liter of used hydraulic oil dated 14/3/17. Refer to NC raised under indicator 2.1.1 for further details.</p>	Complied																				

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5.3.3	<p>A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. - Minor compliance -</p>	<p>Minor nonconformance</p>																																																
<p><u>Kretam Mill</u> As per established EMP dated 2/1/17, disposal plan/method has been implemented accordingly. Disposal method as follow:</p>																																																		
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Criterion / Indicator	Assessment Findings	Compliance															
	<p><u>Sapagaya Estate</u> Procedure, Waste Disposal; KHB/G/SOP-08 rev:2 dated 4/10/16 was not in compliance with Scheduled Waste Regulations 2005. Scheduled waste will be sent to Kretam Mill for disposal and collected by DOE licensed contractor. No information on the approval required prior to the transport arrangement to other collection area.</p> <p>Waste disposal plan for empty chemical container is based on the procedure, KHB/G/SOP-18 rev:2 dated 4/4/16. Based on the procedure, triple rinsed and punched empty chemical container will be disposed by land filling method and not as per national programme on recycling of used HDPE pesticide container.</p> <p>Thus, minor NCR was raised.</p>																
<p>Criterion 5.4: Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>																	
<p>5.4.1</p> <p>A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. - Minor compliance -</p>	<p>Summary of power generation between fossil fuel and biomass fuel generator as per below table:</p> <table border="1" data-bbox="662 1016 1299 1312"> <thead> <tr> <th>Year</th> <th>kWh genset (diesel)</th> <th>kWh turbine (biomass fuel)</th> <th>kWh/CPO (genset)</th> <th>kWh/CPO (turbine)</th> </tr> </thead> <tbody> <tr> <td>Jan – Dec 2016</td> <td>813,406</td> <td>3,312,880</td> <td>25.387</td> <td>103.396</td> </tr> <tr> <td>2017 to date</td> <td>280,692</td> <td>428,260</td> <td>61.88</td> <td>94.41</td> </tr> </tbody> </table> <p>Renewable energy usage is optimized. 24.55% was from diesel generator and 75.44% mainly from biomass fuel generator. In the future, there will be additional biogas engine generator from methane capturing plant by 2018 which will reduced further dependency of fossil fuel generator.</p>	Year	kWh genset (diesel)	kWh turbine (biomass fuel)	kWh/CPO (genset)	kWh/CPO (turbine)	Jan – Dec 2016	813,406	3,312,880	25.387	103.396	2017 to date	280,692	428,260	61.88	94.41	<p>Complied</p>
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<p>Criterion 5.5: Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>																	
<p>5.5.1</p> <p>There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -</p>	<p>Kretam Holding Berhad has established an environmental policy which endorsed by Chief Executive Officer dated 3/1/17. To complement the directive on zero burning policy, subsidiaries under Syarikat Kretam Plantations Sdn Bhd has established zero burning policy dated 11/1/16 which signed by Chief Plantation Officer, CPO.</p> <p>Under guidance document, KHB-Planting Manual for new planting and replanting indicated that use of fire is prohibited even for the forest clearance obtained from State Forest Department.</p>	<p>Complied</p>															
<p>5.5.2</p> <p>Where fire has been used for preparing land for replanting, there</p>	<p>There was no use of fire has been used for preparing land for replanting and according to the said KHB_Planting</p>	<p>Complied</p>															

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Criterion / Indicator	Assessment Findings	Compliance
shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance -	Manual. The last replanting programme was back in 2012 for Sepagaya Estate.	
Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		
5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). - Major compliance -	Based on the assessment done by Kretam Mill of all polluting activities as of the Environment Aspect and Impact assessment, identified source was boiler chimney. Current monitoring was through online boiler smoke density and alarm and half yearly boiler stack monitoring of dust particulate as well as for noise pollution monitoring. Verified monitoring records for: i) Stack sampling carried out every 6 month as per requirement under compliance schedule, JPKKS/12/003434. <u>Boiler no.3</u> - 1 st half of 2016 : Report# GES/EM16/797 dated 3/6/16. Results – 0.3905 g/Nm ³ at corrected 12% CO ₂ vs regulation limit of 0.4 g/Nm ³ at corrected 12% CO ₂ - 2 nd half of 2017: Report# GES/EM16/825 dated 25/10/16. Results – 0.3884 g/Nm ³ at corrected 12% CO ₂ vs regulation limit of 0.4 g/Nm ³ at corrected 12% CO ₂ ii) Black smoke emission – via online Continuous Emission Monitoring System (CEMS) and using manual reporting report, under Schedule I " <i>Jadual Pelepasan Asap Hitam Dari Cerobong</i> ". Latest report dated 1/4/17, ref# KMM/A/16-1/17/3 for March 2017 was sighted. Noted a few occasional event of black smoke (exceed Ringellman 2 @ 40% opacity) but with justifiable conditions (boiler raking and furnace maintenance and during boiler start-up) iii) Boundary Noise Monitoring – Initial noise boundary monitoring carried out on 24-25/2/16. 6 monitoring point were selected (N1-N6) and located at the mill boundary area. Based on the report, EC/0216/6681 dated 7/3/16, the noise boundary was in compliance with Malaysian Recommended Limit (65 dB(A) – day, 55 dB (A) – night) of Planning Guidelines for Environmental Noise Limits and Control , DOE dated 2014.	Complied
5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance	For the estate, GHG emissions identified including CO _x , SO _x and NO _x from various sources including fossil fuel, chemical, peat oxidation, sinks, crop sequestration, fertilizer consumptions and sequestration in conservation area. For mill, GHG emission identified from POME, fuel consumption and grid electricity utilization. Significant pollutants and greenhouse gas (GHG) emission-reduction/ minimization plan for year 2017 dated 5 April 2017 has been implemented to minimize the emission of GHG from diesel used, material used and POME.	Complied

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	Management plan such as reduce diesel consumption and control fuel feeding.		
5.6.3	<p>A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. - Minor compliance -</p>	<p>Monitoring of the GHG quantity was done through RSPO PalmGHG Calculator Version 3.0.1 is used and the management opted for full version was applied. The report prepared on 5 April 2017.</p> <p>These GHG calculations were done as per certification unit basics including 4 estate and mill. Summary emissions for 2016:</p> <ul style="list-style-type: none"> a. Emission/ mt CPO= 1.01 tCO₂ e/mt CPO b. Emission/ mt PK= 1.01 tCO₂ e/mt PK 	Complied
<p>Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers.</p>			
<p>Criterion 6.1: Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>			
6.1.1	<p>A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -</p>	<p>The company conducts Joint Consultative Committee (JCC) every quarter. The latest meeting conducted which covers the SIA was sighted:</p> <ul style="list-style-type: none"> • Mill has conducted the JCC on 22/03/2017. • Sapagaya estate conducted the JCC on 13/04/2017 • Bukit Sekong estate conducted the JCC on 25/03/2017 <p>The SIA was conducted on June 2015 and the latest review in December 2016.</p> <p>The SIA and the review was conducted with stakeholders' consultation. The minutes of the meeting for conducting was sighted.</p> <ul style="list-style-type: none"> • Sapagaya – The meeting for review of the SIA was conducted the period of 15/12/2016 – 20/12/2016. • Bukit Sekong – The meeting for review of the SIA was conducted the period of 14/10/2016. <p>The SIA had provided the methodology to conduct the SIA and the findings are documented. The findings during the SIA consultation were summarized into Social Negative Impacts and Time Bound Plan. Each operation unit is responsible to mitigate the impact raised during the stakeholder consultation.</p> <p>The SIA had included the following:</p> <ul style="list-style-type: none"> • Access and use rights on • Payment conditions such as grocery shop and utility van • Club house and sport area • Communities Learning Center, clinics, multipurpose hall and government school. 	Complied

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	<ul style="list-style-type: none"> Mosque for Malay workers. There is no cultural and religious values with the plantations. 	
6.1.2	<p>There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p>- Major compliance -</p>	<p>Stakeholders were invited for a Stakeholders Meeting conducted on 30/7/2015 to receive feedback prior finalizing the SIA report. Stakeholders that were invited includes:</p> <ul style="list-style-type: none"> Borneo Conservation Trust Fire Department of Kinabatangan FFB suppliers Police Department City Council of Kinabatangan Nearby villagers (Kg Lot M, Kg Sri Manis, Kg Berjaya Manus 2) WWF Malaysia – Sabah Bukit Garam School <p>The SIA report has reported the feedback from the stakeholders. The SIA has provided the method of participatory and gathering of information from affected parties.</p>
6.1.3	<p>Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>- Major compliance -</p>	<p>The SIA report includes a Social Negative Impacts and Time Bound Plan. This time bound plan outline the mitigation plan and monitoring of the progress. The time bound plan for mill and the sampled estates were sighted. The timeline for implementing the mitigation and the responsible person is provided in the time bound plan.</p> <p>The overall person in-charge for the SIA is Mr Sinoh Kulipang the Head of Research and Environment Protection.</p>
6.1.4	<p>The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties.</p> <p>- Minor compliance -</p>	<p>The plan is reviewed once a year. The next review of the mitigation plan will be conducted in December 2017. All the reviews shall be conducted independently by each operation unit and submitted to HREP for compilation. The latest reviews were conducted on the following date:</p> <ul style="list-style-type: none"> Mill - 21/12/2016 Sapagaya – 15/12/2016; 16/12/2016 & 20/12/2016 Bukit Sekong – 14/10/2016 <p>The review of the mitigation plan was conducted together with the affected stakeholders. The minutes of the meeting was sighted. The dates of the minutes of meeting as per provided above.</p>
6.1.5	<p>Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).</p> <p>- Minor compliance -</p>	<p>There are no schemed smallholders in KHB Sandakan region.</p>
<p>Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>		

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Criterion / Indicator	Assessment Findings	Compliance
<p>6.2.1</p> <p>Consultation and communication procedures shall be documented. - Major compliance -</p>	<p>The Stakeholders' List has been maintained in the mill and estates. The list of stakeholders includes governmental departments, nearby villagers, internal stakeholders, suppliers, transporters, schools, contractors, NGOs and neighbouring plantations. The list was last updated on 07/04/2017. The Consultation and Communication Procedure (KHB-HR-08 Rev 0 dated 01/06/2015) and the Stakeholder Engagement/Negotiation Procedures (KHB/G/SOP-35 Rev 1 dated 04/10/2016).</p> <p>There is no FPIC process as there was no land purchased. All lands for this operation are leased land.</p> <p>The SOPs Socialization procedure (KHB/G/SOP-45 Rev1 dated 04/10/2016) details the procedures on providing communication on the procedures to stakeholders. During the initial stakeholders meeting conducted on 13/08/2015, the stakeholders were briefed on the company's procedures and the availabilities of the procedures for the stakeholder to review.</p> <p>The SOPs are constantly briefed to the internal stakeholders. Examples of records:</p> <ul style="list-style-type: none"> • Sexual Harassment Reporting Procedures on 10/04/2017 • Complaints and Grievances on 03/03/2017 • Zero Burning on 18/01/2017 • Company's Policies on 16/02/2016 • Behaviour During work on 22/02/2016 	<p>Complied</p>
<p>6.2.2</p> <p>A management official responsible for these issues shall be nominated. - Minor compliance -</p>	<p>The nominated responsible personnel for communication and consultation with affected parties is the Mill/Estate Manager.</p> <p>The appointment letter has been sighted. The responsibilities includes – Coordinates or attend to the enquiries or issues from any stakeholders & keep and maintain all records of all communication and consultation.</p> <p>Sample of appointment letter:</p> <ul style="list-style-type: none"> • Mill Manager Mr John Chong <ul style="list-style-type: none"> ○ Ref: KHB/KHB/RSPO/2016/E008 dated 05/01/2016 signed by the Group Plantation Director • Sapagaya's Estate Manager Mr Jumadil <ul style="list-style-type: none"> ○ Ref: KHB/KHB/RSPO/2016/E006 dated 05/01/2016 signed by the Group Plantation Director • Bode's Estate Manager Mr Mustarip (Bukit Sekong is under the management of Bode Estate). <ul style="list-style-type: none"> ○ Ref: KHB/KHB/RSPO/2016/E004 dated 05/01/2016 signed by the Group Plantation Director • Mr Mustatrip had appointed Mr Peter Polotung as the Communication Representative for Bukit Sekong Estate. Appointment was made on 01/06/016. <p>The letters of appointment are available on the notice boards.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
<p>6.2.3</p> <p>A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. - Minor compliance -</p>	<p>The Stakeholders' List has been maintained in the mill and estates. The list of stakeholders includes governmental departments, nearby villagers, internal stakeholders, suppliers, transporters, schools, contractors, NGOs and neighbouring plantations. The list was last updated on 07/04/2017.</p> <p>Invitation letter for invitation of Stakeholder Meeting was sighted. The 2nd Stakeholder meeting was conducted on 22/11/2016. The invitations letters dated 10/10/2016 signed by the Senior Estate Manager of Sandakan Region was sighted. The invitation letters are consistent with the stakeholder list. The reply from the stakeholders were sighted.</p> <p>The minutes of the stakeholder meeting dated 03/01/2017 was sighted.</p> <p>The list of the stakeholders maintained by the certification unit was not up to date. During the assessment preparation, the assessment team had contacted several stakeholders. However the phone numbers provided in the list were not contactable.</p> <p>The Stakeholder list did not include other significant stakeholder which would affect the operations of the company (e.g. Environmental Protection Department and Jabatan Pertanian).</p> <p>Thus, minor NCR was raised.</p>	<p>Minor nonconformance</p>
<p>Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all effected parties.</p>		
<p>6.3.1</p> <p>The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. - Major compliance -</p>	<p>Complaints & Grievances Procedure (KHB-HR-P05 Rev 0 dated 01/06/2015) has been established.</p> <p>The responsible people to receive the grievances are the Head of Department/Assistant Manager, Grievance Officer and Grievance Committee. There is 2 step of handling the grievances. In Step 1, the grievances will be handled by Head of Department/Assistance Manager/Senior Assistant Manager/Mill Engineer. In Step 2 (applicable when complainer is a non-employee to the company or Manager level and above) the grievances will be handled by Human Resource Manager/Admin Manager/General Manager/Executive Director/Group Plantation Director.</p> <p>This Complaints & Grievances Procedure has been briefed to internal and external stakeholders. The minutes meeting of the briefing and the internal briefing records were sighted.</p> <p>Sample records verified:</p> <ul style="list-style-type: none"> • Initial stakeholders meeting conducted on 13/08/2015 • Muster Ground briefing on 14/01/2016 (Sapagaya) – Complaints & Grievances Procedure • Muster Ground briefing on 12/01/2016 (Sapagaya) – Company Policies • Muster Ground briefing on 19/01/2016 (Sapagaya) – Complaints & Grievances Procedure 	<p>Major nonconformance</p>

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Criterion / Indicator	Assessment Findings	Compliance	
	<ul style="list-style-type: none"> • Muster Ground briefing on 03/03/2016 (Sapagaya) – Complaints & Grievances Procedure • Muster Ground briefing on 20/03/2017 (B.Sekong) – Complaints & Grievances Procedure • Muster Ground briefing on 10/08/2016 (B.Sekong) – Complaints & Grievances Procedure • Muster Ground briefing on 07/01/2016 (Bukit Sekong) – Company Policies <p>This procedure is display on notice board at the operating sites.</p> <p>Interview has been conducted with external stakeholders, workers and members of gender committee to confirm that procedures and policies are briefed by the company.</p> <p>The Procedure has provided the process flow chart of the Complaints & Grievances Procedure which has indicated the time to resolve the complaints. The Complaints & Grievances forms were reviewed and so far no case that is more the timing stated in the procedure.</p> <p>There are no procedures that provides a way for workers to report a grievance against a higher managerial level.</p> <p>However, the workers did not know of the specific complaint channel specifically for sexual harassment.</p> <p>Thus, Major NCR was raised.</p> <p>The privacy of the complainant will be protected by the commitment of the company through the Social Policy dated 01/10/2015 includes protects complainants or whistle-blower dated 03/01/2017. On site observation has seen that the Complaints & Grievances box are being located at location far from the office and the boxes are closed.</p> <p>If the resolution is not found mutually internally, the disputes will be referred to arbitration panel which is mutually agreed by both parties.</p>		
6.3.2	<p>Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>- Major compliance –</p>	<p>The Complaints & Grievances forms are available in the Mill and both Sapagaya and Bukit Sekong estate. The resolution of Complaints & Grievances are stated in the forms. These forms are retained in the record book registry.</p> <p>The respective Mill and Estate person-in-charge will have the access to this registry. Some of the major complaints received are generally related to household fixing.</p>	Complied
<p>Criterion 6.4: Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>			
6.4.1	<p>A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>- Major compliance -</p>	<p>The Negotiation Procedure dated 05/02/2016 includes identification of legal, customary and user rights.</p> <p>By means of stakeholder interview, it was confirmed that the Procedures are completed with direct consultation with surrounding communities. The minutes of meeting and attendance was sighted.</p>	Complied

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Criterion / Indicator	Assessment Findings	Compliance
6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. - Minor compliance -	Complied
6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance -	Complied
Criterion 6.5: Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.		
6.5.1	Documentation of pay and conditions shall be available. - Major compliance -	Complied
<p>The mill and estates consist of local workers, foreign workers and contractor's workers. The management has included normal work pay, overtime pay, piece rated pay, deduction of salary, holiday pay and etc on the pay slip. Payslip of month Sept 16 to March 17 (Kretam Mill) and Jan 17 to March 17 (Sapagaya Estate) for workers have been sampled as below:</p> <ul style="list-style-type: none"> a. Employee No.: 01-M1500 (Kretam Mill) b. Employee No.: 01-M1405 (Kretam Mill) c. Employee No.: 01-M1527 (Kretam Mill) d. Employee No.: 01-M1515 (Kretam Mill) e. Employee No.: 01-M1550 (Kretam Mill) f. Employee No.: 01-M1418 (Kretam Mill) g. Employee No.:03-L4523 (Sapagaya Estate) h. Employee No.:03-L4460 (Sapagaya Estate) i. Employee No.:03-4479 (Sapagaya Estate) j. Employee No.:03-L4395 (Sapagaya Estate) k. Employee No.:03-L3005 (Sapagaya Estate) l. Employee No.:03-L4211 (Sapagaya Estate) m. Employee No.:03-L4323 (Sapagaya Estate) n. Employee No.:03-L4452 (Sapagaya Estate) o. Employee No.:03-L4453 (Sapagaya Estate) p. Employee No.:05-1501 (Bukit Sekong Estate) q. Employee No.:05-S377 (Bukit Sekong Estate) r. Employee No.:05-1645 (Bukit Sekong Estate) s. Employee No.:05-S209 (Bukit Sekong Estate) t. Employee No.:05-1757 (Bukit Sekong Estate) <p>The Kretam Mill's management has made deduction on the salary for Levy deduction, groceries , motorcycle loan,</p>		

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	<p>handling on document (Pemrosesan dokumen perjalanan). The permit from JTK Sabah for the deduction was sighted (11(0961)SDK and 11(0960)SDK) which valid until 7/2/2018.</p> <p>In the contract, the workers were agreed to allow the management to deduct on salary according to the Employment Act 1955.</p>	
6.5.2	<p>Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>- Major compliance -</p> <p>Pay and conditions of employment such as working hours, medical/annual leave, salary, allowance/incentive and overtime are included in work contract.</p> <p>The Employment contract is available in both Bahasa Malaysia and English. As the main foreign workers are Indonesian and Bahasa Malaysia is similar to Bahasa Indonesia, the contract written in Bahasa Malaysia is deemed appropriate. Interview has been conducted with the foreign worker to confirm they can understand the content of the Employment Contract that is written in Bahasa Malaysia.</p> <p>A copy of the Employment Contract is given to worker. The content of the Employment contract includes workers' benefit (e.g. housing facilities) and it is briefed to the worker prior the worker signs the contract. Such condition is stated in the Employment contract. Workers were interviewed and confirmed that they have received a copy of the Employment Contract and understand the conditions of employment.</p> <p>As according to the Minimum Wages Order 2016, the applicable minimum wages for Sabah is RM920 per month or RM35.38 per day or RM4.42 per hour.</p> <p>There is no Union in the state of Sabah.</p> <p>Workers Payslips were verified and consistent with the national legislation.</p> <p>By reviewing the Complaints & Grievances registry and interview the workers, there were no issue received on breach of payment as per the employment contract.</p>	Complied
6.5.3	<p>Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>- Minor compliance -</p> <p>Housing are provided to all workers. Those who with family are provided one house while those single workers are provided with share housing. During the onsite assessment at the housing facilities, it is observed that the housing provided by to the workers are deemed adequate. By interviewing the workers and/or their spouse, there were no complaints with regards to the housing provided to them.</p>	Minor nonconformance

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	<p>Electricity and water are provided free to the workers. Interview with workers and workers' spouse confirmed that electricity and water are provided for free.</p> <p>Clinics/dresser room are available within the estate. Free medication is provided to the employees and their spouse and children. In case of any complex treatment the qualified Estate Hospital Assistant will refer the workers to nearby government hospital. Transport facilities will be provided by the company to send any workers that required to be referred to government hospital.</p> <p>Community Learning Centers are setup within the estates for foreign workers' children while there is a public school locate near to the estates. Transportation is provided to send local children to school that stays too far from the government school.</p> <p>As per interview with the workers at Bukit Sekong estate, there is currently no treated water supplied to the housing. During the onsite assessment it was observed that only water from rain harvesting faculties are being provided to workers to harvest rain for their consumptions. However, the contract for installment of water treatment plant has been signed and work is in progress.</p> <p>Thus, Minor NCR was raised.</p>	
6.5.4	<p>Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food. - Minor compliance –</p> <p>There is sundry shops operated locally located within the estates. The goods' pricing are reviewed on a half yearly basis. Site observation had confirmed the price are rather reasonable as compare to the pricing of the nearby town.</p> <p>The prices from the shops are compared buy the company and controlled by the company. For the price comparison outcome, the estate managers will enforce the pricing on the sundry shops.</p> <p>The latest price comparison communication dated 05/04/2017 was sighted.</p>	Complied
<p>Criterion 6.6: The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
6.6.1	<p>A published statement in local languages recognising freedom of association shall be available. - Major compliance -</p> <p>The Code of Conduct & Human Rights Policy dated 03/01/2017 stated the company's commitment towards the right of freedom of association. This policy is available in both English and Bahasa Malaysia.</p> <p>Despite under the Sabah State Ordinan, it is not permitted to form associations the Joint Consultative Committee was formed to ensure that the workers can have their rights to bargain collectively. The JCC is head by Estate Manager / Assistant Manager. Organization charts had shown the appointment for the JCC Head.</p> <p>The employment contract detail the salary and payment. Other work conditions and benefits are briefed to the worker prior signing the contract.</p>	Complied

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6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance -	<p>The JCC conducts a quarter meeting. The latest JCC meeting was conducted on the following date:</p> <ul style="list-style-type: none"> • Mill has conducted the JCC on 22/03/2017. • Sapagaya estate conducted the JCC on 13/04/2017 • Bukit Sekong conducted the JCC on 25/03/2017 <p>The minutes meeting of the JCC are available at the operation sites and upon request, it will be provided to the employee. The Information Procedure (KHB-HR-P07 Rev 0 dated 01/06/2015) had stated such request is possible provided that it is non-confidential. The training briefing has been provided to the workers. Sample of briefing records was sighted.</p>	Complied
<p>Criterion 6.7: Children are not employed or exploited.</p>		
6.7.1 There shall be documentary evidence that minimum age requirements are met. - Major compliance -	<p>The Social Policy dated 03/01/2017 shows the commitment of the company to Ensure that no child or young person shall be, or be required or permitted to be engaged in any employment other that those allowed by the laws.</p> <p>Definition of "Child" and "Young" person is stated in Memo-KHB/HR/KHB/2015/065/MM.tt. The definition of "Child" is person under the age of 15 and "young person" is a person has not attained the age of 18. The established policy states clearly no employment below the age of 15 years.</p> <p>Workers register was verified to confirm workers are above 18 years old. The assessment team had verified the attendance of the CLC to confirm that there is no possibilities of child labour helping their parents especially during the high crops months.</p>	Complied
<p>Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance -	<p>The Code of Conduct & Human Rights Policy dated 03/01/2017 shows the commitment of the company that a fair and equal employment opportunities for all employees are provided.</p> <p>This policy is made available on notice boards at all operating sites.</p> <p>The policy has been briefed to workers. The briefing are normally done on a continuous basis during muster ground briefing. The following were sighted:</p> <ul style="list-style-type: none"> • Muster Ground briefing on 12/01/2016 (Sapagaya) – Company Policies • Muster Ground briefing on 01/04/2017 (Sapagaya) – Company Policies • Muster Ground briefing on 29/02/2016 (Bukit Sekong) – Company Policies • Muster Ground briefing on 07/01/2016 (Bukit Sekong) – Company Policies 	Complied

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<p>6.8.2</p> <p>Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against.</p> <p>- Major compliance -</p>	<p>Interviewed with the workers (especially the female staff), spouse of the workers, head of villagers, nearby communities confirmed that there is no report of discrimination. During the interviewed also, it can be confirmed that workers and spouse of the workers are happy with the company.</p> <p>The Head of Villagers confirmed to the assessment team that, they are pleased and happy with the company as they are being involved and being invited for meetings to voice their opinion as compare to no such action was taken from other nearby mills.</p> <p>The complaints and grievance registry was sighted and reviewed and no evidence of complaints regarding discrimination was found.</p> <p>The nature of the complaints that normally received by the company are related to housing repairs.</p>	<p>Complied</p>
<p>6.8.3</p> <p>It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.</p> <p>- Minor compliance -</p>	<p>Workers files were reviewed and verified that employment records and pre-employment medical check records are available. The medical history of the workers are available in the clinics.</p> <p>The Code of Conducts & Human Rights dated 03/01/2017 shows the commitment of the company on Providing fair and equal employment opportunities for all employees. During the orientation, new employees will be briefed with the policies. The New Employee Orientation Checklist was reviewed to confirm that the non-discriminatory policy is being briefed to the workers.</p> <p>The company policies are reviewed. The last reviewed was on 03/01/2017.</p> <p>The Recruitment and Selection Procedure (KHB-HR-P02 Rev 3 dated 01/12/2014) had stated the recruitment process which includes the requirement to undergo medical fitness check. Interview process will be conducted on the shortlisted candidate to confirm on the candidate skills, capabilities and qualities.</p> <p>The procedures also stated that vacant position will also consider internal sourcing and promotion. During interview with a harvester, it was made known to the assessment team that she was promoted from a normal sprayer worker to a group leader (mando).</p>	<p>Complied</p>
<p>Criterion 6.9: There is no harassment or abuse in the work place, and reproductive rights are protected.</p>		
<p>6.9.1</p> <p>Policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce.</p> <p>- Major compliance -</p>	<p>The Social Policy dated 03/01/2017 shows the commitment of the company towards prevention on sexual harassment and other form of violence against women, workers and community. The policy has been reviewed regularly. The previous revision of the Social Policy was 01/10/2015.</p> <p>This policy is made publically available on notice boards at all operating sites.</p>	<p>Complied</p>

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	<p>The policy and procedure has been briefed to workers. The briefing are normally done on a continuous basis during muster ground briefing. The following were sighted:</p> <ul style="list-style-type: none"> • Muster Ground briefing on 12/01/2016 (Sapagaya) – Company Policies • Muster Ground briefing on 01/04/2017 (Sapagaya) – Company Policies • Muster Ground briefing on 29/02/2016 (Bukit Sekong) – Company Policies • Muster Ground briefing on 07/01/2016 (Bukit Sekong) – Company Policies <p>The 2017 KHB Sandakan Region Gender Committee Organization Chart was sighted. The Chairman is Ms Dewi Binti Sudatji. On the mill and estate level, the Gender committee is also been established. The organization charts were sighted. The head of Gender Committee for mill is Pn Damarwati, while the Sapagaya estate and B.Sekong estate is Ms Noazrina and Pn Halimah respectively. Sample of appointment letter of Pn Halimah was sighted.</p> <p>All level of the workforce are being briefed on the company policies. The policies are briefed to workers during the orientation. Sample of records – briefing records of B.Sekong CLC teacher was sighted.</p> <p>The Sexual and Harassment Reporting Procedure (KHB-HR-P06 Rev 0 dated 01/06/2015 states the procedures on how the company handles issues on complaints related to sexual harassment. The B.Sekong Gender Committee was interviewed to confirm that the procedure for complaining on sexual harassment can be made through her or any of the Gender Committee member.</p> <p>In case if there is counselling is required for violence victim, it will be conducted by the Gender Committee.</p> <p>Site observation had confirmed that KHB provide child care facilities (Crèche).</p> <p>The Social Policy dated 03/01/2017 shows the commitment of the company towards ensuring women are allowed to breastfeed up to 9 months before resuming chemical spraying or usage tasks; and to be given specific break time to enable effective breastfeeding.</p>		
6.9.2	<p>A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. - Major compliance -</p>	<p>The Social Policy dated 03/01/2017 shows the commitment of the company towards reproduction rights especially for women.</p> <p>The policy has been briefed to workers. The briefing are normally done on a continuous basis during muster ground briefing. The following were sighted:</p> <ul style="list-style-type: none"> • Muster Ground briefing on 12/01/2016 (Sapagaya) – Company Policies • Muster Ground briefing on 01/04/2017 (Sapagaya) – Company Policies 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> Muster Ground briefing on 29/02/2016 (Bukit Sekong) – Company Policies Muster Ground briefing on 07/01/2016 (Bukit Sekong) – Company Policies <p>This policy is made publically available on notice boards at all operating sites.</p>	
6.9.3	<p>A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p>- Minor compliance -</p>	<p>The Complaints & Grievances Procedure (KHB-HR-P05 Rev 0 dated 01/06/2015) and Sexual and Harassment Reporting Procedure (KHB-HR-P06 Rev 0 dated 01/06/2015) has been established. The procedures on how the company handles issues on complaints related to sexual harassment. The B.Sekong Gender Committee was interviewed to confirm that the procedure for complaining on sexual harassment can be made through her or any of the Gender Committee member.</p> <p>By interviewing the workers, it is found that they could understand the general Complaints & Grievances channel.</p> <p>The mechanism briefing for the Complaints & Grievances Procedure and Sexual and Harassment Reporting Procedure has been provided continuously. Sample of briefing attendance:</p> <ul style="list-style-type: none"> Muster Ground briefing on 20/03/2017 Muster Ground briefing on 10/08/2016 <p>Based on records, female workers and Estate Hospital Assistant interview, it was found that no violence or sexual harassment was reported.</p> <p>The Social Policy dated 03/01/2017 shows the commitment of the company towards providing a work environment which is conducive, safe and free from harassment. The policy has been regularly review. The previous version of the policy is 01/10/2015.</p>	Complied
<p>Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.</p>			
6.10.1	<p>Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p>- Minor compliance -</p>	<p>The current FFB price is shown at the weighbridge. The past prices are not published but upon approval from the group Director, it is available by request from the FFB suppliers. The assessment team had confirmed with the FFB supplier (Lo Hon Min Estate).</p> <p>The assessment team deemed that it is acceptable that the past prices is not publically available due to confidentiality.</p> <p>The assessment team had sighted the past price of the FFB and it is available in the mill.</p>	Complied
6.10.2	<p>Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation).</p> <p>- Major compliance -</p>	<p>The procedures to determine the pricing is documented. The document SKM/SDK-RSPO-01/SOP-01 (FFB Price Determination dated 07/03/2016 and SKM/SDK-RSPO-01/SOP-02 (Determination of FFB Market Prevailing Price) dated 07/03/2016 was sighted.</p> <p>A Stakeholder Briefing was conducted to the FFB suppliers on how the FFB Price are being determined. The briefing was conducted on 26/01/2016 at Kretam Mill.</p>	Complied

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	<p>The briefing materials and Attendance sheet was sighted. The reviewing of the briefing materials confirmed that it is consistent with SKP's SOPs. The attendee at the briefing are the active FFB suppliers.</p> <p>The invitation letter and response from the stakeholders was sighted.</p>	
6.10.3	<p>Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>- Minor compliance -</p>	Complied
6.10.4	<p>Agreed payments shall be made in a timely manner.</p> <p>- Minor compliance -</p>	Complied
<p>Criterion 6.11: Growers and millers contribute to local sustainable development where appropriate.</p>		
6.11.1	<p>Contributions to local development that are based on the results of consultation with local communities shall be demonstrated.</p> <p>- Minor compliance –</p>	Complied
6.11.2	<p>Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity.</p> <p>- Minor compliance –</p>	Not applicable
<p>Criterion 6.12: No forms of forced or trafficked labour are used.</p>		

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<p>6.12.1</p> <p>There shall be evidence that no forms of forced or trafficked labour are used. - Major compliance -</p>	<p>Referring to the Social Policy dated 03/01/2017, KHB had shown commitment on prohibit any form of forced or trafficked labour or unlawful employment of people.</p> <p>The workers has been interviewed to confirm their employment with the company are not by forced. As per the interviews, the workers are happy to obtain an employment at KHB as this has improve their livelihood.</p> <p>KHB had established 3 procedures with relation to employment:</p> <ul style="list-style-type: none"> • Workers and Staff Employment Procedure KHB/G/SOP-34 dated 04/1/2016 • Requirement and Selection Procedure KHB-HR-PO2 dated 01/12/2014 • Foreign Workers Requirement Procedure KHB-HR-P04 dated 01/06/2015 <p>As according to the Foreign Workers Requirement Procedure, the recruitment will be done through licensed Agency after the selection has been finalized by Mill/Estate representative.</p> <p>Interview with the foreign workers had confirmed that there were now fee paid to the recruitment agency. As the company only engage the agency to make logistic arrange and as document “runner”, there is no evidence that show there is direct engagement between the agency and the potential foreign workers.</p> <p>Through interviewing the foreign workers, it is confirmed that they are allowed to leave the mill/estate outside their working hours. The foreign workers are allowed to even return to their home country without any deposit to the company.</p> <p>Workers who terminate their employment before contract expires do not required to compensate the company. However they have to bear their return transportation.</p> <p>According to the Passport Keeping Procedures KHB-HR-03 dated 08/10/2013, the foreign workers can option to surrender the passport to KHB for safe keeping. As according to this procedure, those who had surrender their passport for safe keeping can at any time claim their passport from KHB. The assessment team had verified such process with the workers and verified forms that had requested for passport. The foreign workers are happy with this process as they deems that it is safer for the management to keep their passport and they have no issue in claiming the passport whenever they need it. As the surrender of the passport is voluntary, the assessment team had verified the application form of the foreign workers to request KHB for safe keeping</p>	<p>Complied</p>
<p>6.12.2</p> <p>Where applicable, it shall be demonstrated that no contract substitution has occurred. - Minor compliance –</p>	<p>The selection of the workers are by the Mill/Estate representative. Through interviewing the foreign workers, this has confirmed that they had understood their work during the selection phrase. The agency is only to help KHB</p>	<p>Complied</p>

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	<p>to deal with documentations and arrangement of the foreign workers to enter to Sabah. Hence there is no second contract between the agency and the potential worker.</p> <p>The only contract that was signed by the worker is the employment contract between KHB and them. The sample of the contract were sighted and all workers has a copy of their employment contract. The employment contract is in Bahasa Malaysia.</p>	
<p>6.12.3</p> <p>Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Major compliance -</p>	<p>The Code of Conduct & Human Right Policy dated 03/01/2017 stated that KHB is committed for fair and equal opportunity. Hence KHB is committed to no discrimination.</p> <p>The employment of migrant worker is referred to the Foreign Workers Requirement Procedure KHB-HR-P04 dated 01/06/2015.</p> <p>As stated in 6.12.1, the selection for workers are directly by the mill/estate representative and the agent is for documentation and logistic arrangement. Hence there is no evidence that there is a second contract existence. This is confirmed with the workers that they have only 1 contract with KHB.</p> <p>All workers are provided with housing. Such housing arrangement is stated in the employment contract. The assessment team had visited the housing facilities and deemed that the housing is decent. According to the housewives of the workers they are happy with housing condition. As per the budget of KHB, KHB had budgeted to upgrade the current housing by phases. This shows that KHB is committed in provided decent living conditions to its workers.</p>	<p>Complied</p>
<p>Criterion 6.13: Growers and millers respect human rights.</p>		
<p>6.13.1</p> <p>A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance -</p>	<p>The Code of Conduct & Human Right Policy dated 03/01/2017 is in place.</p> <p>The policy is constantly being briefed during morning briefing and muster call. The respecting Mill manager or Estate Managers are responsible to communicate the policy the workers. During the induction of the workers, the policies are being briefed to the new worker. Additionally, all of KHB policies are available in all operating units including housing facilities and stores.</p> <p>Through interview of workers, there is no evidence found on any human rights violations.</p>	<p>Complied</p>
<p>6.13.2</p> <p>As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.</p>	<p>During the onsite assessment, the assessment team had visited the Community Learning Center established by KHB for foreign workers' children. As the majority of the foreign workers are Indonesia, the established CLC are teaching the Indonesia syllabus. For the smaller CLC in Bukit Sekong, the teaching is based on local syllabus.</p> <p>The assessment team had interviewed the Principle and the teachers of the CLC. The teachers are happy with the support given by KHB. The condition of the CLC is deemed</p>	<p>Complied</p>

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	good condition with proper lightings and ventilation (e.g. fan). Safety was also considered by KHB whereby security guards are employed to guard the student especially during schooling hours.		
<p>Principle 7: Responsible development of new plantings Kretam Palm Oil Mill and supply base did not carry out any new plantings after November 2005. Therefore, the requirement of Principle 7 is not applicable during the annual surveillance</p>			
<p>Principle 8: Commitment to continual improvement in key areas of activity</p>			
<p>Criterion 8.1: Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p>			
8.1.1	<p>The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); <ul style="list-style-type: none"> • Optimising the yield of the supply base. <p>- Major compliance -</p>	<p>Sighted action plan for continual improvement at Kretam Mill and supply bases:</p> <ol style="list-style-type: none"> 1) Boiler scrubber 2) Boiler biogas burner 3) To renew boiler no. 2 4) HV cable to effluent ponds 5) Water Pump House at Sapagaya Estate 6) Multi-purpose court at Sapagaya Estate 7) FFB ramp (1 units) at Sapagaya Estate 8) Fertilizer store roofing and floor (upgrading) at Bukit Sekong Estate 9) John Deer Genset (1 unit) at Bukit Sekong Estate 	<p>Complied</p>

Appendix B: Approved Time Bound Plan

KHB KHB group has 3 operation locations located in Tawau, Sandakan and Lahad Datu in Sabah, Malaysia namely Kretam Mill (KM), Abedon Oil Mill (AOM) and Silimpopon Mill (SM)

The operation in Kinabatangan, Sandakan Region, Sabah is currently undergoing certification. The other 2 regions will be seeking certification as below table.

Therefore, the time-bound plan is as follows.

Name of Mill	Address	Production		Certified (year)	Time bound for certification
		CPO	PK		
Abedon Oil Mill	KM 56, Jalan Lahad Datu-Sandakan, Lahad Datu, Sabah	83,238	5,074	NA	2017
Silimpopon Mill	KM 140, Off Kalabakan - Serudung Road, Tawau, Sabah	92,000	5,586	NA	2018

Appendix C: Certification Unit RSPO Certificate Details

Kretam Holdings Berhad
 Syarikat Kretam Mill Sdn Bhd
 Kretam Palm Oil Mill
 Lot 6, Block 44, Leboh Tiga
 90000 Sandakan, Sabah, Malaysia

RSPO membership number: 1-0189-15-000-00

BSI RSPO Certificate No. : RSPO
 Date of Initial Certificate Issued: 15/06/2016
 Date of Expiry: 14/06/2021
 Applicable Standards: RSPO P&C MYNI-2014; RSPO Supply Chain Certification Standard November 2014 Module D
 – CPO Mills: Identity Preserved)

Kretam Palm Oil Mill and Supply Base					
Location Address	Off KM 45, Sandakan – Lahad Datu Highway, Kinabatangan, Sandakan, Sabah				
GPS Location	117° 50' 15.1" E ; 05° 39' 25.8" N				
CPO Tonnage Total	39,087.40 mt				
PK Tonnage Total	8,247.80 mt				
CPO Claimed for Certification*	39,087.40 mt				
PK Claimed for Certification *	8,247.80 mt				
Own estates FFB Tonnage	179,300.00 mt				
Scheme Smallholder FFB Tonnage	-				
Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Bode Estate	2,602.47	237.13	432.81	3,472.41	58,000
Masang Estate	2,605.95	212.00	179.08	3,047.03	53,000
Masang Estate (Winpalm Div)	130.97	-		130.97	3,200
Sapagaya Estate	3,001.18	-	48.59	3,049.77	60,000
Bukit Sekong Estate	408.31	400.60	44.42	853.33	3,500
Bukit Sekong Estate (Sukau Div)	61.45	-	42.18	103.63	1,600
TOTAL	8,810.33	849.73	747.08	10,657.14	179,300.00

Appendix D: Assessment Plan

Date	Time	Subjects	Hafiz	Hidhir	Nicholas
Tuesday 18/04/2017	PM	Audit team travelling to site	√	√	√
Wednesday 19/04/2017 Kretam Palm Oil Mill	0830 – 0900	Opening Meeting: • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder’s consultation).	√	√	√
	0900 - 1200	Kretam Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, meeting stakeholders etc	√	√	√
	1200 - 1300	Lunch	√	√	√
	1300-1630	Kretam Palm Oil Mill Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P8: SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc. Verify previous nonconformities.	√	√	√
	1630-1700	Interim Closing briefing	√	√	√
	Thursday 29/03/2017 Sapagaya Estate	0830-1200	Sapagaya Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√
0900-1200		Meeting with stakeholder (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
1300-1630		Sapagaya Estate Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
1630-1700		Interim Closing briefing	√	√	√

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Date	Time	Subjects	Hafiz	Hidhir	Nicholas
Friday 30/03/2017 Bukit Sekong Estate	0830-1200	Bukit Sekong Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc	√	√	√
		Bode Estate Field visit, boundary inspection, HCV area	√	-	-
	1200-1300	Lunch	√	√	√
	1300-1630	Bukit Sekong Estate Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	1630-1730	Preparation for closing meeting Closing Meeting Audit Team travelling back to KL	√	√	√
Saturday 22/04/2017	AM	Audit team traveling back to KL			

Appendix E: Stakeholders Contacted

<p>Internal Stakeholders Managers Assistant Managers Staffs Workers’ Representatives NUPW Representative Gender Committee Representative Crèche Attendant Medical Assistant</p>	<p>External Stakeholders Contractors</p> <p>NGO: WWF Sabah (no response to email) Friends of Orang Utan (no response to email) Borneo Conservation Trust (no response to email)</p>
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<p>Government Departments Department of Labor for Kinabatangan, Sabah</p>	<p>Local Communities Village Head of Kg Seri Manis Village Head of Kg Berjaya II Village Head of Seri tanjung PPMS</p>
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Appendix F: CPO Mill Supply Chain Assessment Report (Module D: Identity Preserved)

Requirements	Compliance
D.1. Definition	
<p>D.1.1 A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p>	<p>Kretam Palm Oil Mill only receives certified FFB. Therefore qualifies for the Identity Preserved supply chain system and module. During the P&C assessment, the audit team verified the volumes and sources of certified FFB entering the mill, the implementation of processing controls and volume sales of RSPO certified products.</p>
D.2 Explanation	
<p>D.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill is recorded in this public summary report. The actual tonnage produced for the period of April 2016 until March 2017 recorded as per below table below.</p>
<p>D.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The mill has met all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim). Sample of shipping confirmation checked: i) CPO Sales : Transaction ID, TR-3308f100-225e for total of 3,500.19 mt of CPO-IP. ii) PK sales : Transaction ID, TR-df052348-e3ce for total of 94.65 mt of PK-MB (downgraded from IP)</p>
D.3 Documented procedures	
<p>D.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</p>	<p>Latest written documented procedures, RSPO Supply Chain Module, SCCS-003, rev:1 dated 8/8/16 for the chain of custody is with Identity Preserved (IP) and Mass Balance (MB) model covering all the RSPO Supply Chain Certification Standard and Traceability for handling certified and non-certified FFB. This developed based on the RSPO SCCS 21 November 2014. The mill manager has the responsibility to ensure implementation assisted by the on-site compliance executive. IP model is used starting from August 2016 onwards because only certified FFB from own supply base is received and processed at Kretam Palm Oil Mill. All non-certified crop received from independent smallholder diverted to Abedon Mill.</p> <p>The mill manager and assistant manager have awareness of the supply chain system. The manager has overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.</p>

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<p>D.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>Kretam Palm Oil Mill has documented procedures (as per above in D 3.1) for the incoming FFB, processing and outgoing palm products (CPO and PK). The procedure covers receiving and processing certified and non-certified FFBs.</p>
<p>D.4 Purchasing and goods in</p>	
<p>D.4.1 The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.;</p>	<p>Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified FFB. Records verified by internal and external audit. Kretam Palm Oil Mill have system to verify at the weighbridge and recorded in the mass balance sheet. Kretam Palm Oil Mill is still receiving the non-certified crop from independent smallholders and diverted to Abedon Mill Sdn Bhd. Dedicated holding area for non-certified crop located at loading ramp A platform to avoid mixing of incoming material. Loading ramp B is only for receiving of certified crop from Kretam Palm Oil Mill's own supply base. Method on handling of incoming material written in the procedure, SKM/SDK-QSP-14 Rev 4 dated 01/02/2016. Based on site verification, it was verified that the holding area can cater up to 100 mt per day and no possible mixing of non-certified FFB observed.</p>
<p>D.4.2 The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The facilities aware of this procedure and stated in the procedure.</p>
<p>D.5 Record keeping</p>	
<p>D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</p>	<p>All the inventory records are maintained and updated on daily basis and monthly and reported on monthly and 3 monthly inventory. Computerized system in place. No PKO and Palm kernel meal at Kretam Palm Oil mill. CPO and PK is sold to 3rd party buyer. Daily records are prepared at the entry point at the weighbridge.</p> <p>Sample of CPO contract and WB ticket: December 2016 – GEO/WLK-EL/152/12/16 (RSPO-CPO IP) Date: 31/12/16, Lorry: SS5496R, WB ticket# 072778, weight; 31.79 mt.</p> <p>April 2017 – SEO/36P1702/0023L(RSPO PK-MB – Downgraded from IP) Date: 3/6/15, Lorry: SS5486K, WB ticket# 076715, weight; 22.63mt.</p> <p>Daily summary and monthly summary documented for all the FFB received. Records of certified FFB received verified during annual surveillance. Records verified by internal and external audit.</p>
<p>D.6 Processing</p>	

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<p>D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from noncertified material including during transport and storage.</p>	<p>During this assessment it was confirmed that only certified source of FFB from own plantation is processed. This ensures that there is no possibility of mixing during processing. There is a possibility that the mill will receive non-certified FFB from KHB sister mills during mill breakdown or shut down for inspection. Noted that there was no diversion crop received during this reporting period April 2016 to March 2017.</p> <p>CPO MB – last dispatch from tank 3 & 4 completed on 22/11/16 and sold as sludge oil. Zero stock of CPO MB starting from 23/11/16 onwards. Verified delivery records, under Gamalux Oil Sdn Bhd for total of 13.14 mt. DO#3652913, lorry: SS3911J</p> <p>Non-certified (NC) CPO – last dispatch from tank 3 completed on 19/12/16 and sold as sludge oil. Zero stock of NC CPO starting from 20/12/16 onwards. Verified delivery records, under Gamalux Oil Sdn Bhd for total of 59.33 mt. DO#3652915, lorry: SAA8176Y.</p> <p>Only January 2017 onwards, tank 1,2 & 4 stored with CPO IP. As to date, Kretam Palm Oil Mill only produce CPO IP production.</p> <p>PK MB – All stock dispatch as MB (remaining and current stock). PK IP downgraded and sold as MB based on April 201 to March 2017 reporting period.</p>
<p>D.6.2 The objective is for 100 % segregated material to be reached.</p>	<p>Processing and storage records can trace back to only certified segregated FFB and finish product (CPO and PK) through traceability records such as weighbridge and production records. Mill has allocated the storage area/tank/bunker starting from receiving area for certified and non-certified FFB. Storage tank for palm product (CPO and PK). A few critical control points (CCP) have been identified to monitor any possible contamination. This ensures that 100% segregated materials are reached.</p>

Actual Certified Palm Production – April 2016 – March 2017 (ASA1)

Mill	Capacity & Supply Chain Model	CPO	PK
Kretam Palm Oil Mill	60 mt/hr Identity Preserved (IP) Mass Balance (MB)	26,961.88	5,802.93

Actual Sales of Certified Palm Products – April 2016 – March 2017 (ASA1)

Mill	Certified CPO Sales	Certified PK Sales	Remarks
Kretam Palm Oil Mill	17,111.90 mt	0.00 mt (Physical sales)	No production of CPO MB after August 2016.
Kretam Palm Oil Mill	0.00	3,558.82	MB sales of downgraded PK-IP

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Actual Certified FFB Received Monthly – April 2016 – March 2017 (ASA1)

Month	Own Supply Base (Estates)						Total FFB/Month (mt)
	Bode Estate	Masang Estate	(Masang Estate) Winpalm Div	Sapagaya Estate	Bukit Sekong Estate	(Bukit Sekong Estate) Sukau Div	
April 2016	2,080.01	1,350.85	88.22	2,375.06	235.93	72.79	6,202.86
May 2016	3,078.86	2,024.26	154.02	3,364.75	489.27	81.11	9,192.27
June 2016	4,765.64	3,260.20	169.33	6,381.43	552.20	117.38	15,246.18
July 2016	6,128.34	4,513.15	183.81	7,573.82	595.75	172.84	19,167.71
August 2016	6,322.60	4,826.78	255.89	7,343.39	517.25	137.79	19,403.70
September 2016	6,149.38	4,879.63	170.58	6,804.10	372.96	145.22	18,521.87
October 2016	6,027.21	4,381.23	103.37	5,229.15	344.14	197.06	16,282.16
November 2016	4,651.37	3,206.22	117.47	4,248.31	301.32	168.89	12,693.58
December 2016	4,108.60	2,608.19	105.55	2,998.52	164.58	129.46	10,114.90
January 2017	3,382.19	2,683.40	106.77	3,086.01	142.34	118.34	9,519.05
February 2017	3,258.00	2,025.84	111.37	1,553.72	103.80	65.76	7,118.49
March 2017	3,223.95	2,222.80	195.63	1,935.01	152.13	91.76	7,821.28
Total	53,176.15	37,982.55	1,762.01	52,893.27	3,971.67	1,498.40	151,284.05

Appendix G: GHG Reporting Executive Summary

The GHG emissions that were produced in 2016 for Kretam Mill and supply base was calculated using the GHGpalm Calculator version 3.0. The assessment team had verified the data input in the GHGpalm Calculator against operations records. Palm GHG Calculation Options selected 'Full version' and 'Exclude LUC Emission' calculation option is not applied. The records verified includes:

- i. Estates area planted data
- ii. Fuel consumed
- iii. Mill datas include CPO produced, PKO Produced and FFB Processed
- iv. Fertilizer consumed data for both estates and smallholders.

The summary of the Net GHG emitted in 2016 for Kretam mill and supply base are as following:

Emission per product	tCO ₂ e/tProduct
CPO	1.01
PKO	1.01

Extraction	%
OER	22.32
KER	4.85

Production	t/yr
FFB Process	143,565.05
CPO Produced	32,040.718
PKO Produced	6,966.54

Land Use	Ha
OP Planted Area	9660.06
OP Planted on peat	0
Conservation (forested)	0
Conservation (non-forested)	568.54
Total	10,228.6

Summary of Field Emission and Sink

	Own Crop*		Group		3 rd Party		Total	
	tCO ₂ e	tCO ₂ e / FFB	tCO ₂ e	tCO ₂ e / FFB	tCO ₂ e	tCO ₂ e / FFB	tCO ₂ e	tCO ₂ e / FFB
Emission								
Land Conversion	93,402.4	0.66	0	0	0	0	93,402.4	0.66
CO ₂ Emission from fertilizer	4,198.51	0.03	0	0	0	0	4,198.51	0.03
NO ₂ Emmision	4,125.79	0.03	0	0	0	0	4,125.79	0.03
Fuel Consumption	2338.19	0.02	0	0	0	0	2338.19	0.02
Peat Oxidation	0	0	0	0	0	0	18,391.46	0.08
Sink								
Crop Sequestration	-88,077.5	-0.63	0	0	0	0	-88,077.5	-0.63
Conservation Sequestration	0	0	0	0	0	0	0	0
Total	15,987.39	0.11	0	0	0	0	15,987.39	0.11

*Note: Includes both estates and smallholders

Summary of Mill Emission and Credit

	tCO ₂ e	tCO ₂ e/tFFB
Emission		
POME	28,251.11	0.2
Fuel Consumption	909.77	0.01
Grid Electricity Utilisation	193.97	0
Credit		
Export of Grid Electricity	0	0
Sales of PKS	0	0
Sales of EFB	-5,627.15	-0.04
Total	23,533.73	0.16

Summary of Kernel Crusher Emission and Credit (if applicable)

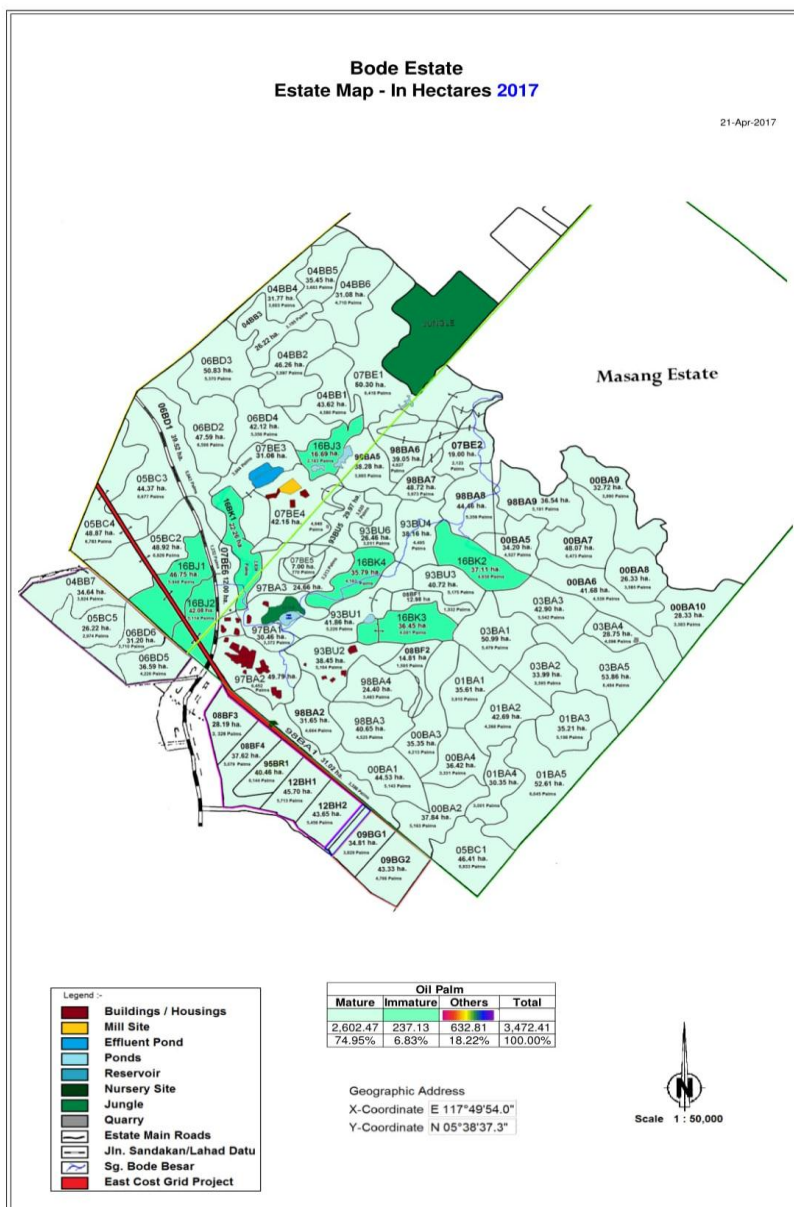
Emissions	tCO₂e
PK from own mill	7,058.31
PK from other source	0
Fuel Consumptions	0
Total Crusher emissions	0

*This mill has no kernel crusher operation.

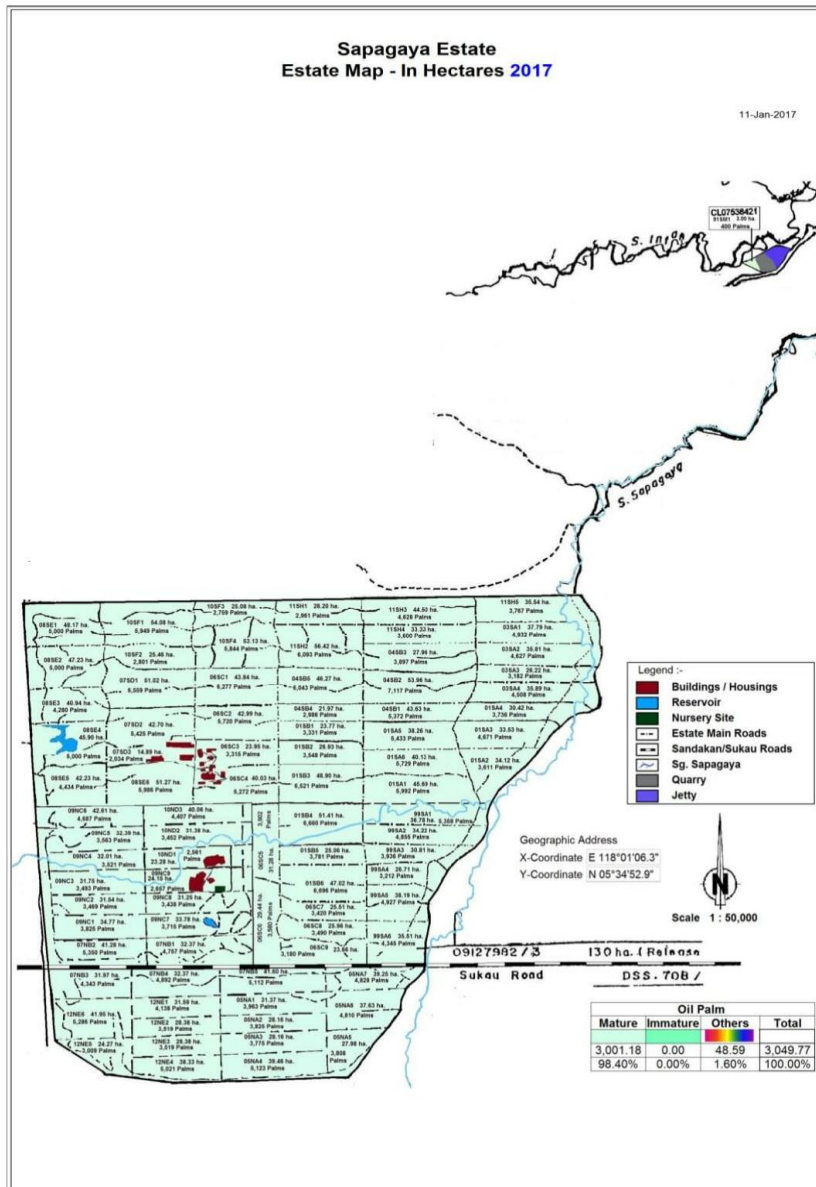
Palm Oil Mill Effluent (POME) Treatment:	
Divert to Compost (%)	0
Divert to anaerobic diversion (%)	100

POME Diverted to Anaerobic Digestion:	
Divert to anaerobic pond (%)	100
Divert to methane captured (flaring) (%)	0
Divert to methane captured (energy generation) (%)	0

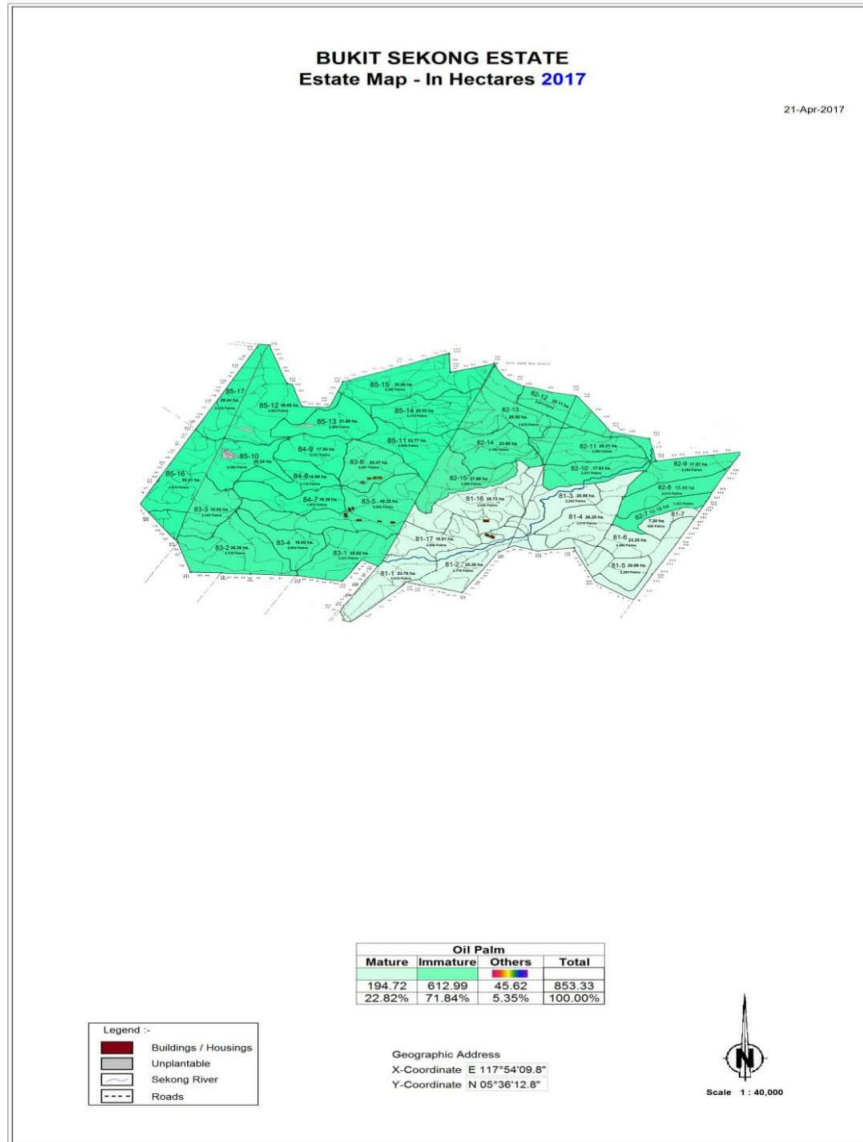
Appendix H: Location Map of Kretam Palm Oil Mill Certification Unit and Supply bases

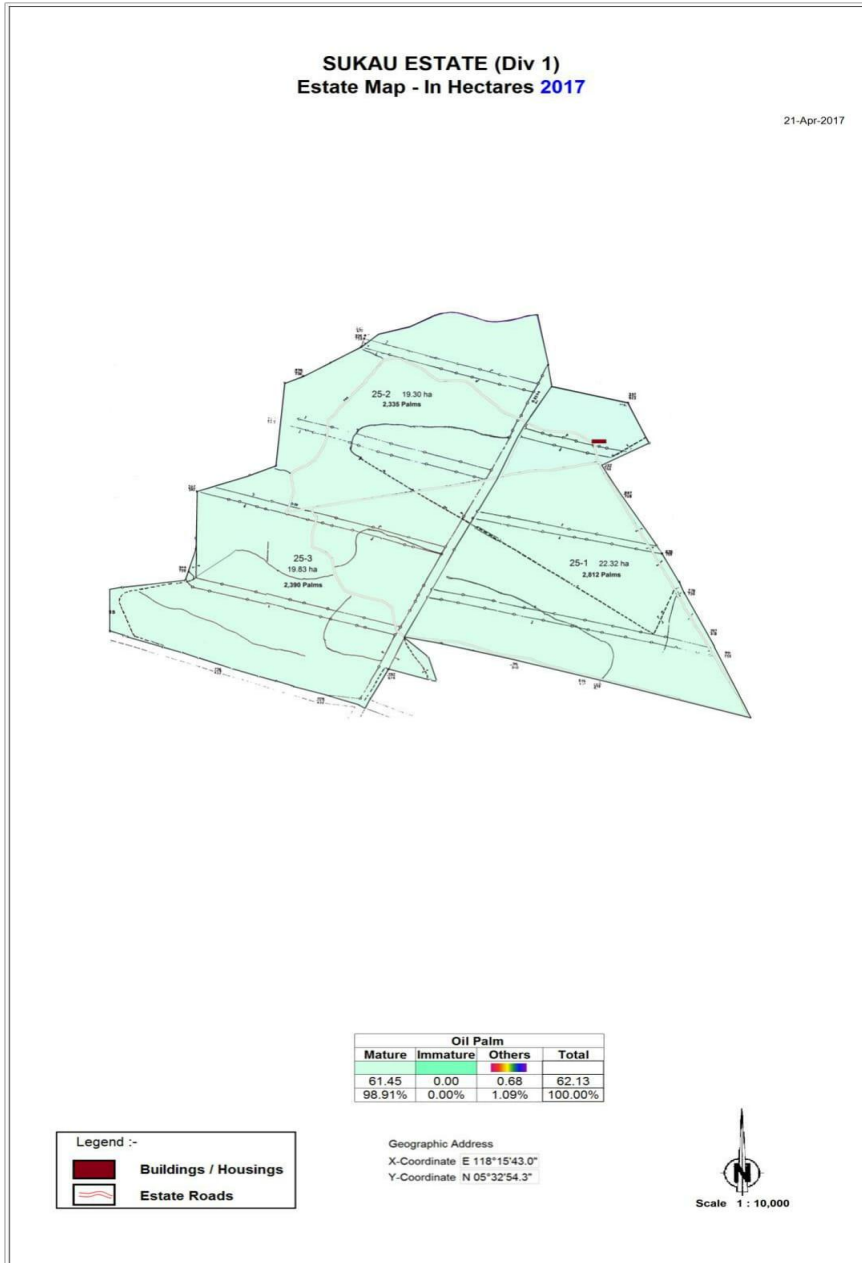


Appendix I: Sapagaya Estate Field Map



Appendix J: Bukit Sekong Estate Field Map





Appendix K: List of Smallholder Sampled

- Not applicable -

Appendix L: List of Abbreviations Used

ASA	Annual Surveillance Assessment
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CIP	Continual Improvement Plan
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
KHB	Kretam Holdings Berhad
MAPA	Malayan Agricultural Producers Association
MPOA	Malaysian Palm Oil Association
MSDS	Material Safety Data Sheet
MSPO	Malaysian Sustainable Palm Oil
MY-NI	Malaysian National Interpretation
NGO	Non Governmental Organisation
NUPW	National Union of Plantation Workers
OSH	Occupational Safety & Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
PPE	Personal Protective Equipment
RED	Renewable Energy Directive
RSPO	P&C Roundtable on Sustainable Palm Oil Principle & Criteria
SCCS	Supply Chain Certification Standard
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure