

**MALAYSIAN SUSTAINABLE PALM OIL – INITIAL  
ASSESSMENT  
Public Summary Report**

<b>Kulim (Malaysia) Berhad</b>
Client company Address: <b>K.B. 705 Ulu Tiram, 81900 Johor Bahru, Johor</b>
Certification Unit: <b>Sedenak Palm Oil Mill and supply bases</b>
Location of Certification Unit: K.B. 721, 80990 Kulai, Johor, Malaysia

**Report prepared by:**  
**Mohamed Hidhir** (Lead Auditor)

**Report Number: 9631052**

**Assessment Conducted by:**  
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## Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Sedenak POM: MPOB license 501224702000 valid until 18 Jan 2018 – 31 March 2019 Sedenak Estate: MPOB license 500058304000 valid from 5/2/2018 to 31/12/2018 Kuala Kabong Estate: MPOB License 503896302000 valid from 1 April 2018 until 31 March 2019 Ulu Tiram Estate: MPOB license 501257302000 valid from 1/4/2018 to 31/3/2019 Basir Ismail Estate: MPOB License 501258102000 valid from 1 April 2018 until 31 March 2019		
Company Name	Kulim (Malaysia) Berhad		
Address	K.B. 705 Ulu Tiram, 81900 Johor Bahru, Johor		
Group name if applicable:	-		
Subsidiary of (if applicable)	-		
Contact Person Name	Salasah Elias		
Website	www.kulim.com.my	E-mail	<a href="mailto:salalah@kulim.com.my">salalah@kulim.com.my</a>
Telephone	07-8611611	Facsimile	07-8631084

1.2 Certification Information			
Certificate Number	Mill : MSPO 697947 Estates : MSPO 697948		
Issue Date	30/03/2019	Expiry date	29/03/2024
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	N/A. This is RSPO certified company.		
Stage 2 / Initial Assessment Visit Date (IAV)	9-11 October 2018		
Continuous Assessment Visit Date (CAV) 1	-		
Continuous Assessment Visit Date (CAV) 2	-		
Continuous Assessment Visit Date (CAV) 3	-		
Continuous Assessment Visit Date (CAV) 4	-		

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Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
EU-ISCC-Cert-DE119-60192022	ISCC EU	ASG CERT	12 March 2020
A77597	MS 1500:2009	JAKIM	30 June 2019
AR 1803	ISO 9001:2015	SIRIM QAS International Sdn Bhd	14 September 2020
RSPO 537873	RSPO P&C MYNI 2014 RSPO SCCS June 2017	BSI Services (M) Sdn Bhd	22 January 2019

1.3 Location of Certification Unit			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Latitude	Longitude
Sedenak Palm Oil Mill	Kulai, Johor, Malaysia	1° 43' 47.41" N	103° 32' 21.97" E
Sedenak Estate	Kulai, Johor, Malaysia	1° 42' 48.79" N	103° 31' 36.24" E
Ulu Tiram Estate	Ulu Tiram, Johor, Malaysia	1° 37' 28.02" N	103° 47' 26.40" E
Kuala Kabong Estate	Kulai, Johor, Malaysia	1° 41' 20.10" N	103° 26' 0.87" E
Basir Ismail Estate	Kota Tinggi, Johor, Malaysia	1° 37' 47.84" N	103° 54' 52.07" E

1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Sedenak Estate	302.25	459.12	1,858.32	0	0
Ulu Tiram Estate	3.3	211.91	0	24.15	238.72
Kuala Kabong Estate	0	0	1,366.46	0	0
Basir Ismail Estate	330.85	1,526.78	766.41	322.31	0
Total	636.4	2,197.81	3,991.19	346.46	238.72

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Estimated (Previous Year)	Actual (Oct 17 – Sept 18)	Forecast (Oct 18 – Sept 19)
Sedenak Estate	N/A. This is initial assessment.	56,192.12	70,357.50
Ulu Tiram Estate		11,858.12	13,260.20
Kuala Kabong Estate		34,757.42	43,971.20

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Basir Ismail Estate		64,440.91	81,068.00
Total		167,248.57	208,656.9

### 1.6 Certified CPO / PK Tonnage

Sedenak POM 90 MT/hr	Estimated (Previous Year)	Actual (Oct 17 – Sept 18)	Forecast (Oct 18 – Sept 19)
	<b>CPO (OER: - %)</b>	<b>CPO (OER: 20.35%)</b>	<b>CPO (OER: 21.77%)</b>
	N/A. This is initial assessment.	34,028.02	45,424.61
	<b>PK (KER: - %)</b>	<b>PK (KER: 5.50%)</b>	<b>PK (KER: 5.61%)</b>
	N/A. This is initial assessment.	9,202.74	11,705.65

### 1.7 Certified Area

Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Sedenak Estate	2,619.69	26.39	229.7	2,875.78	91
Ulu Tiram Estate	478.08	23.11	7.48	508.67	94
Kuala Kabong Estate	1,366.46	12.01	101.39	1,479.86	92
Basir Ismail Estate	2,946.35	50.69	329.58	3,326.62	88
<b>Total</b>	<b>7,410.58</b>	<b>112.2</b>	<b>668.15</b>	<b>8,190.93</b>	<b>88</b>

### 1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the **MSPO Stage 2 Audit** Certification Assessment of **Kulim (M) Berhad –Sedenak POM** located in **K.B. 721, 80990 Kulai, Johor, Malaysia** comprising **1 mill and 4 estates**.

The assessment was conducted onsite to assess the compliance of the certification unit against **MS 2530-3:2013 MSPO Part 3: General principles for oil palm plantations and organized smallholder** and **MS 2530-4:2013 MSPO Part 4: General principles for palm oil mills**.

The onsite assessment was conducted on **9-11 October 2018**.

Based on the assessment result, **Kulim (M) Berhad –Sedenak POM** complies with the **MS 2530-3:2013 MSPO Part 3: General principles for oil palm plantations and organized smallholder** and **MS 2530-4:2013 MSPO Part 4: General principles for palm oil mills** and recommended for certification.

## Section 2: Assessment Process

### Certification Body:

BSI Services Malaysia Sdn Bhd,  
Unit 3, Level 10, Tower A  
The Vertical Business Suites, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel +603 2242 4211 Fax +603 2242 4218  
Nicholas Cheong: [Nicholas.Cheong@bsigroup.com](mailto:Nicholas.Cheong@bsigroup.com)  
[www.bsigroup.com](http://www.bsigroup.com)

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.

### Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from **9-11 October 2018**. The audit programme is included as Appendix A. The approach to the audit was to treat the **Kulim (M) Berhad - Sedenak POM and supply bases** as a MSP0 Certification Unit. 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. **MS 2530-3:2013 MSP0 Part 3: General principles for oil palm plantations and organized smallholder** and **MS 2530-4:2013 MSP0 Part 4: General principles for palm oil mill** 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 estates or smallholders sample were determined based on formula  $S = r\sqrt{n}$  where n is the number of estates while when applicable, the smallholders sample were determined following the MSP0 Certification Requirement. The sampling of smallholders were based on the formula  $(r\sqrt{n})$ ; where r is the risk factor (may defers 1, 1.5 and 2 depending on risk), where n is total number of group members. The sampled smallholder listed in Appendix C.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSP0 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 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 B.

The assessment findings for the initial assessment are detailed in Section 4.2. This report is structured to provide a summary of assessment finding as attached in the Section 3. The assessment was based on random samples and

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therefore nonconformities may exist that have not been identified. This report was externally reviewed by MSPO approved Peer Reviewer prior to certification decision by BSI.

The comments made by external stakeholders were also taken into account in the assessment where the stakeholder notification was made through BSI website: <https://www.bsigroup.com/en-MY/RSPO-MSPO-Certification/MSPO-clients-and-reports1/>

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

<b>Name (Mill / Supply Base)</b>	<b>Year 1 (stage 2)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 3)</b>	<b>Year 5 (ASA 4)</b>
Sedenak Palm Oil Mill	√	√	√	√	√
Sedenak Estate	√		√		√
Ulu Tiram Estate	√		√		
Kuala Kabong Estate		√		√	
Basir Ismail Estate		√		√	√

**Tentative Date of Next Visit: October 8, 2019 - October 10, 2019**

**Total No. of Mandays: 6**

**BSI Assessment Team:**

**Mohamed Hidhir Zainal Abidin – Lead Auditor**

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 work with another 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 various plantation 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.

**Selvasingam T. Kandiah**

He holds a B. Sc (Hons) Agriculture. Had work as a planter with Kumpulan Guthrie Berhad for more than 10 years including one year in Liberia and 2 years in Estate Department of Kumpulan Guthrie Headquarters. During this assessment, he assessed on the aspects of legal, estate best practices, environmental and workers and stakeholders consultation

**Accompanying Persons: Nil**

### 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.

- MSPO MS 2530-2:2013 – General Principles for Independent Smallholders
- MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholders
- MSPO MS 2530-4:2013 – General Principles for Palm Oil Mills

#### 3.2 Details of Nonconformities and Opportunity for improvement

During the Certification Assessment there was no nonconformities raised. **Kulim (M) Berhad – Sedenak POM and supply bases**. Only one (1) opportunity for improvement raised as per the following:

<b>Finding Reference</b>	1694583-201806-I1	<b>Certificate Reference</b>	MSPO 697947
<b>Certificate Standard</b>	MS 2530:2013 Part-4	<b>Clause</b>	4.5.3.3
<b>Category</b>	Opportunity for Improvement		
<b>Area/Process:</b>	Sedenak POM and supply base		
<b>Details</b>	SOP for handling of used chemical is referred to SDM/WI/5, Labeling, Handling, Storage and Disposal of Scheduled Waste dated 1/7/2007. However, the procedure has yet to incorporate the new eSWIS reporting process for improvement.		

Noteworthy Positive Comments	
1	
2	

#### 3.3 Status of Nonconformities Previously Identified and OFI

Not applicable as this is main assessment.

Major Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	-	
Requirements:		
Statement of Nonconformity:		



Objective Evidence:	
Corrections:	
Root cause analysis:	
Corrective Actions:	
Assessment Conclusion:	
Stage II Status:	
<b>MinorNonconformities:</b>	
<b>Ref</b>	<b>Area/Process</b>
<i>NC ID from eReport</i>	-
Requirements:	
Statement of Nonconformity:	
Objective Evidence:	
Correction Action Evidence:	
Assessment Conclusion:	

**3.4 Issues Raised by Stakeholders**

IS #	Description
1	<b>Feedbacks:</b> Nursery teacher/minder: - There was a case where a snake found within nursery area - Last found nearby parking area
	<b>Management Responses:</b> No feedback received on the matter however management will immediately take action to prevent similar incident from happening.
	<b>Audit Team Findings:</b> Action taken by management to prevent snake/reptiles encroachment within nursery area to be review in next audit.
2	<b>Feedbacks:</b> SK LKTP Bukit Batu: Wonder how to seek for company's assistance in school programs
	<b>Management Responses:</b> All stakeholders whom being invited and attended stakeholder consultation meeting were briefed on company policy and procedures on request and response. School representatives were attended the meeting as well however no any request received so far.
	<b>Audit Team Findings:</b> Verification of records of request and response shown no records of request from school. Estate management were advised to engage school more often since school located nearby and few among school students were from estate employees' children.
	<b>Feedbacks:</b>

3	FFB transporter: Road condition is quite bad especially after rain
	<b>Management Responses:</b> Issue was noted and discussed during stakeholder meeting and estate management already took action to maintain road conditions accordingly.
	<b>Audit Team Findings:</b> No further issue.
4	<b>Feedbacks:</b> Estate and mill suppliers: Good prompt payment received from company upon invoicing.
	<b>Management Responses:</b> Positive feedback noted.
	<b>Audit Team Findings:</b> No further issue.

### 3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
Nil			

### 3.6 Summary of the findings by Principles and Criteria

#### Malaysian Sustainable Palm Oil Part 4: General Principles for Palm Oil Mills.

Criterion / Indicator	Assessment Findings	Compliance	
<b>4.1 Principle 1: Management commitment &amp; responsibility</b>			
<b>Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy</b>			
<b>4.1.1.1</b>	Policy for the implementation of MSPO shall be established. <b>- Major compliance -</b>	Kulim (M) Berhad has established a policy on sustainable palm oil production signed by Executive Director, Mr Zulkifli Zakariah dated 1/5/18. The policy was written in bi-lingual (english and national language) available at pertinent location in the mill compound.	Complied
<b>4.1.1.2</b>	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. <b>- Major compliance -</b>	The established policy has emphasized on the commitment to comply with all applicable legal requirements, contribute to local community development, and environmental consideration with the objective of improving the milling and estate operation	Complied
<b>Criterion 4.1.2 – Internal Audit</b>			

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<b>4.1.2.1</b>	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.  <b>- Major compliance -</b>	The internal audit for MSPO was conducted on 9 <sup>th</sup> August 2018 at Sedenak Palm Oil Mill. The internal audit had covered all the MSPO MS2530 elements specifically on part 4. This is the second exercise in 2018 which the first initial GAP assessment was carried out in April to May 2018.	Complied
<b>4.1.2.2</b>	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.  <b>- Major compliance -</b>	Kulim (M) Berhad has established procedure, Sustainable Management System, Internal Audit : SQD/SMS/5.0, issue: 1 dated 1/7/18 . The procedure is designed for all applicable sustainability standards requirements such as ISCC, RSPO, MSPO and management guideline to be used as audit criteria.  The procedure has incorporated the internal auditor competency requirement. Based on the procedure, internal audit is to be carried out at least once a year. 4 major NC were raised during last audit. All finding has been followed up and closed by lead auditor on 13/9/18.	Complied
<b>4.1.2.3</b>	Reports shall be made available to the management for their review.  <b>- Major compliance -</b>	The internal audit report has distributed to the POM management and reported to Kulim (M) Berhad management. Refer to internal audit report dated 9/8/18.	Complied
<b>Criterion 4.1.3 – Management Review</b>			
<b>4.1.3.1</b>	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.  <b>- Major compliance -</b>	The last management review was conducted on 28 <sup>th</sup> September 2018. The management review had included internal and external sustainable palm oil audit results review and all pertinent agenda as per standard requirements. The status of the correction and preventive actions are being discuss and reviewed. The meeting was chaired by Mill Manager and attended by HODs. The minutes of the meeting and review presentation dated 28 <sup>th</sup> September 2018 was sighted	Complied
<b>Criterion 4.1.4 – Continual Improvement</b>			
<b>4.1.4.1</b>	The action plan for continual improvement shall be based on a	The latest Continual Improvement Plan for FY 2017/2018 was adopting the continuous improvement projects. The improvement plan includes workers	Complied

Criterion / Indicator		Assessment Findings	Compliance
	consideration of the main social and environmental impact and opportunities for the company.  <b>- Major compliance -</b>	welfare, waste management occupational health and safety and operation improvement.	
<b>4.1.4.2</b>	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.  <b>- Major compliance -</b>	The staff/workers competency training plan for FY 2017/2018 was established. The training identified including operations, understanding of MSPO/RSPO requirements, human rights, company policies, health and safety etc.  The 2019 OPEX budget has include training budget and operations improvement including environmental improvement, worker welfare, OHS etc. Interview with workers confirmed trainings are provided by company on regular basis.  New technologies introduced;  i) Clean emission system to comply with EQ Clean Air Regulation 1978 using ESP  ii) Online black smoke monitoring system link with CEMS  iii) New CEMS system improvement  iv) CAPEX – Operational cost (routine maintainance, emolument, depreciation, etc)  v) To comply with new DOE license requirement (biogas plant c/w cooling pond and mixing pond, gas engine c/w scrubber, polishing plant and biogas burner and fittings0	Complied
<b>4.2 Principle 2: Transparency</b>			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
<b>4.2.1.1</b>	The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.  <b>- Major compliance -</b>	Kulim (Malaysia) Sdn Bhd has developed a Communication Procedure V2.0 dated November 2009 where the objective of the procedure is to effectively communicate with internal and external stakeholders on matter pertaining to social and environmental aspect and impacts, performance and safety & health issue. The modes for internal and external communication are such as tool box, meeting with representatives, inspections, suggestion boxes, memo, stakeholder meeting and etc.	Complied
<b>4.2.1.2</b>	The management documents shall be	There is a SPO Transparency Program under Kulim Malaysia Berhad. The procedure is to ensure that	Complied

Criterion / Indicator		Assessment Findings	Compliance
	publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.  - Major compliance -	documents if to be release and made publicly available are readily available. The Corporate Dept will ensure that the following documents are available if requested and they do not impinge on confidentiality and will not cause detrimental sustainability or social outcoments.  Among the documents that were made available for viewing are: <ul style="list-style-type: none"> <li>• Land title (held as hard copy by the property department)</li> <li>• Health and safety plan</li> <li>• Plans and impact assessment- environmental &amp; social</li> <li>• Pollution prevention plans</li> <li>• Details of complaints and grievances</li> <li>• Negotiation procedures</li> <li>• Continuous improvement plan</li> <li>• Biodiversity plans</li> <li>• Policy documents (sustainability handbook)</li> </ul> In addition to the website, the policies were also displayed  at various locations at the operating units including the main notice boards of the estates, mill offices and muster  ground notice boards for employees and visitors to view	
<b>Criterion 4.2.2 – Transparent method of communication and consultation</b>			
<b>4.2.2.1</b>	Procedures shall be established for consultation and communication with the relevant stakeholders.  - Major compliance -	There is also a “Whistleblowing Policy” dated 2/10/17; refer to agency circular 3/2017. Report should be directed straight to Executive Director /Chairman of Kulim  Sighted records of “Penerangan kepada kontraktor bagi mamenuhi standard persijilan RSPO, ISCC, MSP0” dated 3/9/2018	Complied
<b>4.2.2.2</b>	The management shall nominate management officials at the operating unit responsible for issues	Regional Head from Plantation Operation of Kulim (Malaysia) Berhad has issued a letter dated 23/10/2016 to inform that all Executive Regional Controller of each	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	related to indicator 1. - <b>Minor compliance</b> -	complex has been automatically appointed as Social person-in-charge.  The Mill Manager has appointed the Assistant Manager to be the Social Person In Charge for the social issue in the mill and seen the appointment letter dated 1/1/2017.	
<b>4.2.2.3</b>	A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained. - <b>Major compliance</b> -	The mill and estates has developed a stakeholder list that consisted of internal and external stakeholders such as contractors and suppliers, local communities, government authorities, buyers and etc.  Combine stakeholder meeting was conducted on 3/9/2018 with FFB and hardware suppliers. No issue was raised during the meeting. Meeting minutes was sighted.  The mill has sent the invitation letter to stakeholders such as local communities' representatives, schools' representatives and contractor to attend stakeholder meeting on 28/8/2018.	Complied
<b>Criterion 4.2.3 – Traceability</b>			
<b>4.2.3.1</b>	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability. - <b>Major compliance</b> -	The traceability SOP; Sustainable Management System, Traceability, Doc: No: SQD/SMS/1.2 Date 01.07.2018 available and outlines the preparations, dispatch and receive of FFB, CPO, Kernel and other by products at KULIM's estate and mill, job assignments and recordings of transport productivity for payment purpose and statistics.	Complied
<b>4.2.3.2</b>	The management shall conduct regular inspections on compliance with the established traceability system. - <b>Major compliance</b> -	There is appointed person for compliance on 27.06.2018, Executive Regional Controller (RC) Sedenak Complex for identify and assess compliance matters, implementation and monitoring of compliance action plan. The Kulim Group Compliance Framework 1 July-31 Aug 2018 has covered the MSPO issue which in preparation for stage 2 audit.	Complied
<b>4.2.3.3</b>	The management shall identified and assign suitable employees to implement and maintain traceability system. - <b>Minor compliance</b> -	The person appointed for Traceability is GM/Senior Manager/Manager/Deputy Manager/Assistant in-charge/Acting Manager or Respective Operating Units as per appointment letter dated 30/06/2018	Complied

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4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.  - <b>Major compliance</b> -	Records of FFB and transportation of Fresh Fruit Bunches were maintained at Sedenak POM.  Example of records evidence are as below: <ol style="list-style-type: none"> <li>1. FFB Log File WB 1 (B) for Jul-December</li> <li>2. Mill throughput-2018</li> </ol>	Complied
<b>4.3 Principle 3: Compliance to legal requirements</b>			
<b>Criterion 4.3.1 – Regulatory requirements</b>			
4.3.1.1	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.  - <b>Major compliance</b> -	Sedenak POM continued to comply with legal requirements. Compliance to each applicable law and regulation is monitored by the operating units and SQD sustainability team.  <u>Sedenak Mill</u> a)MPOB license 500058304000 valid from 5/2/2018 to 31/12/2018 b)DOE license No 004532 dated 26/6/2018 valid until (validity period 01/07/2018 - 30/06/2019) for 90mt/hr and method of POME discharge is land application with BOD final discharge limit <5000mg/l.  c)KPDNKK for diesel under Siries no J033791 valid 16 Jan 2018 to 15 Jan 2019 d)Weighbridge calibration B1458342 datd 18 July 2018 refer Q005663-2.1K/JJB-ATK 127256 e) SPAN under License SPAN/EKS/(PT)/800-4/2/14 VALID FROM 13 March 2017 until 12 March 2020 f)Water abstraction for River license under 08/A/KJ/051 g)JTK for electricity deduction permit refer permit (9)dIm.PTKJB/10101/29571(PMT) dated 16 March 2012	Complied
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register.  - <b>Major compliance</b> -	Kulim Group Compliance Framework dated 30/6/18 for Sedenak Complex was made available for review. The new bill, Employee Insurance Scheme (EIS) 2017 has been incorporated in the list.	Complied
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.	The latest bill, Employee Insurance Scheme (EIS) 2017 has been incorporated in Kulim Group Compliance Framework dated 30/6/18.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<b>- Major compliance -</b>		
<b>4.3.1.4</b>	<p>The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.</p> <p><b>- Minor compliance -</b></p>	<p>Sighted letter dated 23/10/16, for the appointment of r as the Person In-Charge for updating changes in Laws and compliance monitoring. For Sedenak Complex, the person in charge is Regional Controller executive. Refer to appointment letter, ref: (004)KMB/RMCD/PRC-2017 dated 31/5/17.</p> <p>Tracking system available to identify changes in the relevant regulations through head office under. Risk Management and Compliance Department and site representative. Tracking system on any changes in the law been well implemented</p>	Complied
<b>Criterion 4.3.2 – Lands use rights</b>			
<b>4.3.2.1</b>	<p>The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.</p> <p><b>- Major compliance -</b></p>	<p>Sedeank POM is sited within Sedenak Estate land banks at block P06/04. Total area for POM is 7.71 ha and verified through area statement and quit rent.</p>	Complied
<b>4.3.2.2</b>	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.</p> <p><b>- Major compliance -</b></p>	<p>Refer to 4.3.2.1.</p> <p>Total area for POM is 7.71 ha and verified through area statement and quit rent.</p>	Complied
<b>4.3.2.3</b>	<p>Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p><b>- Major compliance -</b></p>	<p>The perimeter survey map of the land portion is provided together with the land title. The map is has provided the coordinated demarcation and located within Sedenak Estate.</p>	Complied
<b>4.3.2.4</b>	<p>Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants;</p>	<p>There is not land dispute recorded. This was verified with stakeholders' consultation.</p>	Complied



Criterion / Indicator		Assessment Findings	Compliance
	shall made available and that these should have been accepted with free prior informed consent (FPIC). <b>- Minor compliance -</b>		
<b>Criterion 4.3.3 – Customary rights</b>			
<b>4.3.3.1</b>	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. <b>- Major compliance -</b>	The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.	Complied
<b>4.3.3.2</b>	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. <b>- Minor compliance -</b>	The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.	Complied
<b>4.3.3.3</b>	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. <b>- Major compliance -</b>	The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.	Complied
<b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b>			
<b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>			
<b>4.4.1.1</b>	Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. <b>- Minor compliance -</b>	Social Impact Assessment was conducted on 10/4/2017 and 9/8/2017 by Sustainability Team of Kulim (M) Berhad. Seen the interview checklists with the relevant stakeholders that been utilized during the assessment. The stakeholders that participated in the assessment were such as school’s representative, internal workers, contractors and etc. The topics that discussed during the assessment are child labour issue, discrimination, complaints, policies and etc	Complied
<b>Criterion 4.4.2: Complaints and grievances</b>			
<b>4.4.2.1</b>	A system for dealing with complaints and grievances	Kulim (Malaysia) Berhad has implemented SPO Grievance Procedure dated 4/9/2007. The objective of the procedure is to ensure that Kulim has a documented	Complied

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	<p>shall be established and documented.</p> <p><b>- Major compliance -</b></p>	<p>system for dealing with complaints and grievances that is agreeable to all sides and accepted by all stakeholders. The management shall process and resolve the complaints within 25 work days.</p> <p>Besides, the company has developed Right of Employees Policy dated 8/1/2017 where the company will establish, implement and monitor a documented grievance procedure which will be made accessible to all our employees.</p> <p>In addition, the company also developed Grievance Policy dated 1/1/2008 where the company will resolved all the grievances and unsatisfied to ensure good relationship</p>	
<b>4.4.2.2</b>	<p>The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.</p> <p><b>- Major compliance -</b></p>	<p>The complaint and grievances is open to effected parties including internal and external stakeholders. The time to process the complaints or grievances is within 25 work days.</p>	Complied
<b>4.4.2.3</b>	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.</p> <p><b>- Minor compliance -</b></p>	<p>The complaint form is made available in the mill office. In case the complainant would want to make an anonymity complaint it can be made through electronic Complaint form or email to Senior Director or Whistleblowing committee or toll free number or fax or by mail. This information is available in notice boards in the mill.</p>	Complied
<b>4.4.2.4</b>	<p>Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.</p> <p><b>- Minor compliance -</b></p>	<p>Interview conducted with workers to confirm their understanding of the complaint and grievance process.</p> <p>There is no grievance recorded for the pass one year. Only request for maintenance housing are made by workers.</p>	Complied
<b>4.4.2.5</b>	<p>Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.</p> <p><b>- Major compliance -</b></p>	<p>The complaint record for request for maintenance are available and kept for 10 years according to the Standard Operation Manual Section 4; Sub-section 4.2.3 Control of Documents.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance
<b>Criterion 4.4.3:</b> Commitment to contribute to local sustainable development		
<b>4.4.3.1</b> Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.  <b>- Minor compliance -</b>	The mill management has made contribution to the stakeholders such as contributed of cooking oil to all the workers during festive season, subsidized of electricity and water, provide clinic facilities and etc. Besides, SK Sedenak has requested the management for donation for trip to International Book Festival at KL on 18/4/2017. The management has made donation of RM 200 to the event and seen the Petty Cash Voucher dated 27/4/2017.	Complied
<b>Criterion 4.4.4:</b> Employees safety and health		
<b>4.4.4.1</b> An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.  <b>- Major compliance -</b>	An Occupational Safety & Health Policy had been established and implemented. The policy was signed by the Managing Director of Kulim (Malaysia) Berhad on 1 January 2008 and is displayed prominently on notice boards in Bahasa Malaysia  An OSH Plan had been established and Implemented.  <u><b>Baseline &amp; Annual Audiometric Testing</b></u>  Audiometric testing report and employee audiogram testing dated 20.05.2018 by Dr. Mohd Rizal Bin Abd Azis (OHD HQ/15/DOC/00/395) was verified. Total of 27 employees tested were with normal hearing.  <u><b>Baseline Local Exhaust Ventilation Examination</b></u> LEV inspection and testing (report ref #: HIE 127/171-3/2(210) – 2018/044) was conducted on 14.08.2018 by registered assessor JKKP HIE 127/171-3/2(210). The LEV systems installed met the minimum required face velocity and duct transport velocity along the ducting and hoods.  Monthly inspection and testing by the Mill management was also conducted and records was verified by auditors.  <u><b>Chemical Health Risk Assessment (CHRA)</b></u>  CHRA conducted on May 2013 by registered assessor, Noormahani Harun, JKKP HIE 127/171-2(154) of QMSPRO Training and Consultancy Based on the CHRA, a total of 17 findings/recommendations reported. As this CHRA report was already 5 years a new CHRA was conducted on 17.04.2018 by the same assessor and	Complied

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	<p>company. However, the report has not been received as yet.</p> <p>A separate CHRA for Laboratory Operators and Bio Gas Plant was conducted on 11.03.2015 by registered assessor, Eng Siew Ling, JKKP HIE 127/171- 2(322). Based on the CHRA, a total of 08 findings/recommendations reported.</p> <p><b><u>Chemical Exposure Monitoring</u></b></p> <p>Records showed that the personal chemical exposure monitoring was conducted on 14.08.2018 by Yeow Liang Ming JKKP HIE 127/171-3/1(164) of Kulim Safety Training and Services Sdn Bhd. The results showed that all personal chemical exposure levels of n-hexane in the Laboratory were detected to be BELOW the permissible exposure level limit as per DOSH requirement.</p>	
<p><b>4.4.4.2</b></p> <p>The occupational safety and health plan should cover the following:</p> <p>a) A safety and health policy, which is communicated and implemented.</p> <p>b) The risk of all operations shall be assessed and documented.</p> <p>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:</p> <p>i. All employees involved are adequately trained on safe working practices;</p> <p>ii. All precautions attached to products should be properly observed and applied;</p> <p>d) The management shall provide the</p>	<p>a)The safety and health policy, was communicated and implemented through daily tool box meetings/briefings and trainings. The briefing includes among others to prioritise safety, execute work safely, adherence to all safety rules and regulations and to target for zero accident. The policy has been communicated to the staff and workers. On site supervisors and estate assistant managers ensure the implementation of it.</p> <p>b) A Hazard Identification Risk Assessment and Risk Control (HIRARC) document for mill operations was made available. Risk assessment was carried on activities such as sterilization press operation, oil clarification process. kernel plant operation, boiler operation, office, etc. The latest annual review was done in October 2018.</p> <p>c) Awareness training programme was established and workers involved with chemical handling were trained. Chemicals were arranged and segregated accordingly in the chemical store. The CCDS/SDS for chemicals available at point of use. In addition to specific training courses, safety briefings are given during muster to reinforce awareness, such as correct wearing of PPE.</p> <p>d) During the audit it was noted that all employees were provided with and were wearing appropriate personal protective equipment (PPE). Records were available of PPE issued to individual workers, including signatures to confirm receipt. PPE issued was based on CHRA assessor’s recommendation, HIRARC and SOPs.</p> <p>In the mill pictorial signages of PPE use were observed displayed.</p>	<p>Complied</p>

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<p>appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are</p>	<p>e) The management had established Standard Operating Procedure for handling of chemicals, Doc SDM / WI / 9 Rev 0 dated 01.07.2017 to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>Chemicals were handled as per the requirements in SDS/CSDS, CHRA, HIRARC and SOP (Doc SDM / WI / 9 Rev 0 dated 01.07.2017).</p> <p>f) The management had identified and assigned the Senior Mill Manager as the person responsible for workers' safety and health. The OSH committee Chairman – Tuan Hj Kamaroulzaman Bin Thith (appointment letter dated 04.09.2016). Some appointment letters for other OSH committee members dated 20.03.2017, 17.04.2017, 18.02.2018, 01.07.2018 and 15.07.2018 were sighted</p> <p>g) Records showed that in 2018 OSH committee meetings were conducted on 26.09.2018, 26.06.2018 and 28.02.2018. These meetings were to conduct regular two-way communication with their employees.</p> <p>h) Accident and emergency procedures and flow charts had been established for</p> <ul style="list-style-type: none"> <li>• Biogas plant emergencies</li> <li>• CPO/POME/Diesel/Chemical Spillage/ Effluent Treatment Pond Bund Rapture</li> <li>• Accident/Fire/Boiler Tube Rapture.</li> </ul> <p>It was established during interviews that accident and emergency procedures were clearly understood by all employees.</p> <p>i) the mill had employees trained in First Aid present at all mill operations worksites. First Aid equipment was available at each worksite</p> <p>j) Records of all accidents were kept and reviewed periodically at OSH meetings. The JKKP 8 sent to DOSH on 10.01.2018 showed that in 2017 there were 4 accident cases with a loss 22 workdays. JKKP 6 for accidents that took place on 06.03.2018 and on 07.06.2018 sent to DOSH was sighted.</p>	

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	<p>discussed openly. Records from such meeting shall be kept and the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>		
<b>Criterion 4.4.5: Employment conditions</b>			
<b>4.4.5.1</b>	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p><b>- Major compliance -</b></p>	<p>Kulim (M) Berhad had established and implemented good social practice regarding human rights in respect of industrial harmony. The practice was mentioned in the Mission Policy, Core Labour Standard Policy, People Policy and Ethics Policy. All the policies were dated 01 May 2018 and signed by the Executive Director. These policies were communicated to all employees through trainings and briefings due muster/roll calls.</p>	Complied
<b>4.4.5.2</b>	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other</p>	<p>The Mill had employed Migrant Indonesian and Local workers. Migrant Indonesian workers were recruited on a 2 years contract basis while Local workers were employed on a long-term basis. Both Migrant and Local workers were provided with the wage structure, amenities, etc. No discrimination was noted. Job opportunities and amenities such as free housing, water</p>	Complied

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	distinguishing characteristics. <b>- Major compliance -</b>	and medical care are given to all employees without discrimination.																
<b>4.4.5.3</b>	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. <b>- Major compliance -</b>	<p>All the workers are under direct employment. The payslip has included basic income, allowance pay, working days, medical leave, and deduction of salary and others as per employment contract. The payroll for the following sampled workers for December 2017, February 2018 and May 2018 were verified to be consistent with the Minimum Wages Order 2016.</p> <p>Sampled payslips (September 2018) of workers verified are:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Passport/NRIC No.</th> <th>ID No.</th> </tr> </thead> <tbody> <tr> <td>Irawan Agus</td> <td>AU 153135</td> <td>615590</td> </tr> <tr> <td>Ahyar Rosidi</td> <td>AT 450019</td> <td>615523</td> </tr> <tr> <td>Md Shah Bin Yunos</td> <td>601023015947</td> <td>615211</td> </tr> <tr> <td>Asmani Binti Meli</td> <td>720912115448</td> <td>615359</td> </tr> </tbody> </table> <p>There was no records or complaint observed during the interview with workers. All the sampled workers had achieved the minimum wage in accordance to Minimum Wage Order 2016 which was RM1,000.00 per month or RM 38.46 per day.</p>	Name	Passport/NRIC No.	ID No.	Irawan Agus	AU 153135	615590	Ahyar Rosidi	AT 450019	615523	Md Shah Bin Yunos	601023015947	615211	Asmani Binti Meli	720912115448	615359	Complied
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<b>4.4.5.4</b>	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee. <b>- Minor compliance -</b>	There were no employees of contractors in the mill.	Complied															
<b>4.4.5.5</b>	The management shall establish records that provide an accurate overview of all employees (including seasonal workers and	The workers master list was reviewed. The list includes date of birth, date joined, gender etc.	Complied															

Criterion / Indicator	Assessment Findings	Compliance																		
<p>subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p><b>- Major compliance -</b></p>																				
<p><b>4.4.5.6</b> All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p><b>- Major compliance -</b></p>	<p>Employees had been provided with fair contracts that have been signed by both employee and employer.</p> <p>Migrant Indonesian workers are recruited with 2 years contract. Local workers are on a long-term employment basis.</p> <p>The following contracts has been verified to confirm that workers have binding working agreement with the company:</p> <p>Indonesians:</p> <table border="1" data-bbox="620 1084 1283 1189"> <thead> <tr> <th>Name</th> <th>Passport No</th> <th>ID No.</th> </tr> </thead> <tbody> <tr> <td>Ahyar Rosidi</td> <td>AT 450019</td> <td>615523</td> </tr> <tr> <td>Iman Wahyudi</td> <td>AU 153138</td> <td>615592</td> </tr> </tbody> </table> <p>Malaysians</p> <table border="1" data-bbox="620 1285 1283 1453"> <thead> <tr> <th>Name</th> <th>NRIC No</th> <th>ID No.</th> </tr> </thead> <tbody> <tr> <td>Mokhtar Ismail</td> <td>710719 01 6465</td> <td>615272</td> </tr> <tr> <td>Asmani Binti Meli</td> <td>720912 11 5448</td> <td>615359</td> </tr> </tbody> </table> <p>Interview with the workers confirmed that they had a copy of the employment contract and they understood the conditions stated in the contract.</p>	Name	Passport No	ID No.	Ahyar Rosidi	AT 450019	615523	Iman Wahyudi	AU 153138	615592	Name	NRIC No	ID No.	Mokhtar Ismail	710719 01 6465	615272	Asmani Binti Meli	720912 11 5448	615359	<p>Complied</p>
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<p><b>4.4.5.7</b> The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p><b>- Major compliance -</b></p>	<p>The management had established a time recording system that makes working hours and overtime transparent using the Punch Card and Pocket Check roll system.</p> <p>Sighted the Punch Cards and pocket check roll of the following workers:</p> <ul style="list-style-type: none"> <li>• Yuslina Bte Ismail (Malaysian)-ID 615524</li> <li>• Mohd Noramizi Bin Rakzikin (Malaysian) -ID 615242</li> <li>• Eko Wahyudi (Indonesian): ID 615584</li> <li>• Nilem ID (Indonesian) ID 615564</li> </ul>	<p>Complied</p>																		



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		The terms of employment were as per MAPA/NUPW agreement.																
<b>4.4.5.8</b>	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable. <b>- Major compliance -</b>	The working hours and breaks of the individual worker indicated in the time records complied with legal regulations and collective agreements. The working hours and break times was exhibited on notice boards. Working time from 7.30am to 4.00pm were given a 1 hour and 15 minutes break. The workers could take their breaks at their own convenient times.	Complied															
<b>4.4.5.9</b>	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. <b>- Major compliance -</b>	The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements of Employment Act 1955 and worker's employment contract. Sampled payslips (September 2018) of workers verified are: <table border="1" data-bbox="619 1211 1275 1491"> <thead> <tr> <th>Name</th> <th>Passport/NRIC No.</th> <th>ID No.</th> </tr> </thead> <tbody> <tr> <td>Irawan Agus</td> <td>AU 153135</td> <td>615590</td> </tr> <tr> <td>Ahyar Rosidi</td> <td>AT 450019</td> <td>615523</td> </tr> <tr> <td>Md Shah Bin Yunos</td> <td>601023015947</td> <td>615211</td> </tr> <tr> <td>Asmani Binti Meli</td> <td>720912115448</td> <td>615359</td> </tr> </tbody> </table>	Name	Passport/NRIC No.	ID No.	Irawan Agus	AU 153135	615590	Ahyar Rosidi	AT 450019	615523	Md Shah Bin Yunos	601023015947	615211	Asmani Binti Meli	720912115448	615359	Complied
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<b>4.4.5.10</b>	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings. <b>- Minor compliance -</b>	Sedenak Palm Oil Mill provided free bus service and school uniforms for employees' school going children. The company also provides free medical benefit to workers dependent at the Sedenak Estate clinic. Family Day and Sports Days were conducted and appreciation dinner given.	Complied															
<b>4.4.5.11</b>	In cases where on-site living quarters are	Kulim (M) Berhad has provided free housing and medical assistance to all the workers. Water and	Complied															

Criterion / Indicator		Assessment Findings	Compliance
	<p>provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p><b>- Major compliance -</b></p>	<p>electricity was provided without any charges from workers. Government school was found in the compound of Sedenak complex. Linesite inspection was conducted on weekly basis by Hospital Assistant and twice a month together with VMO. Domestic water supplies was either from the government or own treatment with samples taken and sent for analysis to ensure compliance with drinking water standard for own treated water.</p>	
<b>4.4.5.12</b>	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p><b>- Major compliance -</b></p>	<p>The Sexual Harassment Policy dated 01 May 2018 and signed by the Executive Director defined sexual harassment and mentioned that the company endeavour to prevent sexual harassment and all other forms of violence against women and workers in the workplace or in the course of an employee's work.</p>	Complied
<b>4.4.5.13</b>	<p>The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p><b>- Major compliance -</b></p>	<p>The management respected the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations.</p> <p>This was mentioned in the Core Labour Standard Policy dated 01 May 2018 and signed by the Executive director.</p> <p>The workers have their freedom to join the NUPW. This was evident from NUPW membership subscription deductions made in the pay slips; verified pay slips of:</p> <ul style="list-style-type: none"> <li>• Mohamad Saaluddin – 600627-01-6145 - ID 615253</li> <li>• Leman (Indonesian) – AS844687 – ID 615539</li> </ul>	Complied
<b>4.4.5.14</b>	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p>	<p>The Core Labour Standard Policy dated 01 May 2018 and signed by the Executive director covered the commitment not to engage in or use of Child Labour. The master list of employees was verified.</p>	Complied

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- Major compliance -																																													
<b>Criterion 4.4.6: Training and competency</b>																																													
<b>4.4.6.1</b> All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.  <b>- Major compliance -</b>	Records showed that all employees had been appropriately trained. The annual training program, "Annual Awareness Program 2018" for RSPO/ISO/OSHA/ISCC/HALAL" was sighted. Regular assessment of training was conducted to ensure understanding among the employees. The training program included all aspects of RSPO Principles and Criteria, RSPO Supply Chain and MSPO standards.  The records included the title of training, name and signature of the attendees, name of the trainer, time and venue.  Some of the trainings verified were:	<table border="1"> <thead> <tr> <th>Trainings</th> <th>Date of training</th> <th>No. of Participants</th> </tr> </thead> <tbody> <tr> <td>Ergonomic</td> <td>08.01.18</td> <td>12</td> </tr> <tr> <td>FFB Grading</td> <td>10.01.18</td> <td>14</td> </tr> <tr> <td>Office administration</td> <td>16.01.18</td> <td>8</td> </tr> <tr> <td>Pemeriksaan CPO tanker</td> <td>17.01.18</td> <td>10</td> </tr> <tr> <td>Skim Insurance pekerja</td> <td>11.02.18</td> <td>92</td> </tr> <tr> <td>SOP shovel &amp; tractor</td> <td>21.02.18</td> <td>3</td> </tr> <tr> <td>Bahaya Dadah</td> <td>27.02.18</td> <td>35</td> </tr> <tr> <td>Policies – for suppliers</td> <td>08.03.18</td> <td>15</td> </tr> <tr> <td>Safe working procedures</td> <td>13.03.18</td> <td>64</td> </tr> <tr> <td>First Aid</td> <td>06.04.18</td> <td>11</td> </tr> <tr> <td>Schedule waste management</td> <td>24.04.18</td> <td>9</td> </tr> <tr> <td>ISO,RSPO,ISCC, HALAL &amp; OSH</td> <td>02.05.18</td> <td>86</td> </tr> <tr> <td>OSH, LOTO, Confined Space</td> <td>24-25.07.18</td> <td>5</td> </tr> </tbody> </table>	Trainings	Date of training	No. of Participants	Ergonomic	08.01.18	12	FFB Grading	10.01.18	14	Office administration	16.01.18	8	Pemeriksaan CPO tanker	17.01.18	10	Skim Insurance pekerja	11.02.18	92	SOP shovel & tractor	21.02.18	3	Bahaya Dadah	27.02.18	35	Policies – for suppliers	08.03.18	15	Safe working procedures	13.03.18	64	First Aid	06.04.18	11	Schedule waste management	24.04.18	9	ISO,RSPO,ISCC, HALAL & OSH	02.05.18	86	OSH, LOTO, Confined Space	24-25.07.18	5	Complied
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		ISCC, GHG & Supply Chain	26.07.18	9	
		Water Treatment	05.09.18	4	
		Effluent System & Pond	05.09.18	9	
<b>4.4.6.2</b>	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p><b>- Major compliance -</b></p>	<p>Training needs of individual employees had been identified prior to the planning and implementation of the training programmes. This was in order to provide the specific skill and competency required to all employees based on their job description. The training matrix for 2018 "Annual Awareness Program 2018" for RSPO/ISO/OSHA/ISCC/HALAL" was sighted.</p>			Complied
<b>4.4.6.3</b>	<p>A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.</p> <p><b>- Minor compliance -</b></p>	<p>It was evident that from the training matrix for 2017 and 2018 and training records for 2017/2018 that all trainings had been planned and implemented to ensure that all employees are well trained in their job function and responsibility.</p>			Complied
<b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b>					
<b>Criterion 4.5.1: Environmental Management Plan</b>					
<b>4.5.1.1</b>	<p>An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>The new revised Environmental Policy dated 1/5/18 signed by Kulim's (M) Bhd Executive Director . The policy has emphasis commitment towards protecting the environment and conserving biodiversity through sustainable development. The new revision has incorporated adaptation of DOE's guided self-regulation approach for continual improvement.</p>			Complied

Criterion / Indicator		Assessment Findings	Compliance
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations</p> <p><b>- Major compliance -</b></p>	<p>The environment management plan dated 2018 has included all pertinent environmental receptors and in lined with company's policy and legal requirement as per EQA 1974. For example to ensure compliance towards Clean Air Regulation ( not exceeding 15 minutes per day operation and 5 minutes per hour &lt; Ringelmann 2)</p> <p>Documented Environmental Risk Assessment Form (Form No: EPA-SEDPOM-2015; Activity code: ER001–ER021; Rev. 1/2017) available. Register dated 30th September 2018 verified. Aspects and impacts analysis of all operations during normal/abnormal/emergency situation were identified. Biogas and furrow activities were identified and evaluated in the register.</p>	Complied
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.</p> <p><b>- Major compliance -</b></p>	<p>Environmental management plan for 2018 (Pollution &amp; Emission) available. Significant environmental issues identified:</p> <ol style="list-style-type: none"> <li>1. Emission of dark smoke</li> <li>2. Emission of noise</li> <li>3. Emission of dust/ashes particle</li> <li>4. Emission of air pollutant</li> <li>5. POME</li> <li>6. Water (cleaning, production area, lubricant store, workshop, wash down, line site etc.</li> </ol> <p>Assistant manager has been appointed to monitor the overall implementation of the management plan.</p>	Complied
4.5.1.4	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p><b>- Minor compliance -</b></p>	<p>Programme to promote positive impacts on environment was verified via CAPEX for 2018 and 2019 towards compliance with</p> <p>i) New 50 ton/hr boiler with air pollution control system – to comply with Clean Air Regulation 2014</p> <p>ii) Biological Scrubber and Polishing Plant – to comply with BOD 100 ppm</p>	Complied
4.5.1.5	<p>An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives.</p>	<p>A training program is available in Training Plan updated on a yearly basis or revised as per the management requirement. Included in this programme are subjects related to environment e.g environmental, safety &amp; health policy, scheduled waste management, environmental responsibility, HCV &amp; Biodiversity training.</p>	Complied

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	<b>- Major compliance -</b>		
<b>4.5.1.6</b>	<p>The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.</p> <p><b>- Major compliance -</b></p>	<p>The Environmental Performance Monitoring Committee (EPMC) is setup to comply with the DOE requirement on Guidance Self-Regulation (GSR). The 3<sup>rd</sup> Environmental Regulatory Compliance Monitoring Committee (ERCMC) was carried out on 23<sup>rd</sup> January 2018 which is planned on quarterly basis. For EPMC, the latest meeting was done on 3<sup>rd</sup> January 2018. The meeting is to review environmental performance within Kulim's Group POM.</p>	Complied
<b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b>			
<b>4.5.2.1</b>	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period</p> <p><b>- Major compliance -</b></p>	<p>The monitoring is recorded in environment performance indicator-electricity generated by steam turbine tabulated for the financial year 2018. It is calculated as electricity generated from turbine that produces power for the mill entire complex operation unit in kwh/mt FFB.</p> <p>A monthly record on energy consumption for both renewable and non-renewable sources were also maintained documented. It is monitored to optimise use of renewable energy. The data is compiled for comparison and control for future improvement with aim of gradual reduction particularly diesel. Todate October 2018 : 25.83 mt/FFB, kWh turbine (7,827,680)</p> <p>Under the energy management plan 2017/18 the mill aimed for reduction plan among others;</p> <ul style="list-style-type: none"> <li>- educate workers on fuel saving practice</li> <li>- avoid leakages during vehicles maintenance.</li> </ul>	Complied
<b>4.5.2.2</b>	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p>	<p>The mill records the following data and tabulated the ratio against the FFB processed and CPO produced to determine the efficiency of their operations;</p> <p>all the diesel used (non-renewable) for the mill operation fibre/shell used (renewable)</p> <p>In this relation the following data were sighted and verified</p> <p>As at October 2017, 25.83 kWh/FFB recorded compared to 2018 todote of 44.31 kWh/FFB.</p>	Complied

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	<b>- Major compliance -</b>																																														
<b>4.5.2.3</b>	<p>The use of renewable energy should be applied where possible.</p> <p><b>- Minor compliance -</b></p>	<p>The fibre and shell are used in the boiler for fuel recycled in the process system. Surplus quantity of shell/fibre are delivered to estates for multi purposes or sold to outside buyers. EFB is used in the estates for mulching. Details of renewable energy fibre/shell used in the mill is shown in 4.5.2.2 above.</p> <p>The long term planning for biogas implementation was reviewed. The recovered biogas will be used for energy generation (e.g. steam &amp; electricity)</p>	Complied																																												
<b>Criterion 4.5.3: Waste management and disposal</b>																																															
<b>4.5.3.1</b>	<p>All waste products and sources of pollution shall be identified and documented.</p> <p><b>- Major compliance -</b></p>	<p>All waste and pollution are identified and documented in the Waste &amp; Pollution Management Plan 2018 made on the Regional level.</p> <p>a) Details of waste generated from the estates/mill activities among others as shown below;</p> <table border="1"> <thead> <tr> <th>No</th> <th>Type of waste</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Domestic waste rubbish</td> <td>Line sites, office complex</td> </tr> <tr> <td>2</td> <td>Industrial waste-fertilizer bags</td> <td>Empty bags store</td> </tr> <tr> <td>3</td> <td>Scrap metal</td> <td>workshop</td> </tr> <tr> <td>4</td> <td>SW 404 Clinical waste</td> <td>clinic</td> </tr> <tr> <td>5</td> <td>SW rags, plastics, filters</td> <td>workshop</td> </tr> <tr> <td>6</td> <td>Spent lubricant &amp; hydraulic oil</td> <td>workshop</td> </tr> <tr> <td>7</td> <td>Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW,</td> <td>Scheduled waste store</td> </tr> <tr> <td>8</td> <td>Sewage waste</td> <td>Workers/staff toilets/office</td> </tr> </tbody> </table> <p>b) The pollution identified from Sedenak Mill activities</p> <table border="1"> <thead> <tr> <th>No</th> <th>Emission</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td rowspan="2">1</td> <td rowspan="2">Dark smoke</td> <td>Mill stack – boiler</td> </tr> <tr> <td>Running vehicles</td> </tr> <tr> <td>2</td> <td>Noise</td> <td>Diesel engines</td> </tr> <tr> <td rowspan="2">3</td> <td rowspan="2">Dust particles</td> <td>Shredded EFB</td> </tr> <tr> <td>Boiler ashes</td> </tr> <tr> <td>4</td> <td>Air pollutant</td> <td>Boiler combustion</td> </tr> </tbody> </table>	No	Type of waste	Location	1	Domestic waste rubbish	Line sites, office complex	2	Industrial waste-fertilizer bags	Empty bags store	3	Scrap metal	workshop	4	SW 404 Clinical waste	clinic	5	SW rags, plastics, filters	workshop	6	Spent lubricant & hydraulic oil	workshop	7	Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW,	Scheduled waste store	8	Sewage waste	Workers/staff toilets/office	No	Emission	Source	1	Dark smoke	Mill stack – boiler	Running vehicles	2	Noise	Diesel engines	3	Dust particles	Shredded EFB	Boiler ashes	4	Air pollutant	Boiler combustion	Complied
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				Diesel engine Running vehicles 5 POME Mill process 6 Waste Water PCD Septic tank spillage																																									
		The source of mill pollution generated from the mill is the smoke from the boiler. It is monitored from the stack emission during the entire operations. These reports are reviewed by the mill and submitted to DOE. There was no major issue.																																											
<b>4.5.3.2</b>	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products. <b>- Major compliance -</b>	There are procedures and guidelines in the disposal of wastes and pollutants guided by SQD Head Office level to minimise pollution on the routine operation. a) Estates/Mill <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>No</th> <th>Type of waste</th> <th>Description</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Domestic waste</td> <td>Rubbish</td> <td>Line sites, office, workshop, store,</td> </tr> <tr> <td rowspan="2">2</td> <td rowspan="2">Industrial Waste</td> <td>Scrap metal</td> <td>workshop</td> </tr> <tr> <td>POME</td> <td>ETP</td> </tr> <tr> <td>3</td> <td>Sewage waste</td> <td>sewage</td> <td>Workers/housing toilets/office</td> </tr> <tr> <td rowspan="4">4</td> <td rowspan="4">Scheduled Waste</td> <td>SW 404 Clinical waste</td> <td>clinic</td> </tr> <tr> <td>SW rags, plastics, filters</td> <td>workshop</td> </tr> <tr> <td>Spent lubricant &amp; hydraulic oil</td> <td>workshop</td> </tr> <tr> <td>Disposed containers, bags, equipment contaminated with chemicals</td> <td>SW store</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>No</th> <th>Type of waste</th> <th>Description</th> <th>Action</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Domestic waste</td> <td>Rubbish</td> <td>Collection/disposal min 2x-3x /week internally. Establish landfill/collection SOP Establish collection schedule &amp; PIC Create awareness on hygiene Monitoring of line site</td> </tr> <tr> <td>2</td> <td></td> <td>Scrap metal</td> <td>Inventory maintained, tender at zone level for</td> </tr> </tbody> </table>			No	Type of waste	Description	Location	1	Domestic waste	Rubbish	Line sites, office, workshop, store,	2	Industrial Waste	Scrap metal	workshop	POME	ETP	3	Sewage waste	sewage	Workers/housing toilets/office	4	Scheduled Waste	SW 404 Clinical waste	clinic	SW rags, plastics, filters	workshop	Spent lubricant & hydraulic oil	workshop	Disposed containers, bags, equipment contaminated with chemicals	SW store	No	Type of waste	Description	Action	1	Domestic waste	Rubbish	Collection/disposal min 2x-3x /week internally. Establish landfill/collection SOP Establish collection schedule & PIC Create awareness on hygiene Monitoring of line site	2		Scrap metal	Inventory maintained, tender at zone level for	Complied
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			Industrial Waste		sale to licensed contractor.																		
				POME	Daily monitoring of application at designated field P00.																		
		3	Sewage waste	sewage	To monitor during housing inspection and residents' complaints. Engagement with licensed contractor for sewage management.																		
		4	Scheduled Waste	SW 404	Clinical waste		Inventory maintained. Storage in sharp bin in clinic. Disposal to Kualiti Alam Sdn Bhd.																
				SW rags, plastics, filters			Inventory maintained. Storage in scheduled waste store. Disposal to licensed contractor.																
				Spent lubricant & hydraulic oil			Collection by licensed vendor. Inventory maintained.																
				Disposed containers, bags, equipment contaminated with chemicals, SW,			Inventory maintained. Storage in SW store. All containers are labelled. Empty containers collected by authorized vendor.																
		<p>b) Sedenak Mill (additional type of waste peculiar to the mill processing.</p> <table border="1"> <thead> <tr> <th>No</th> <th>Type of waste</th> <th>Action</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>POME</td> <td>Application at designated field specified by Agronomist.</td> </tr> <tr> <td>2</td> <td>EFB</td> <td>Application at designated field specified by Agronomist.</td> </tr> <tr> <td>3</td> <td>Fibre/shell</td> <td>Utilization as fuel in the boiler. Surplus fibre used in compost production &amp; shell sold externally</td> </tr> <tr> <td>4</td> <td>Boiler Ash</td> <td>Placed in area far from water source to prevent water pollution.</td> </tr> </tbody> </table>						No	Type of waste	Action	1	POME	Application at designated field specified by Agronomist.	2	EFB	Application at designated field specified by Agronomist.	3	Fibre/shell	Utilization as fuel in the boiler. Surplus fibre used in compost production & shell sold externally	4	Boiler Ash	Placed in area far from water source to prevent water pollution.	
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<b>4.5.3.3</b>	The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under	<p>The SOP on Scheduled Waste disposal is established and implemented.</p> <p>The standard operation procedure for the estates / mill operations are available which is prepared on Group</p>			Complied																		

Criterion / Indicator		Assessment Findings	Compliance
	<p>Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p> <p><b>- Major compliance -</b></p>	<p>basis. There are levels of the documentation identified as follows;</p> <ul style="list-style-type: none"> <li>a) Level 1 Integrated Management Manual</li> <li>b) Level 2 standard operating procedure/SPO OHS</li> <li>c) Level 3 work instruction</li> <li>d) Level 4 records.</li> </ul> <p>Amendments are made should there be requirement to suit the local issues/situation.</p>	
<b>4.5.3.4</b>	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p><b>- Minor compliance -</b></p>	<p>Domestic waste disposal for the Sedenak Mill and estate has been made simpler through the collection and disposal to the estate landfill situated in field no P06/Block 3. The estate manages the same landfill for Sedenak Mill. Collection 2 to 3 times a week.</p>	Complied
<b>Criterion 4.5.4: Reduction of pollution and emission</b>			
<b>4.5.4.1</b>	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p><b>- Major compliance -</b></p>	<p>The identified source for air emission was from boiler. Current monitoring was through online boiler smoke density and alarm and six-monthly boiler and stack monitoring of dust particulate. On top of the air emission monitoring, ambient air monitoring is required to be carried out on quarterly basis. Sample of reports verified:</p> <p><u>Boiler no.3</u></p> <p>2<sup>nd</sup> half of 2018 :</p> <p>Date of reporting – 12/7/18 Reference report: PAC_AE-180708 Dust emission load: 0.19 g/Nm<sup>3</sup> , dry @ 12% CO<sub>2</sub> vs 0.4 g/Nm<sup>3</sup> , dry @ 12% CO<sub>2</sub></p> <p><u>Boiler no. 4</u></p> <p>1<sup>st</sup> half of 2018 :</p> <p>Date of reporting – 30/1/18 Reference report: PAC_AE-1807120 Dust emission load: 0.24 g/Nm<sup>3</sup> , dry @ 12% CO<sub>2</sub> vs 0.4 g/Nm<sup>3</sup> , dry @ 12% CO<sub>2</sub></p> <p>Ambient air monitoring – 4 times per year 2<sup>nd</sup> quarter: 23-24/4/18, report ref: PAC-AA-180413 Point A1: 22 PM10 ( PM less than 10 micron)</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>Point A2: 20 PM10 ( PM less than 10 micron)            3<sup>rd</sup> quarter: 11-12/6/18, report ref: PAC-AA-180604            Point A1: 24 PM10 ( PM less than 10 micron)            Point A2: 22 PM10 ( PM less than 10 micron)</p> <p>Based on the above results, concentrations of particulate matter with the size of less than 10 micron (PM10) were complied with the limit of the New Malaysia Ambient Air Quality Standard, Interim Target 2(IT-2)</p>	
<b>4.5.4.2</b>	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p><b>- Major compliance -</b></p>	<p>The management action plan is documented under Environmental Management Plan (Emission and Pollution) for 2018. Implementation of management plan will be reviewed every quarter during EPMC meeting.</p>	Complied
<b>4.5.4.3</b>	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p><b>- Major compliance -</b></p>	<p>The POME is treated with open anaerobic pond. Based on license, final discharge method is through land application and composting. BOD limit is 5000 mg/. Monthly monitoring on the final discharge is conducted. Palm Oil Mill Effluent (POME) treated through anaerobic pond treatment system where the licensed limit for final discharge BOD is 5000mg/l for latest compliance schedule. Regular monitoring was conducted by the mill by taking the sample of waste water in final discharge point and water at the upstream and downstream of the river.</p> <p>(Sample: UTCL Laboratory . Refer to the latest analysis dated 30/8/18, report ref: WI/1808/0809-0811, upstream = 6 mg/l BOD3, downstream = &lt;6 mg/l</p> <p>Effluent final discharge analysis was monitored on monthly basis by accredited 3<sup>rd</sup> party UTCL Laboratory. Refer to the latest analysis dated 24/8/18, report ref:</p>	Complied

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		<p>EI/1808/0740/-0743. Final discharge BOD is 71 mg/l and comply with the limit stipulated in mill's compliance schedule of 5000 mg/l.</p> <p>On the performance monitoring, environmental reporting is submitted via online portal Online Environmental Reporting @ OER. Sighted the latest quarterly return (Apr – June 2018) dated 10/7/18.</p>																
<b>Criterion 4.5.5: Natural water resources</b>																		
<b>4.5.5.1</b>	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p>a) Assessment of water usage and sources.</p> <p>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</p> <p>c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p><b>- Major compliance -</b></p>	<p>The mill water management plan has been established with the recent review made on 01/8/2018. Among others the plan therein has emphasized;</p> <p>a) rain water harvesting for cleaning purposes,  b) water from the reservoir for the mill operations  c) water from pond and treated for human consumption  d) continual training for workers on water efficiency consumption,  e) desilting of water reservoir to retain the reservoir optimal capacity.  f) The action plan in event of draught/water pollution and</p> <p>The estates similarly possessed the following water management plan. Among others containing the following initiatives.</p> <table border="1"> <thead> <tr> <th>No</th> <th>Source</th> <th>Activity</th> <th>Threat</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Reservoir/pond/ SAJ/Rain</td> <td>Chemical mixing</td> <td>Pollution Draught Wastage</td> <td>Enforcement of buffer zone as non-spraying activities.</td> </tr> <tr> <td></td> <td></td> <td>General Upkeep</td> <td>Pollution Draught Wastage</td> <td>Follow WI &amp; SOP to avoid water pollution. Follow SW SOP to avoid pollution caused from SW.</td> </tr> </tbody> </table>	No	Source	Activity	Threat	Action Plan	1	Reservoir/pond/ SAJ/Rain	Chemical mixing	Pollution Draught Wastage	Enforcement of buffer zone as non-spraying activities.			General Upkeep	Pollution Draught Wastage	Follow WI & SOP to avoid water pollution. Follow SW SOP to avoid pollution caused from SW.	Complied
No	Source	Activity	Threat	Action Plan														
1	Reservoir/pond/ SAJ/Rain	Chemical mixing	Pollution Draught Wastage	Enforcement of buffer zone as non-spraying activities.														
		General Upkeep	Pollution Draught Wastage	Follow WI & SOP to avoid water pollution. Follow SW SOP to avoid pollution caused from SW.														

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Criterion / Indicator		Assessment Findings				Compliance
			Line site	Pollution Draught Wastage	Every house is supplied with containers.  To schedule water supply to avoid wastage.  Awareness on water usage efficiency.  Outsource from neighboring estates.	
			Drain upkeep	Interrupt ion water flow at drainage system.	Periodic desilting  Building of sand bags at specific points to contain water (weirs)	
				Water pollution	Prohibit workers from activities at water source  Drinking water analysis.  Monitor condition of septic tank. Adhere SW management procedure to avoid pollution caused by SW.	
<b>4.5.5.2</b>	Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.  <b>- Major compliance -</b>	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 UTCL Laboratory				Complied
		Month	Apr	May	June	
		BOD3 (mg/l)	398	463	703	
<b>4.6 Principle 6: Best Practices</b>						
<b>Criterion 4.6.1: Mill Management</b>						
<b>4.6.1.1</b>	Standard operating procedures shall be appropriately documented and consistently	Mill Operation Manual includes mill SOP and work instruction as a guidance document for mill operation. Implementation of the SOP being monitored consistently through regular visit and audit by safety (KSTS) and Sustainability Department team. Any gap				Complied

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Criterion / Indicator		Assessment Findings	Compliance
	implemented and monitored. <b>- Major compliance -</b>	identified will be reported and rectification will be done management team for improvement.	
<b>4.6.1.2</b>	All palm oil mills shall implement best practices. <b>- Major compliance -</b>	Plantation Inspectorate make regular visit to evaluate the performance of the mill and estates. General Manager visits the estates on quarterly basis to review estate performance against Kulim Sustainability standard. Latest Plantation Inspectorate visit was on 13/8/18. Rating given was good at 80% of overall performance.	Complied
<b>Criterion 4.6.2: Economic and financial viability plan</b>			
<b>4.6.2.1</b>	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. <b>- Major compliance -</b>	Sedenak POM has projected the 5 years crop projection inclusive of budget (OPEX and CAPEX) from FY2019 to FY2024 and verified at site. The projection covers cop intake from own estate, from outside purchase (smallholders), total intake, processing cost and extraction rate (OER & KER).	Complied
<b>Criterion 4.6.3: Transparent and fair price dealing</b>			
<b>4.6.3.1</b>	Pricing mechanisms for the products and other services shall be documented and effectively implemented. <b>- Major compliance -</b>	Pricing mechanisms for the products and other services were clearly written in the contract and purchase order. For CPO and PK transporter, fees of services is mentioned under the contract agreement. For supplier, specific terms and conditions are mentioned under notes and conditions on the transport and payment documentation.  For FFB supplier, price will be updated based on monthly average price of the previous month.	Complied
<b>4.6.3.2</b>	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. <b>- Major compliance -</b>	This requirement is in compliance. All contracts and purchases are documented i.e in the form of purchase orders, invoices, contracts for the larger transaction. All documents are signed by both vendor and mill.  All contracts terms and conditions were made transparent with evidence of stamp duty for legalization and agreed from both parties.  Verified during stakeholder interview, no pending payment as to date and all previous payments are prompt.	Complied
<b>Criterion 4.6.4: Contractor</b>			

Criterion / Indicator		Assessment Findings	Compliance
<b>4.6.4.1</b>	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.  <b>- Major compliance -</b>	Sedenak POM had informed its contractors regarding the need to follow the MSPO requirements. Awareness briefing was done the stakeholders including contractors on the MSPO requirements. As for the CPO and PK transporter, a revised contract agreement was sent to the transporter (Pengangkutan Olimpik Sdn Bhd) to include special clause on MSPO compliance.	Complied
<b>4.6.4.2</b>	The management shall provide evidence of agreed contracts with the contractor.  <b>- Major compliance -</b>	Evidence of agreed contracts with the contractors were verified. Signed document dated 28/2/18 was made available for verification.	Complied
<b>4.6.4.3</b>	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.  <b>- Minor compliance -</b>	The requirement of accepting MSPO accredited auditors to audit against the contractors are being stated in the formal letter attachment to the contractors.	Complied

**Malaysian Sustainable Palm Oil Part 3: General principles for Plantations and Organized Smallholders**

Criterion / Indicator		Assessment Findings	Compliance
<b>4.1 Principle 1: Management commitment &amp; responsibility</b>			
<b>Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy</b>			
<b>4.1.1.1</b>	A policy for the implementation of MSPO shall be established.  <b>- Major compliance -</b>	Kulim (M) Berhad has established a policy on sustainable palm oil production signed by Executive Director, Mr Zulkifli Zakariah dated 1/5/18. The policy was written in bi-lingual (english and national language) available at pertinent location in the estate compound.	Complied
<b>4.1.1.2</b>	The policy shall also emphasize commitment to continual improvement.  <b>- Major compliance -</b>	The established policy has emphasized on the commitment to comply with all applicable legal requirements, contribute to local community development, and environmental consideration with the objective of improving the milling and estate operation	Complied

<b>Criterion 4.1.2 – Internal Audit</b>			
<b>4.1.2.1</b>	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.  <b>- Major compliance -</b>	Sedenak Estate :The first internal audit for MSPO was conducted on 29 <sup>th</sup> July 2018 The internal audit had covered all the MSPO MS2530 elements specifically on part 3.  Ulu Tiram Estate : Latest audit was carried on 26/7/18	Complied
<b>4.1.2.2</b>	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.  <b>- Major compliance -</b>	Kulim (M) Berhad has established procedure, Sustainable Management System, Internal Audit : SQD/SMS/5.0, issue: 1 dated 1/7/18 . The procedure is designed for all applicable sustainability standards requirements such as ISCC, RSPO, MSPO and management guideline to be used as audit criteria.  The procedure has incorporated the internal auditor competency requirement. Based on the procedure, internal audit is to be carried out at least once a year. 4 major NC were raised during last audit. All finding has been followed up and closed by lead auditor on 30/9/18.	Complied
<b>4.1.2.3</b>	Report shall be made available to the management for their review.  <b>- Major compliance -</b>	The internal audit report has distributed to the estate’s management and reported to Kulim (M) Berhad management. Refer to internal audit report dated 8/8/18.	Complied
<b>Criterion 4.1.3 – Management Review</b>			
<b>4.1.3.1</b>	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.  <b>- Major compliance -</b>	The last management review was conducted on 26 <sup>th</sup> August 2018 for Sedenak Estate. The management review had included internal and external sustainable palm oil audit results review. The status of the correction and preventive actions are being discuss and reviewed. The meeting was chaired by Mill Manager and attended by HODs.	Complied
<b>Criterion 4.1.4 – Continual Improvement</b>			



<p><b>4.1.4.1</b></p>	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p><b>- Major compliance -</b></p>	<p>The Continual Improvement Plan for Sedenak Estate &amp; Ulu Tiram Estate are available. Among the sampled document reviewed:</p> <p>i) SAJ/Government water project – RM 863,976 ii) Fertilizer Store – RM 200,000</p>	<p>Complied</p>
<p><b>4.1.4.2</b></p>	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p><b>- Major compliance -</b></p>	<p>Introduction of projects and innovation by Kulim group of estates were evident. Among completed projects:</p> <ol style="list-style-type: none"> <li>1. 'Penggunaan Kamera 4K UHD Untuk Census Burung Hantu'.</li> <li>2. 'Penyangkut Getah DIY'.</li> <li>3. 'Penyokong Tambahan Pada Drawbar Trailer'.</li> <li>4. In-Field Data Execution &amp; Analytics Solution (IDEAS).</li> </ol>	<p>Complied</p>
<p><b>4.1.4.3</b></p>	<p>An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.</p> <p><b>- Major compliance -</b></p>	<p>The action plan are available as per progress report for the projects. Sighted the scenario, issue, recommendation and benefits of the projects.</p>	<p>Complied</p>
<p><b>4.2 Principle 2: Transparency</b></p>			
<p>Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements</p>			
<p><b>4.2.1.1</b></p>	<p>The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.</p>	<p>Kulim (Malaysia) Sdn Bhd has developed a Communication Procedure V2.0 dated November 2009 where the objective of the procedure is to effectively communicate with internal and external stakeholders on matter pertaining to social and environmental aspect and impacts, performance and safety &amp; health issue. The modes for internal and external communication are such as muster call, meeting with representatives, inspections, suggestion boxes, memo, stakeholder meeting and etc.</p>	<p>Complied</p>

	- Major compliance -		
4.2.1.2	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>There is a SPO Transparency Program under Kulim Malaysia Berhad. The procedure is to ensure that documents if to be release and made publicly available are readily available. The Corporate Dept will ensure that the following documents are available if requested and they do not impinge on confidentiality and will not cause detrimental sustainability or social outcomes.</p> <p>Among the documents that were made available for viewin are:</p> <ul style="list-style-type: none"> <li>• Land title (held as hard copy by the property department)</li> <li>• Health and safety plan</li> <li>• Plans and impact assessment- environmental &amp; social</li> <li>• Pollution prevention plans</li> <li>• Details of complaints and grievances</li> <li>• Negotiation procedures</li> <li>• Continuous improvement plan</li> <li>• Biodiversity plans</li> <li>• Policy documents (sustainability handbook)</li> </ul> <p>In addition to the website, the policies were also displayed at various locations at the operating units including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view</p>	Complied
<b>Criterion 4.2.2 – Transparent method of communication and consultation</b>			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>There is also a “Whistleblowing Policy” dated 2/10/17; refer to agency secular 3/2017. Report should be directed straight to Executive Director /Chairman of Kulim</p> <p>Sighted records of “Penerangan kepada kontraktor bagi mamenuhi standard persijilan RSPO, ISCC, MSPO” dated 3/9/2018</p>	Complied
4.2.2.2	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p>	<p>Regional Head from Plantation Operation of Kulim (Malaysia) Berhad has issued a letter dated 23/10/2016 to inform that all Executive Regional Controller of each complex has been automatically appointed as Social person-in-charge.</p>	Complied

	- <b>Minor compliance</b> -	The head of audit, risk management and compliance has appointed the regional controller executive to be the Social Person In Charge Refer to letter ref: (15)RMC/COM/GM/18/10 dated 27/6/18.	
<b>4.2.2.3</b>	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.  - <b>Major compliance</b> -	The mill and estates has developed a stakeholder list that consisted of internal and external stakeholders such as contractors and suppliers, local communities, government authorities, buyers and etc.  Combine stakeholder meeting was conducted on 3/9/2018 with FFB and hardware suppliers. No issue was raised during the meeting. Meeting minutes was sighted.  The mill has sent the invitation letter to stakeholders such as local communities' representatives, schools' representatives and contractor to attend stakeholder meeting on 28/8/2018.	Complied
<b>Criterion 4.2.3 – Traceability</b>			
<b>4.2.3.1</b>	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).  - <b>Major compliance</b> -	The traceability SOP; Sustainable Management System, Traceability, Doc: No: SQD/SMS/1.2 Date 01.07.2018 available and outlines the preparations, dispatch and receive of FFB, CPO, Kernel and other by products at KULIM's estate and mill, job assignments and recordings of transport productivity for payment purpose and statistics.	Complied
<b>4.2.3.2</b>	The management shall conduct regular inspections on compliance with the established traceability system.  - <b>Major compliance</b> -	Traceability records is maintained by each estates by using delivery note which include information such as lorry number, field/block number, numbers of bunches. This will be check by field supervisor or estate assistant prior to delivery.  Daily inspection and checking is done to cross check the bunch count records and mill's weighbridge ticket information to ensure daily production data is consistent and tally.  IDEAS for (FFB and LF) report was verified date 9/10/18;  i) Oil Palm Field Master, CRE FMF1 ii) Bunch Count Chit, OPH1  Total of bunches recorded: 10,583, loose fruit: 17,513 kg and grand total for 9/10/18: 180.75 mt	Complied

<p><b>4.2.3.3</b></p>	<p>The management should identify and assign suitable employees to implement and maintain the traceability system.</p> <p><b>- Minor compliance -</b></p>	<p>PIC for traceability system is head of operating unit, refer to letter from Head of Plantation ref: SQD/ADMIN/021/2018 dated 30/6/18.</p>	<p>Complied</p>
<p><b>4.2.3.4</b></p>	<p>Records of sales, delivery or transportation of FFB shall be maintained.</p> <p><b>- Major compliance -</b></p>	<p>Records of sales and delivery checked</p> <p>1. Date of delivery: 9/10/18, D/O# 68626, vehicle : T45, weight: 9.23 mt</p>	<p>Complied</p>
<p><b>4.3 Principle 3: Compliance to legal requirements</b></p>			
<p><b>Criterion 4.3.1 – Regulatory requirements</b></p>			
<p><b>4.3.1.1</b></p>	<p>All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p><b>- Major compliance -</b></p>	<p>Sampled of licenses and permits:</p> <p><u>Sedenak Estate</u></p> <p>a) MPOB license 501224702000 valid until 18 Jan 2018 – 31 March 2019.</p> <p>b) KPDNKK for diesel under Series no. J034942 valid from 31 March 2018 until 30 March 2019.</p> <p>c) Pengandung Tekanan Tak Berapi PMT-JH 117887 (Doc no:-PMT-JH/18 44405) valid until 22 July 2019</p> <p>d) Weighbridges license (B1458146) already renew dated 12 July 2018</p> <p>e) Lesen Abtraksi Air Sungai (08/A/KJ/051) valid from 11 March 2018 – 31 Dec 2018</p> <p>f) JTK permit for Khairat Keluarga and Tambang Bas Sekolah (PP3/29/0201) from 1 Apr 1999.</p> <p>g) JTK permit for Elektrik is dated 29 September 1984 (11)dIm.BMB.7/2/35/9</p> <p><u>Ulu Tiram Estate</u></p> <p>a) MPOB license 501257302000 valid from 1/4/2018 to 31/3/2019</p> <p>b) KPDNKK for diesel under Series no. J035200 valid from 10 October 2017 to 9 October 2018 (already apply in BLESS 2.0 on 21/9/2018 in progress)</p> <p>c) Pengandung Tekanan Tak Berapi JH PMT 22863 (Doc no:-PMT-JH/18 44374) valid until 22 July 2019</p> <p>d) Weighbridges license (A2964186) already renew dated 13/8/ 2018</p> <p>e) JTK permit for wages deduction (PP3/29/035/2008) valid from 15/9/2008.</p>	<p>Complied</p>

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<p><b>4.3.1.2</b></p>	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p><b>- Major compliance -</b></p>	<p>Kulim Group Compliance Framework dated 30/6/18 for Tereh Complex was made available for review. The new bill, Employee Insurance Scheme (EIS) 2017 has been incorporated in the list.</p>	<p>Complied</p>
<p><b>4.3.1.3</b></p>	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p><b>- Major compliance -</b></p>	<p>1. The latest bill, Employee Insurance Scheme (EIS) 2017 has been incorporated in Kulim Group Compliance Framework dated 30/6/18.</p>	<p>Complied</p>
<p><b>4.3.1.4</b></p>	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p><b>- Minor compliance -</b></p>	<p>Sighted letter dated 12/10/2017, for the appointment of Syed Zulkarnain as the Person In-Charge for updating changes in Laws and compliance monitoring. For Tereh Complex, the person in charge is Regional Controller executive. Refer to appointment letter, ref: RMC/COM/GM/18/08 dated 27/6/18.</p> <p>Tracking system available to identify changes in the relevant regulations through head office under. Risk Management and Compliance Department and site representative. Tracking system on any changes in the law been well implemented</p>	<p>Complied</p>
<p><b>Criterion 4.3.2 – Lands use rights</b></p>			
<p><b>4.3.2.1</b></p>	<p>The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.</p> <p><b>- Major compliance -</b></p>	<p>The usage of all land titles are for agriculture purposes and no land encroachment occur.</p>	<p>Complied</p>
<p><b>4.3.2.2</b></p>	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.</p> <p><b>- Major compliance -</b></p>	<p><u>Sedenak Estate:</u>  Documents showing legal ownership total 10 titles. Quit rent for 2018 has been paid by HQ as per Debut Note Ref. # R003; Dated 20/3/2018. Sighted samples:  1. Title # 354796; Mukim: Sedenak; Lot # 817; Area: 1,225.3881ha; Date registered: 24/7/2009  2. Title # 237392; Mukim: Sedenak; Lot # 964; Area: 21.4357ha; Date registered: 27/12/2007  3. Title # 236660; Mukim: Sedenak; Lot # 1389; Area: 63.8644ha; Date registered:</p>	<p>Complied</p>

		<p>26/12/2007; <i>Sijil di bawah Seksyen 214(A) Kanun Tanah Negara Ubahsyarat Nyata Tanah Getah ke Kelapa Sawit; Cert. # 0007/2018; Date: 28/3/2018</i></p> <p><u>Ulu Tiram Estate:</u> Area statement 26/4/2017: Planted: 501.66ha; Area statement 2/7/2018: Planted: 478.08ha. Documents showing legal ownership total 29 titles. Quit rent for 2018 has been paid by HQ as per Debit Note Ref. # S61571; Dated 20/3/2018. Sighted samples:</p> <ol style="list-style-type: none"> <li>4. Title # 354248; Mukim: Tebrau; Lot # PTD 105768; Area: 39.378ha; Date registered: 27/5/2003</li> <li>5. Title # 354246; Mukim: Tebrau; Lot # PTD 105766; Area: 107.407ha; Date registered: 27/5/2003</li> <li>6. Title # 358854; Mukim: Tebrau; Lot # PTD 105798; Area: 144.653ha; Date registered: 7/8/2003</li> </ol>													
<b>4.3.2.3</b>	<p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p><b>- Major compliance -</b></p>	<p>Legal boundaries were marked clearly using wooden pegs (red and white) at all visited estates. Sighted at Sedenak, Ulu Tiram, Kuala Kabong and Basir Ismail estates the following markers that were visibly maintained:</p> <table border="1"> <thead> <tr> <th>Estate name</th> <th>Plot No. / Block</th> <th>Marker No ;'</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Sedenak</td> <td>01/06</td> <td>C47 C48 C49</td> <td>Borders small holder Southeast. Between C48 and C49 is Sg. Skudai, approx. 4.5m wide</td> </tr> <tr> <td>Ulu Tiram</td> <td>13/01</td> <td>3</td> <td>Borders Pelangi Berhad, North-north-west (external stakeholder)</td> </tr> </tbody> </table>	Estate name	Plot No. / Block	Marker No ;'	Remarks	Sedenak	01/06	C47 C48 C49	Borders small holder Southeast. Between C48 and C49 is Sg. Skudai, approx. 4.5m wide	Ulu Tiram	13/01	3	Borders Pelangi Berhad, North-north-west (external stakeholder)	Complied
Estate name	Plot No. / Block	Marker No ;'	Remarks												
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Ulu Tiram	13/01	3	Borders Pelangi Berhad, North-north-west (external stakeholder)												
<b>4.3.2.4</b>	<p>Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been</p>	<p>So far there has no issue on land dispute at the visited estates and verified through stakeholder's consultation and documentation of land ownership. However, management has the SOP – SPO negotiations concerning compensation program dated 04 Sept 2007 to ensure that any negotiations with regards to compensation for loss of local rights are dealt with fairly.</p>	Complied												

	accepted with free prior informed consent (FPIC). - <b>Minor compliance</b> -		
<b>Criterion 4.3.3 – Customary rights</b>			
<b>4.3.3.1</b>	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - <b>Major compliance</b> -	The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.	Complied
<b>4.3.3.2</b>	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available. - <b>Minor compliance</b> -	The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.	Complied
<b>4.3.3.3</b>	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - <b>Major compliance</b> -	The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.	Complied
<b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b>			
<b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>			
<b>4.4.1.1</b>	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - <b>Minor compliance</b> -	Social Impact Register for KMB and JCorp; SR001-SR071 Mill: Daftar Impak Sosial Kulim (Malaysia) Berhad 2018; Date: 15/9/2018; SIA01-SIA07 Sedenak: Stakeholders List (Updated 1/1/2018) of Government & Non-Government Agencies; Shopkeepers; Contractors; Suppliers; Estate Boundaries (Neighbours); Estate/Mill/Intrapreneurs. Communications, copied form complaints/grievances form were recorded in Enquiry Register Book with latest enquiry registered on 17/9/2018 & 18/7/2018 by DOE Johor and 2/5/2018 by Kulai Health Office.	Complied
<b>Criterion 4.4.2: Complaints and grievances</b>			
<b>4.4.2.1</b>	A system for dealing with complaints and grievances shall be established and documented.	There is Communication and Consultation Management Guideline, communication procedure V2.0 available in Sedenak Estate. The aims are to effectively communicate the social and	Complied

	- <b>Major compliance</b> -	environmental aspects and impacts, social and environmental performance and OHS.	
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.  - <b>Major compliance</b> -	Any grievance (social and environmental issues) shall also be recorded in the Enquiry Register (acted upon within 7 working days) and responded by following the Kulim's grievance.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.  - <b>Minor compliance</b> -	The complaint form is made available together with the Enquiry Register Record in the suggestion box in front of office and compiled in Enquiry Register Book. The form is made for complaint, requisition or visit/inspection.	Complied
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.  - <b>Minor compliance</b> -	The complaints and feedback has been communicated to all stakeholders through the stakeholder's meeting conducted by SQD. The stakeholder meeting has been conducted on 6/9/18 for Sedenak Estate and 4/10/18 (Ulu Tiram Estate)	Complied
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.  - <b>Major compliance</b> -	Sighted the record for complaints and feedbacks available since 15.9.2010 in Enquiry Register Book/Records.	Complied

**Criterion 4.4.3: Commitment to contribute to local sustainable development**

4.4.3.1	Growers should contribute to local development in consultation with the local communities.  - <b>Minor compliance</b> -	The Estate management have made contribution to both internal and external stakeholders. Records of contribution to the communities such as donation to WOW association on religion program, supply of crusher run stones for road works on Kampong Ulu Sungai Johor, donation to temple for festival celebration, sports day donation to Tamil school and etc were sighted. Seen the petty cash vouchers for all the donation made. Besides, the estate has provided free bus service to send the children to school.	Complied
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**Criterion 4.4.4: Employees safety and health**



<p><b>4.4.4.1</b></p>	<p>An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>An Occupational Safety &amp; Health Policy had been established and implemented. The policy was signed by the Managing Director of Kulim (Malaysia) Berhad on 1 January 2008 and is displayed prominently on notice boards in Bahasa Malaysia.</p> <p>An OSH Plan had been established and Implemented.</p> <p><b>Sedenak Estate</b> - CHRA conducted on May 2013 by registered assessor, Noormahani Harun, JKPP HIE 127/171-2(154) of QMSPRO Training and Consultancy. Based on the CHRA, a total of 19 findings/recommendations reported.</p> <p>As this CHRA report was already 5 years a new CHRA was conducted on 20.04.2018 by the same assessor and company. However, the report has not been received as yet.</p> <p><b>Ulu Tiram Estate</b> - CHRA conducted on May 2013 by registered assessor, Noormahani Harun, JKPP HIE 127/171-2(154) of QMSPRO Training and Consultancy. Based on the CHRA, a total of 19 findings/recommendations reported.</p> <p>As this CHRA report was already 5 years a new CHRA was conducted on 26.04.2018 by the same assessor and company. However, the report has not been received as yet.</p>	<p>Complied</p>
<p><b>4.4.4.2</b></p>	<p>The occupational safety and health plan shall cover the following:</p> <ul style="list-style-type: none"> <li>a) A safety and health policy, which is communicated and implemented.</li> <li>b) The risks of all operations shall be assessed and documented.</li> <li>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</li> </ul>	<ul style="list-style-type: none"> <li>a) The safety and health policy, was communicated and implemented through morning muster/ meetings/briefings and trainings. The briefing includes among others to prioritise safety, execute work safely, adherence to all safety rules and regulations and to target for zero accident. The policy has been communicated to the staff and workers. On site supervisors and estate assistant managers ensure the implementation of it.</li> <li>b) A Hazard Identification Risk Assessment and Risk Control (HIRARC) document for estate operations was made available.</li> </ul> <p>On <b>Sedenak Estate</b>, the HIRARC was reviewed on 20.08.2018 after a motor bike accident on 15.08.2018.</p>	<p>Complied</p>

	<ul style="list-style-type: none"> <li>i. all employees involved shall be adequately trained on safe working practices</li> <li>ii. all precautions attached to products shall be properly observed and applied</li> <li>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</li> <li>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</li> <li>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</li> </ul>	<p>On <b>Ulu Tiram Estate</b> an annual review of the HIRARC was done on 24.11.2018.</p> <p>Risk assessment was carried on activities such as Field maintenance and up keep, manuring, domestic waste, security, workshop, etc. However, the</p> <p>c) Awareness training programme was established and workers involved with chemical handling were trained. Chemicals were arranged and segregated accordingly in the chemical store. The CCDS/SDS for chemicals available at point of use. In addition to specific training courses, safety briefings are given during muster to reinforce awareness, such as correct wearing of PPE.</p> <p>d) Records were available of PPE issued to individual workers and contractors, including signatures to confirm receipt. PPE issued was based on CHRA assessor's recommendation, HIRARC and SOPs. During the audit ii was noted that all employees were provided with and were wearing appropriate personal protective equipment (PPE).</p> <p>e) The management had established Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (CLASS) Regulation 2013 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. The SOPs were in Chapter 8 of the Kulim (Malaysia) Berhad Panduan Kerja Selamat (SOP) and in the Work Instruction manual.</p> <p>Chemicals were handled as per the requirements in SDS/CSDS, CHRA, HIRARC, SOPs and as work instructions.</p> <p>f) On both estates the management had identified and assigned the Estate Managers as the person</p>	
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	<p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>	<p>responsible for workers' safety and health in their respective estates with a common appoint letter dated 04.092016.</p> <p><b>Sedenak Estate</b> - The OSH committee Chairman was EN Zairul Azmin Muhammad Adanan who was assisted by a secretary and 11 each of Management and Workers Representative. All appointment letters for other OSH committee members were dated 04.01.2018.</p> <p><b>Ulu Tiram Estate</b> - The OSH committee Chairman was EN Fazli Bin Zainal who was assisted by a secretary and 7 each of Management and Workers Representative. All appointment letters for other OSH committee members were dated 08.03.2017.</p> <p>g) Records of OSH committee meetings were conducted to conduct regular two-way communication with their employees were made available. On <b>Sedenak Estate</b> minutes of meetings held on 13.09.2018, 28.06.2018, 22.03.2018 and 22.12.2017 were verified.</p> <p>On <b>Ulu Tiram Estate</b> minutes of meetings held on 18.09.2018, 08.06.2018, 19.03.2018 and 27.12.2017 were verified.</p> <p>h) Accident and emergency procedures and flow charts had been established on both estates for Fire, Chemical Spillage and accidents. The procedures and flow charts were in both Bahasa and English. It was established during interviews that accident and emergency procedures were clearly understood by all employees. Both estates had established Emergency Response committee/teams and organisational charts for 2018 were available.</p> <p>i) Both estates had employees trained in First Aid present at all operation worksites. First Aid equipment with sufficient contents were available at each worksite. Training for First Aid was conducted annually. Sufficient first aiders had been trained and were observed to be present at worksites at time of audit.</p>	
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		j) Records of all accidents were kept and reviewed periodically at OSH meetings. On <b>Sedenak Estate</b> the JKKP 8 sent to DOSH on 11.03.2018 showed that in 2017 there were 32 accident cases with a loss of 50 workdays. While on <b>Ulu Tiram Estate</b> the JKKP 8 sent to DOSH on 17.01.2018 showed in 2017 there was 1 accident case with a loss of 1 workday.							
<b>Criterion 4.4.5: Employment conditions</b>									
<b>4.4.5.1</b>	The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.  <b>- Major compliance -</b>	Kulim (M) Berhad had established and implemented good social practice regarding human rights in respect of industrial harmony. The practice was mentioned in the Mission Policy, Core Labour Standard Policy, People Policy and Ethics Policy. All the policies were dated 01 May 2018 and signed by the Executive Director. These policies were communicated to all employees through trainings and briefings due muster/roll calls.	Complied						
<b>4.4.5.2</b>	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.  <b>- Major compliance -</b>	Both Sedenak and Ulu Tiram Estates had employed Migrant Indonesian and Local workers. Migrant Indonesian workers were recruited on a 2 years contract basis while Local workers were employed on a long-term basis. Both Migrant and Local workers were provided with the wage structure, amenities, etc. Both estates had adhered to the policy "KULIM will not engage in nor support discrimination in any form" as stated in the Core labour Standard policy and no discrimination was noted. Job opportunities and amenities such as free housing, water and medical care are given to all employees without discrimination.	Complied						
<b>4.4.5.3</b>	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.  <b>- Major compliance -</b>	All the workers are under direct employment. The payslip has included basic income, allowance pay, working days, medical leave, and deduction of salary and others as per employment contract. The payroll for the following sampled workers for August 2018 and September 2018 were verified to be consistent with the Minimum Wages Order 2016.  Sampled payslips (September 2018) of workers verified are:  <b>Sedenak Estate</b>	Complied						
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<b>4.4.5.4</b>	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p><b>- Minor compliance -</b></p>	<p>The management of Ulu Tiram Estate had ensured that the 2 employees the Harvesting Contractor, Mr Yap Auk Kok of Perusahaan Mewah Hijau were paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employees.</p> <p>The payslips of workers 1. Sumarno – B 3620223</p> <p>1. 7199116 were verified. 2. Dwiyatno – B</p>	Complied										
<b>4.4.5.5</b>	<p>The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p><b>- Major compliance -</b></p>	<p>The workers master list was reviewed. The list includes names, NRIC &amp; Passports numbers, Expiry dates of Passports &amp; Work Permits, date of birth, date joined, gender etc.</p>	Complied										
<b>4.4.5.6</b>	<p>All employees shall be provided with fair contracts that have been</p>	<p>Employees had been provided with fair contracts that have been signed by both employee and employer.</p>	Complied										

	<p>signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p><b>- Major compliance -</b></p>	<p>Migrant Indonesian workers are recruited with 2 years contract. Local workers are on a long-term employment basis.</p> <p>The following contracts has been verified to confirm that workers have binding working agreement with the company:</p> <p><b>Sedenak Estate:</b></p> <table border="1" data-bbox="624 622 1238 1373"> <thead> <tr> <th>Name</th> <th>Passport/ NRIC No</th> <th>ID No.</th> </tr> </thead> <tbody> <tr> <td>Badal Miah</td> <td>AE 7449079</td> <td>614892</td> </tr> <tr> <td>Rahmat</td> <td>AT 616644</td> <td>615052</td> </tr> <tr> <td>Mohd Razi Bin Buyaman</td> <td>87101723591 9</td> <td>614640</td> </tr> <tr> <td>Muhsou</td> <td>B 2718261</td> <td>615269</td> </tr> </tbody> </table> <p><b>Ulu Tiram Estate:</b></p> <table border="1" data-bbox="624 1464 1238 1727"> <thead> <tr> <th>Name</th> <th>Passport/ NRIC No</th> <th>ID No.</th> </tr> </thead> <tbody> <tr> <td>Alam Miah</td> <td>F 0561945</td> <td>601042</td> </tr> <tr> <td>Suhardi</td> <td>AT 307301</td> <td>601439</td> </tr> <tr> <td>Mohmad Amin salem</td> <td>A 9343383</td> <td>601514</td> </tr> <tr> <td>Silvaraja Viatalingam a/l</td> <td>580321015443</td> <td>601330</td> </tr> </tbody> </table> <p>1. Interview with the workers confirmed that they had a copy of the employment contract and that they understood the conditions stated in the contract.</p>	Name	Passport/ NRIC No	ID No.	Badal Miah	AE 7449079	614892	Rahmat	AT 616644	615052	Mohd Razi Bin Buyaman	87101723591 9	614640	Muhsou	B 2718261	615269	Name	Passport/ NRIC No	ID No.	Alam Miah	F 0561945	601042	Suhardi	AT 307301	601439	Mohmad Amin salem	A 9343383	601514	Silvaraja Viatalingam a/l	580321015443	601330	
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<p><b>4.4.5.7</b></p>	<p>The management shall establish a time recording system that makes working hours and</p>	<p>The management of both estates had established a time recording system that makes working hours and overtime transparent. No pocket check roll was used for daily attendance recording. Instead the Estates used the IDEAS System, from which it is down</p>	<p>Complied</p>																														

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	overtime transparent for both employees and employer.  <b>- Major compliance -</b>	loaded in the computers. Sighted the IDEAS system records for October 2018.																															
<b>4.4.5.8</b>	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.  <b>- Major compliance -</b>	The management of both estates had informed all workers the working hours and breaks times. The working hours and break times complied with legal regulations and collective agreements. The working hours and break times was exhibited on notice boards. Working time was from 6.30am to 2.30pm while the break time was from 11.00am to 11.30am.	Complied																														
<b>4.4.5.9</b>	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.  <b>- Major compliance -</b>	<p>The payslip and the inputs were reviewed to confirm the wages and overtime is in line with legal requirements of Employment Act 1955 and worker's employment contract.</p> <p>Sampled payslips (September 2018) of workers verified are:</p> <p><b>Sedenak Estate</b></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Passport/NRI C No.</th> <th>ID No.</th> </tr> </thead> <tbody> <tr> <td>Saipul Fahim</td> <td>AU 251826</td> <td>615281</td> </tr> <tr> <td>Edi</td> <td>AS 772507</td> <td>614764</td> </tr> <tr> <td>Muhammad Farhan Bin Jamal</td> <td>910901015279</td> <td>614519</td> </tr> <tr> <td>Md Samrat Miha</td> <td>BQ 0261886</td> <td>614911</td> </tr> </tbody> </table> <p><b>Ulu Tiram Estate</b></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Passport/NRI C No.</th> <th>ID No.</th> </tr> </thead> <tbody> <tr> <td>Suresh</td> <td>721029016445</td> <td>601557</td> </tr> <tr> <td>Muhamad Tokri</td> <td>AT 450012</td> <td>601557</td> </tr> <tr> <td>Silvaraja a/l Viatalingam</td> <td>580321015443</td> <td>601330</td> </tr> <tr> <td>Sahrim</td> <td>B 4073968</td> <td>601505</td> </tr> </tbody> </table>	Name	Passport/NRI C No.	ID No.	Saipul Fahim	AU 251826	615281	Edi	AS 772507	614764	Muhammad Farhan Bin Jamal	910901015279	614519	Md Samrat Miha	BQ 0261886	614911	Name	Passport/NRI C No.	ID No.	Suresh	721029016445	601557	Muhamad Tokri	AT 450012	601557	Silvaraja a/l Viatalingam	580321015443	601330	Sahrim	B 4073968	601505	Complied
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<b>4.4.5.10</b>	<p>Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.</p> <p><b>- Minor compliance -</b></p>	<p>The company provides free medical benefit and free housing to foreign workers.</p> <p>In addition, there is free school bus provided for local's children to go and back from school, football field, mosque, community hall were provided.</p>	Complied
<b>4.4.5.11</b>	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p> <p><b>- Major compliance -</b></p>	<p>Estate worker lived in 1 house with 3 rooms, which shared 2 person in a room.</p> <p>Water for domestic usage is provided from SAJ and Tenaga Nasional Berhad with subsidize rate as per collective agreement which are RM 21.50/month for electric and 35 gallon/people.</p>	Complied
<b>4.4.5.12</b>	<p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p><b>- Major compliance -</b></p>	<p>The Sexual Harassment Policy dated 01 may 2018 and signed by the Executive Director defined sexual harassment and mentioned that the company endeavour to prevent sexual harassment and all other forms of violence against women and workers in the workplace or in the course of an employee's work.</p> <p>On both Estates, a Gender committee named "Women OnWards" (WOW) had been established.</p> <p>On <b>Sedenak Estate</b> it was head by Regional Controller's wife and records showed that meetings had been conducted on 23.04.2018 and on 25.07.2018.</p> <p>On <b>Ulu Tiram Estate</b> the WOW committee was head by the Estate Manager's wife. Records showed that the committee had organised and conducted a "Sukan Tahunan Karnival" on 29.01.2018 and a "Program Pemeriksaan Keshiatan Bersama" on 25.04.2018.</p>	Complied



<p><b>4.4.5.13</b></p>	<p>The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p><b>- Major compliance -</b></p>	<p>The management respected the right of all employees to form and join trade union and allow workers’ own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations.</p> <p>This was mentioned in the Core Labour Standard Policy dated 01 May 2018 and signed by the Executive director.</p> <p>The workers have their freedom to join the NUPW. This was evident form NUPW membership subscription deductions made in the pay slips.</p> <p>During the interview with workers, there no evidence to show that the management had restricted its workers and staff from joining a trade union.</p>	<p>Complied</p>
<p><b>4.4.5.14</b></p>	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education programmes. Children shall not exposed to hazardous working conditions.</p> <p><b>- Major compliance -</b></p>	<p>The Core Labour Standard Policy dated 01 May 2018 and signed by the Executive director covered the commitment not to engage in or use of Chid Labour. The master list of employees of both Sedenak and Ulu Tiram Estates were verified and no children or young persons had been employed.</p>	<p>Complied</p>
<p><b>Criterion 4.4.6: Training and competency</b></p>			
<p><b>4.4.6.1</b></p>	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that</p>	<p>Records showed that all employees had been appropriately trained. A Formal training program for the year 2018 was available and implemented. Regular assessment of training was conducted to ensure understanding among the employees. The training program included all aspects of RSPO</p>	<p>Complied</p>

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	<p>includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p><b>- Major compliance -</b></p>	<p>Principles and Criteria, RSPO Supply Chain and MSPO standards.</p> <p>The records included the title of training, name and signature of the attendees, name of the trainer, time and venue.</p> <p>Some of the trainings verified were:</p> <p><b>Sedenak Estate</b></p> <table border="1"> <thead> <tr> <th>Training</th> <th>Date</th> <th>No of Participants</th> </tr> </thead> <tbody> <tr> <td>Rat baiting</td> <td>08.01.2018</td> <td>13</td> </tr> <tr> <td>Harvesting</td> <td>10.01.2018</td> <td>20</td> </tr> <tr> <td>Manuring</td> <td>20.02.2018</td> <td>14</td> </tr> <tr> <td>Chemical Mixing</td> <td>14.03.2018</td> <td>7</td> </tr> <tr> <td>MB &amp; Tractor Driving</td> <td>31.03.2018</td> <td>37</td> </tr> <tr> <td>Fire Drill</td> <td>01.04.2018</td> <td>23</td> </tr> <tr> <td>Emergency Response</td> <td>09.04.2018</td> <td>All Estate Workers</td> </tr> <tr> <td>Chemical Handling</td> <td>13.05.2018</td> <td>6</td> </tr> <tr> <td>Waste Management</td> <td>03.07.2018</td> <td>13</td> </tr> <tr> <td>Spraying</td> <td>08.07.2018</td> <td>14</td> </tr> <tr> <td>MSPO etc Awareness</td> <td>10.07.2018</td> <td>16</td> </tr> <tr> <td>OSH Policy</td> <td>15.07.2018</td> <td>230</td> </tr> <tr> <td>CPR &amp; Emergency Aid</td> <td>06-08.08.2018</td> <td>2</td> </tr> <tr> <td>Environmental Policy</td> <td>24.08.2018</td> <td>14</td> </tr> <tr> <td>HCV/ Buffer Zone Management</td> <td>03.09.2018</td> <td>10</td> </tr> </tbody> </table> <p><b>Ulu Tiram Estate</b></p> <table border="1"> <thead> <tr> <th>Training</th> <th>Date</th> <th>No of Participants</th> </tr> </thead> <tbody> <tr> <td>Welding</td> <td>09.01.2018</td> <td>1</td> </tr> <tr> <td>Manuring</td> <td>19.01.2018</td> <td>6</td> </tr> </tbody> </table>	Training	Date	No of Participants	Rat baiting	08.01.2018	13	Harvesting	10.01.2018	20	Manuring	20.02.2018	14	Chemical Mixing	14.03.2018	7	MB & Tractor Driving	31.03.2018	37	Fire Drill	01.04.2018	23	Emergency Response	09.04.2018	All Estate Workers	Chemical Handling	13.05.2018	6	Waste Management	03.07.2018	13	Spraying	08.07.2018	14	MSPO etc Awareness	10.07.2018	16	OSH Policy	15.07.2018	230	CPR & Emergency Aid	06-08.08.2018	2	Environmental Policy	24.08.2018	14	HCV/ Buffer Zone Management	03.09.2018	10	Training	Date	No of Participants	Welding	09.01.2018	1	Manuring	19.01.2018	6	
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<b>4.4.6.2</b>	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p><b>- Major compliance -</b></p>	<p>Training needs of individual employees had been identified prior to the planning and implementation of the training programmes. This was in order to provide the specific skill and competency required to all employees based on their job description. The training matrix for 2018 was made available.</p>	Complied																																	
<b>4.4.6.3</b>	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.</p> <p><b>- Minor compliance -</b></p>	<p>It was evident that from the training matrix for 2017 and 2018 and training records for 2017/2018 that all trainings had been planned and implemented to ensure that all employees are well trained in their job function and responsibility.</p>	Complied																																	

<b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b>			
<b>Criterion 4.5.1: Environmental Management Plan</b>			
<p><b>4.5.1.1</b></p>	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>The new revised Environmental Policy dated 1/5/18 signed by Kulim's (M) Bhd Executive Director . The policy has emphasis commitment towards protecting the environment and conserving biodiversity through sustainable development. The new revision has incorporated adaptation of DOE's guided self-regulation approach for continual improvement.</p>	<p>Complied</p>
<p><b>4.5.1.2</b></p>	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> <li>a) An environmental policy and objectives;</li> <li>b) The aspects and impacts analysis of all operations.</li> </ul> <p><b>- Major compliance -</b></p>	<p>The environment management plan dated 2018 has included all pertinent environmental receptors and in lined with company's policy and legal requirement as per EQA 1974. Total 4 objectives set for environment and monitored on monthly basis.</p> <ul style="list-style-type: none"> <li>i) Establishment of mucuna planting at P18 as per estate schedule to prevent for soil erosion - to reduce soil</li> <li>ii) To implement rainwater harvesting to conserve natural resources – to maximize usage of natural resources</li> <li>iii) Reduction by 0.5% - to reduce the chemical usage to minimize environmental pollution</li> </ul>	<p>Complied</p>

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		<p>Documented Environmental Risk Assessment Form (LSD/SOP/8.1-F1; 2017) available. Register dated 1 April 2018 was verified. Aspects and impacts analysis of all operations during normal/abnormal/emergency situation were identified.</p>	
<b>4.5.1.3</b>	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p><b>- Major compliance -</b></p>	<p>Environmental management plan for 2018 (waste and pollution) available. Significant environmental issues identified:</p> <ul style="list-style-type: none"> <li>7. Emission of dark smoke</li> <li>8. Emission of noise</li> <li>9. Emission of dust/ashes particle</li> <li>10. Emission of air pollutant</li> <li>11. POME</li> <li>12. Water (cleaning, production area, lubricant store, workshop, wash down, line site etc.</li> </ul> <p>Assistant manager has been appointed to monitor the overall implementation of the management plan.</p>	Complied
<b>4.5.1.4</b>	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p><b>- Minor compliance -</b></p>	<p>Programme to promote positive impacts on environment was verified via CAPEX for 2018 and 2019 towards compliance with</p> <ul style="list-style-type: none"> <li>i) New 50 ton/hr boiler with air pollution control system – to comply with Clean Air Regulation 2014</li> <li>ii) Biological Scrubber and Polishing Plant – to comply with BOD 100 ppm</li> </ul>	Complied

<p><b>4.5.1.5</b></p>	<p>An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p> <p><b>- Major compliance -</b></p>	<p>A training program is available in Training Plan updated on a yearly basis or revised as per the management requirement. Included in this programme are subjects related to environment e.g environmental, safety &amp; health policy, scheduled waste management, environmental responsibility, HCV &amp; Biodiversity training.</p>	<p>Complied</p>
<p><b>4.5.1.6</b></p>	<p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p><b>- Major compliance -</b></p>	<p>The Environmental Performance Monitoring Committee (EPMC) is setup to comply with the DOE requirement on Guidance Self-Regulation (GSR). The 3<sup>rd</sup> Environmental Regulatory Compliance Monitoring Committee (ERCMC) was carried out on 23<sup>rd</sup> January 2018 which is planned on quarterly basis. For EPMC, the latest meeting was done on 3<sup>rd</sup> January 2018. The meeting is to review environmental performance within Kulim’s Group POM.</p>	<p>Complied</p>
<p><b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b></p>			

<p><b>4.5.2.1</b></p>	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period.</p> <p><b>- Major compliance -</b></p>	<p>All electrical power at the visited estates are supplied through national electricity grid. Diesel at estates are consumed by farm tractors. The tractor servicing period is monitored to ensure its operating efficiency, thus less consumption of diesel fuel. Similarly, planting of beneficial plants reduce the usage of fuel (and chemical) by motorize spray.</p>	<p>Complied</p>													
<p><b>4.5.2.2</b></p>	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p><b>- Major compliance -</b></p>	<p>Kulim (M) Berhad estates has maintained records of energy usage, which is compiled on monthly basis for monitoring. The use of the fossil fuel against the FFB production is being monitored. For example;</p> <table border="1" data-bbox="619 1126 1254 1395"> <thead> <tr> <th>Estate</th> <th>Year</th> <th>Diesel/ mt FFB</th> </tr> </thead> <tbody> <tr> <td rowspan="2"><b>Sedenak Estate</b></td> <td>2017</td> <td>1.06 litre/mt</td> </tr> <tr> <td>2018 todate</td> <td>1.29 litre/mt</td> </tr> <tr> <td rowspan="2"><b>Ulu Tiram Estate</b></td> <td>2017</td> <td>0.82 litre/mt</td> </tr> <tr> <td>2018 todate</td> <td>0.75 litre/mt</td> </tr> </tbody> </table>	Estate	Year	Diesel/ mt FFB	<b>Sedenak Estate</b>	2017	1.06 litre/mt	2018 todate	1.29 litre/mt	<b>Ulu Tiram Estate</b>	2017	0.82 litre/mt	2018 todate	0.75 litre/mt	<p>Complied</p>
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<p><b>4.5.2.3</b></p>	<p>The use of renewable energy should be applied where possible.</p> <p><b>- Minor compliance -</b></p>	<p>Compost application is available at Sedenak Estate at the rate of 40 mt/ha for mature, 25 mt/ha for immature area based on agronomist recommendation.</p>	<p>Complied</p>													
<p><b>Criterion 4.5.3: Waste management and disposal</b></p>																

<p><b>4.5.3.1</b></p>	<p>All waste products and sources of pollution shall be identified and documented.</p> <p><b>- Major compliance -</b></p>	<p>The estates and the mill had identified all the waste products and sources of pollution related to the respective activities.</p> <p>Details as provided below;</p> <table border="1" data-bbox="619 517 1240 1180"> <thead> <tr> <th>No</th> <th>Type of waste</th> <th>Description</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Domestic waste</td> <td>Rubbish</td> <td>Line sites, office, workshop, store,</td> </tr> <tr> <td rowspan="3">2</td> <td rowspan="3">Industrial waste</td> <td>Fertilizer bags</td> <td>Empty bags store</td> </tr> <tr> <td>Scrap metal</td> <td>workshop</td> </tr> <tr> <td>POME</td> <td>ETP</td> </tr> <tr> <td>3</td> <td>Sewage waste</td> <td>sewage</td> <td>housing toilets &amp; office</td> </tr> <tr> <td rowspan="4">4</td> <td rowspan="4">Scheduled Waste</td> <td>SW 404 Clinical waste</td> <td>clinic</td> </tr> <tr> <td>SW rags, plastics, filters</td> <td>workshop</td> </tr> <tr> <td>Spent lubricant &amp; hydraulic oil</td> <td>workshop</td> </tr> <tr> <td>Disposed containers, bags, equipment contaminated with chemicals, pesticides,</td> <td>SW store</td> </tr> </tbody> </table> <p>The pollution from the estates activities as illustrated below:</p> <table border="1" data-bbox="619 1301 1225 1538"> <thead> <tr> <th>No</th> <th>Environmental Issue</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Leakage of pesticides</td> <td>Activities during chemical mixing and transportation</td> </tr> <tr> <td>2</td> <td>Lubricant spillage</td> <td>Maintenance work at the workshop for estates vehicles</td> </tr> <tr> <td>3</td> <td>POME</td> <td>Spillages during application / pipe leakages</td> </tr> </tbody> </table>	No	Type of waste	Description	Location	1	Domestic waste	Rubbish	Line sites, office, workshop, store,	2	Industrial waste	Fertilizer bags	Empty bags store	Scrap metal	workshop	POME	ETP	3	Sewage waste	sewage	housing toilets & office	4	Scheduled Waste	SW 404 Clinical waste	clinic	SW rags, plastics, filters	workshop	Spent lubricant & hydraulic oil	workshop	Disposed containers, bags, equipment contaminated with chemicals, pesticides,	SW store	No	Environmental Issue	Details	1	Leakage of pesticides	Activities during chemical mixing and transportation	2	Lubricant spillage	Maintenance work at the workshop for estates vehicles	3	POME	Spillages during application / pipe leakages	<p>Complied</p>
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<p><b>4.5.3.2</b></p> <p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p><b>- Major compliance -</b></p>		<p>Details of the management plan as described below. This is a continuation of the 4.5.3.1 above.</p> <table border="1"> <thead> <tr> <th>No</th> <th>Type of waste</th> <th>Description</th> <th>Action</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Domestic waste</td> <td>Rubbish</td> <td>Collection/disposal min 2x-3x /week internally. Establish landfill/collection SOP Establish collection schedule &amp; PIC Create awareness on hygiene Monitoring of line site</td> </tr> <tr> <td rowspan="3">2</td> <td rowspan="3">Industrial waste</td> <td>Fertilizer bags</td> <td>Inventory of bags, reuse for LF collection, sell to appointed contractor</td> </tr> <tr> <td>Scrap metal</td> <td>Inventory maintained, tender at zone level for sale to licensed contractor.</td> </tr> <tr> <td>POME</td> <td>Daily monitoring of application at designated field P00.</td> </tr> <tr> <td>3</td> <td>Sewage waste</td> <td>sewage</td> <td>To monitor during housing inspection and residents' complaints. Engagement with licensed contractor for sewage management.</td> </tr> <tr> <td rowspan="4">4</td> <td rowspan="4">Scheduled Waste</td> <td>SW 404 Clinical waste</td> <td>Inventory maintained. Storage in sharp bin in clinic. Disposal to Kualiti Alam Sdn Bhd.</td> </tr> <tr> <td>SW rags, plastics, filters</td> <td>Inventory maintained. Storage in scheduled waste store. Disposal to licensed contractor.</td> </tr> <tr> <td>Spent lubricant &amp; hydraulic oil</td> <td>Collection by licensed vendor. Inventory maintained.</td> </tr> <tr> <td>Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW,</td> <td>Inventory maintained. Storage in SW store. All containers are labelled. Empty containers collected by authorized vendor G-Planter</td> </tr> </tbody> </table>	No	Type of waste	Description	Action	1	Domestic waste	Rubbish	Collection/disposal min 2x-3x /week internally. Establish landfill/collection SOP Establish collection schedule & PIC Create awareness on hygiene Monitoring of line site	2	Industrial waste	Fertilizer bags	Inventory of bags, reuse for LF collection, sell to appointed contractor	Scrap metal	Inventory maintained, tender at zone level for sale to licensed contractor.	POME	Daily monitoring of application at designated field P00.	3	Sewage waste	sewage	To monitor during housing inspection and residents' complaints. Engagement with licensed contractor for sewage management.	4	Scheduled Waste	SW 404 Clinical waste	Inventory maintained. Storage in sharp bin in clinic. Disposal to Kualiti Alam Sdn Bhd.	SW rags, plastics, filters	Inventory maintained. Storage in scheduled waste store. Disposal to licensed contractor.	Spent lubricant & hydraulic oil	Collection by licensed vendor. Inventory maintained.	Disposed containers, bags, equipment contaminated with chemicals, pesticides, SW,	Inventory maintained. Storage in SW store. All containers are labelled. Empty containers collected by authorized vendor G-Planter	<p>Complied</p>
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<p><b>4.5.3.3</b></p>	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under</p>	<p>The procedures for handling used chemicals classified under Environment Quality Regulation (Scheduled Waste) 2005, Environmental Quality Act, 1974 are available prepared on Group level by SQD and implemented in all estates and mills for all</p>	<p>Complied</p>																														

	<p>Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p><b>- Major compliance -</b></p>	<p>the applicable practices. The operational control procedures provide guidelines as follows;</p> <ul style="list-style-type: none"> <li>a) Management of class 2 (and higher) chemical containers</li> <li>b) Management of fertilizer bags</li> </ul>	
<p><b>4.5.3.4</b></p>	<p>Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.</p> <p><b>- Major compliance -</b></p>	<p>Under the operational control procedure established as given in 4.5.3.3 above the guideline and practice for handling empty pesticides containers are as follows;</p> <ul style="list-style-type: none"> <li>a) All class 2 and above containers are tripled rinsed and holes punctured at the bottom only if the waste generator is to dispose as non-scheduled waste.</li> <li>b) Containers to be disposed as scheduled waste need not go the triple rinsing and hole punctured process.</li> </ul> <p>These guidelines are based on Department of Agriculture <i>ref 91/120/038/014 dated 7/11/2002</i>. During the site visit this has been adhered mainly containers are tripled rinsed and holes punctured at the container base. Items were collected to G-Planter as authorized by Dept Of Agriculture via letter dated 16/1/16.</p>	<p>Complied</p>
<p><b>4.5.3.5</b></p>	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p><b>- Minor compliance -</b></p>	<p>Both the estates used the inhouse facilities available in the respective estates. The location of landfill is constructed far from housing area and waterways and inline with company SOP/guidelines.</p>	<p>Complied</p>
<p><b>Criterion 4.5.4:</b> Reduction of pollution and emission</p>			

<p><b>4.5.4.1</b></p> <p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.</p> <p><b>- Major compliance -</b></p>		<p>The assessment of all polluting activities is defined in the Estate – Pollution &amp; Emission Plan endorsed on 01/8/18. Details as provided therein among others as given below:</p> <p>a) Sedenak/Ulu Tiram Estates</p> <table border="1" data-bbox="624 577 1236 999"> <thead> <tr> <th>No</th> <th>Emission</th> <th>Source</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dark smoke</td> <td>Running vehicles</td> <td>Daily</td> </tr> <tr> <td rowspan="2">2</td> <td rowspan="2">Noise</td> <td>Diesel engine</td> <td>Operational hours</td> </tr> <tr> <td>Running vehicles</td> <td>Daily</td> </tr> <tr> <td rowspan="2">3</td> <td rowspan="2">Air pollution</td> <td>Diesel engine</td> <td>Operational hours</td> </tr> <tr> <td>Running vehicles</td> <td>Operational hours</td> </tr> <tr> <td rowspan="2">4</td> <td rowspan="2">Waste water</td> <td>PCD</td> <td>Scheduled inspection</td> </tr> <tr> <td>Septic tank spillage</td> <td>Weekly inspection</td> </tr> </tbody> </table>	No	Emission	Source	Frequency	1	Dark smoke	Running vehicles	Daily	2	Noise	Diesel engine	Operational hours	Running vehicles	Daily	3	Air pollution	Diesel engine	Operational hours	Running vehicles	Operational hours	4	Waste water	PCD	Scheduled inspection	Septic tank spillage	Weekly inspection	<p>Complied</p>	
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<p><b>4.5.4.2</b></p> <p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p><b>- Major compliance -</b></p>		<p>Details of action plan for identified pollutants as shown below and is a continuation from the 4.5.4.1 above.</p> <table border="1" data-bbox="624 1142 1236 1720"> <thead> <tr> <th>No</th> <th>Emission</th> <th>Action Plan</th> <th>PIC</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dark smoke</td> <td>Inspection of vehicle condition</td> <td>Exec/staff</td> </tr> <tr> <td rowspan="2">2</td> <td rowspan="2">Noise</td> <td>Scheduled maintenance</td> <td>Exec/staff</td> </tr> <tr> <td>Inspection of vehicle inspection</td> <td>Exec/staff</td> </tr> <tr> <td rowspan="2">3</td> <td rowspan="2">Air pollution</td> <td>Routine maintenance as schedule</td> <td>Exec/staff</td> </tr> <tr> <td>Inspection of vehicle condition</td> <td>Exec/staff</td> </tr> <tr> <td rowspan="4">4</td> <td rowspan="4">Waste water</td> <td>Inspection of PCD for functional</td> <td rowspan="4">Exec/staff/foreman</td> </tr> <tr> <td>Adherence to SW guidelines</td> </tr> <tr> <td>Weekly line site inspection</td> </tr> <tr> <td>Appropriate action on spillage</td> </tr> </tbody> </table>	No	Emission	Action Plan	PIC	1	Dark smoke	Inspection of vehicle condition	Exec/staff	2	Noise	Scheduled maintenance	Exec/staff	Inspection of vehicle inspection	Exec/staff	3	Air pollution	Routine maintenance as schedule	Exec/staff	Inspection of vehicle condition	Exec/staff	4	Waste water	Inspection of PCD for functional	Exec/staff/foreman	Adherence to SW guidelines	Weekly line site inspection	Appropriate action on spillage	<p>Complied</p>
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<p><b>Criterion 4.5.5: Natural water resources</b></p>																														
<p><b>4.5.5.1</b></p> <p>The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The</p>		<p>The Water Management Plan for the estates has been established. On Sedenak Estate the focus was:</p> <ul style="list-style-type: none"> <li>• Buffer Zone management – No spraying and manuring</li> <li>• Carry out water analysis</li> </ul>	<p>Complied</p>																											

<p>water management plan may include:</p> <p>a. Assessment of water usage and sources of supply.</p> <p>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities.</p> <p>c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p><b>- Major compliance -</b></p>	<ul style="list-style-type: none"> <li>Follow SOPs to avoid water pollution by schedule waste</li> <li>Rain water harvesting</li> <li>Obtain water from other estates during shortage/draughts.</li> <li>Monitor domestic water consumption</li> <li>Educate workers to conserve water</li> <li>Monitor leakages and periodic maintenance of piping/equipment</li> <li>Keep drains clean and to have bunds to conserve/retain water</li> </ul> <p>Water courses and wetlands are protected including maintaining and restoring appropriate riparian buffer zones. The guidelines are detailed in the SOP No 12: Protection of River Reserves (Riparian &amp; Buffer Zone). The buffer zones established are as following:</p> <table border="1" data-bbox="663 969 1227 1319"> <thead> <tr> <th>River width (meter)</th> <th>Minimum width for river reserves (m) for peninsular Malaysia and Sarawak</th> </tr> </thead> <tbody> <tr> <td>1-5</td> <td>5</td> </tr> <tr> <td>5-10</td> <td>10</td> </tr> <tr> <td>10-20</td> <td>20</td> </tr> <tr> <td>20-40</td> <td>40</td> </tr> <tr> <td>&gt;40</td> <td>50</td> </tr> </tbody> </table> <p><b>Sedenak Estate</b> monitored the water entering Sungai Skudai through water sampling for Nitrate Nitrogen and Phosphate. This was done in months when fertilisers were applied. Water analysis was done by UTCL Laboratory in Kota Tinggi.</p> <p>Report Nos. WI/1808/0819-0820 dated 30.08.2018            WI/1808/0734-0735 dated 17.07.2018            WI/1808/0660-0661 dated 26.06.2018 of test results of samples from in and out points were verified.</p> <p><b>Ulu Tiram Estate</b></p> <p>Marked and maintained buffer zones were observed in Field P12 Blk 2 along Sungai Ulu Tiram.</p> <p>Reports of Water Analysis done at 3 points by UTCL Laboratory in Kota Tinggi were verified. They are Report Nos. WI/1810/0990-0992 dated 21.09.2018 and WI/1808/0759-0761 dated 23.07.2018.</p>	River width (meter)	Minimum width for river reserves (m) for peninsular Malaysia and Sarawak	1-5	5	5-10	10	10-20	20	20-40	40	>40	50	
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1-5	5													
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<b>4.5.5.2</b>	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.  <b>- Minor compliance -</b>	At time of visit no bunds, weirs and dams were observed across waterways passing through both estates.	Complied								
<b>4.5.5.3</b>	Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).  <b>- Minor compliance -</b>	During the site visit it was observed that water harvesting was practised. Surface run of waters were directed into field drains, conservation terraces and moisture pits.	Complied								
<b>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value</b>											
<b>4.5.6.1</b>	Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:  a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.  b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be	HCV assessment was conducted in January 2008 covering all 15 estates in Johor that include Sedenak Estate's complex. The assessment was a Rapid Biodiversity Assessment conducted by A.J.F.M Dekker, a Biodiversity Consultant. The report has identified the list of natural habitats that is possible present in the operating units. The report details the findings of a rapid appraisal of the biodiversity in the estates and addresses the RSPO P&C relevant to biodiversity conservation and HCV. Therein being provided details relating to the following; <ul style="list-style-type: none"> <li>a) General biodiversity issues</li> <li>b) Watercourses and drainage</li> <li>c) Habitats natural and man-made</li> <li>d) Wildlife</li> <li>e) Ponds and reservoirs</li> <li>f) Wetlands /watercourses</li> <li>g) Legal aspects</li> <li>h) Immediate and long term effect.</li> </ul> <p>For example, in Sedenak estate the following area has been identified:</p> <table border="1" data-bbox="619 1839 1252 2011"> <thead> <tr> <th>HCV area</th> <th>Hectarage</th> </tr> </thead> <tbody> <tr> <td>Pond(RBA 2 )</td> <td>25.58</td> </tr> <tr> <td>Drain &amp; buffer zone (RBA 4)</td> <td>0.81</td> </tr> <tr> <td><b>Total</b></td> <td><b>26.39</b></td> </tr> </tbody> </table>	HCV area	Hectarage	Pond(RBA 2 )	25.58	Drain & buffer zone (RBA 4)	0.81	<b>Total</b>	<b>26.39</b>	Complied
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	<p>significantly affected by the grower(s) activities.</p> <p><b>- Major compliance -</b></p>	<p>Consultant, A.J.F.M Dekker undertook A Rapid Biodiversity Assessment to identify any areas of conflict or interest to biodiversity at Sedenak CU in January 2008. The assessment concluded:</p> <ul style="list-style-type: none"> <li>• there was no RTE species or HCV (other than HCV5, wetlands in the form of ponds and rivers and streams) were present within the CU nor at their boundaries, or were affected by plantation and mill operations.</li> <li>• within the estates common birds were sighted, among them, Black-shouldered Kite, Crested Serpent Eagle, Purple Heron, Kingfishers, Red-wattled Lapwing, Dollar Bird.</li> <li>• at the boundary the wildlife recorded were Grey-headed Fish Eagle, White-bellied Sea Eagle, Storks, Long-tailed Macaque, and Weaver nests.</li> </ul>	
<p><b>4.5.6.2</b></p>	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <ul style="list-style-type: none"> <li>a) Ensuring that any legal requirements relating to the protection of the species are met.</li> <li>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</li> </ul> <p><b>- Major compliance -</b></p>	<p>There is not RTE recorded. Evidence to continuously prevent and discourage illegal or hunting, fishing or collecting activities were maintained and implemented.</p> <ul style="list-style-type: none"> <li>a) Signage as well as routine patrolling activities were utilized as part of creating awareness among employees and maintain HCVs.</li> <li>b) The estates established a Biodiversity Improvement Plan 2018 such as briefing/training to workers on protection of river buffers for all existing and designated natural watercourses to all employees, contractors and suppliers that encroachment and hunting are not allowed.</li> </ul>	<p>Complied</p>

<p><b>4.5.6.3</b></p>	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p><b>- Major compliance -</b></p>	<p>The Biodiversity Improvement Plan dated 01/08/2018 had identified the plan. Among others;</p> <ul style="list-style-type: none"> <li>a) to continue educating the workers regarding RTE. Workers interviewed confirmed that they are aware of no hunting is permitted in and within the estate.</li> <li>b) Regular educating the employees via morning muster briefing about the need to protect the RTE species.</li> <li>c) Appropriate disciplinary measures will be taken if found violated.</li> <li>d) Information pertaining RTE and relevant CU policies were displayed at the display boards.</li> <li>e) Training in relation to the RTE/Biodiversity has been organized in the following sessions.</li> </ul>	<p>Complied</p>
<p><b>Criterion 4.5.7: Zero burning practices</b></p>			
<p><b>4.5.7.1</b></p>	<p>Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p><b>- Major compliance -</b></p>	<p>There is no land preparation by burning at Sedenak Estate and Ulu Tiram Estate. Sustainability handbook described on Environmental policy including Zero open burning policy dated January 2008. Management complied with the Malaysian environmental law –EQA and Regulations 1974. On the 2017 &amp; 2018 replants visited on Sedenak Estate it was observed that palms had been mechanically felled, chipped and windrowed; no burning was observed.</p>	<p>Complied</p>
<p><b>4.5.7.2</b></p>	<p>A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.</p> <p><b>- Major compliance -</b></p>	<p>Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting was not practised by Kulim (Malaysia) Berhad Estates.</p> <p>Furthermore, previous crop were not highly diseased and there was no significant risk of disease spread or continuation into the next crop.</p>	<p>Complied</p>
<p><b>4.5.7.3</b></p>	<p>Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental</p>	<p>Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting was not practised by Kulim (Malaysia) Berhad Estates. . On the 2017 &amp; 2018 replants visited on Sedenak Estate</p>	<p>Complied</p>

	Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. <b>- Major compliance -</b>	it was observed that palms had been mechanically felled, chipped and windrowed; no burning was observed.	
<b>4.5.7.4</b>	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. <b>- Minor compliance -</b>	As observed in the 2017 & 2018 replants, all previous oil palms were felled, chipped, shredded, windrowed and left to decompose.	Complied
<b>4.6 Principle 6: Best Practices</b>			
<b>Criterion 4.6.1: Site Management</b>			
<b>4.6.1.1</b>	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. <b>- Major compliance -</b>	In Kulim (Malaysia) Berhad SOPs for plantations/estates were documented in: <ul style="list-style-type: none"> <li>• Kulim (Malaysia) Berhad – Agricultural Manual – 01.07.2013</li> <li>• Work Instructions – 01.04.2018</li> <li>• Buku Panduan Anggota Perkerja Perladangan – 01.09.2018</li> <li>• Panduan Kerja Selamat (SOP) 01.05.2009</li> </ul> <p>The SOPs confirmed that all activities in the estates from seedlings in nursery to planting in the fields have been included. The Agricultural Manual had chapters A to K. The chapters covered topic as follows:</p> <ul style="list-style-type: none"> <li>A. Replanting.</li> <li>B. Roads, Drains, Bridges, Culverts &amp; Fences.</li> <li>C. Construction of Estate Buildings</li> <li>D. Manuring</li> <li>E. Harvesting</li> <li>F. Pruning and Ablation</li> <li>G. Soil Conservation</li> <li>H. Justification of Chemical Use</li> <li>I. Weeds Management</li> <li>J. Integrated Pest management</li> <li>K. Plant Diseases</li> </ul> <p>Work Instruction – there are 41 work instructions starting from Document No:</p> <p>LSD-WI-OP-W01 – Weedicide &amp; Pesticide Usage &amp; Application Control to</p> <p>LSD-WI-OP-W41 – Perangkap Minyak.</p>	Complied



		<p>Panduan Kerja Selamat (SOP) had 15 chapters: Chapter1- Kata-kata Aluan Pengarah Urusan to Chapter 15- Lampiran</p> <p>Standard operating procedures had been consistently implemented and monitored. On both Sedenak Estate and Ulu Tiram Estate SOPs were consistently implemented and monitored by on-site visits, inspections and discussions with relevant personnel and by conducting audits such as Internal Audits, RSPO Audits and visits by RC, PI and Agronomists and by Periodic reporting – monthly Production Statement, Labour Statement, FFB Grading, etc.</p>																						
<p><b>4.6.1.2</b></p>	<p>Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.</p> <p><b>- Major compliance -</b></p>	<p>Topographic Maps provided showed that the terrain was as follows:</p> <table border="1" data-bbox="620 1341 1241 1883"> <thead> <tr> <th>Terrain (Degree)</th> <th>Percentage in Sedenak Estate</th> <th>Percentage in Ulu Tiram Estate</th> </tr> </thead> <tbody> <tr> <td>Rata (0 – 2 °)</td> <td>9.55</td> <td>2.57</td> </tr> <tr> <td>Beralum ( 2° – 6°)</td> <td>42.68</td> <td>6.23</td> </tr> <tr> <td>Berombak (6° - 12°)</td> <td>47.31</td> <td>60.44</td> </tr> <tr> <td>Berbukit (12° - 20°)</td> <td>0.46</td> <td>1.12</td> </tr> <tr> <td>Sangat Berbukit</td> <td>-</td> <td>29.64</td> </tr> <tr> <td></td> <td>100.00</td> <td>100.00</td> </tr> </tbody> </table> <p>Soil conservation measures like construction of terraces on terrain of above 9°, and planting of cover</p>	Terrain (Degree)	Percentage in Sedenak Estate	Percentage in Ulu Tiram Estate	Rata (0 – 2 °)	9.55	2.57	Beralum ( 2° – 6°)	42.68	6.23	Berombak (6° - 12°)	47.31	60.44	Berbukit (12° - 20°)	0.46	1.12	Sangat Berbukit	-	29.64		100.00	100.00	<p>Complied</p>
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		crop and maintenance of soft grasses in interlines to prevent soil erosion was observed during the visit.															
<b>4.6.1.3</b>	A visual identification or reference system shall be established for each field. <b>- Major compliance -</b>	All fields were marked and identified. Information like field no, year planting and total hectare is shown in all markers. Stone boundary markers were placed at field boundaries were observed.	Complied														
<b>Criterion 4.6.2: Economic and financial viability plan</b>																	
<b>4.6.2.1</b>	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. <b>- Major compliance -</b>	Both estates had documented annual business plan (budgets) for 2018 and projections up to 2024 The business plans were prepared as guidance for future planning. The budget contains monthly budget per operating units including FFB, CPO and PK. Component of operating expenditure includes Administration, harvesting & collection, field upkeep, transportation, road and bridges, labour overhead, EVIT (running accounts for engines, vehicles, implements & tractors. Inclusive in the business plan is also Capital Expenditure (CAPEX) includes building-general, tractors and agricultural implement, office equipment and others as per the annual budget for 2018 for estate was sighted and verified.	Complied														
<b>4.6.2.2</b>	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. <b>- Major compliance -</b>	Kulim (Malaysia) Berhad had a long range replanting program projected up to the year 2042. The replanting program was reviewed annually and the replanting program for 2018 and for 5 years in Hectares is as follows:  <table border="1" data-bbox="737 1603 1137 1942"> <thead> <tr> <th>Year</th> <th>Sedenak Estate</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>150.10</td> </tr> <tr> <td>2019</td> <td>0</td> </tr> <tr> <td>2020</td> <td>44.71</td> </tr> <tr> <td>2021</td> <td>0</td> </tr> <tr> <td>2022</td> <td>190.86</td> </tr> <tr> <td>2023</td> <td>214.04</td> </tr> </tbody> </table>	Year	Sedenak Estate	2018	150.10	2019	0	2020	44.71	2021	0	2022	190.86	2023	214.04	Complied
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		For Ulu Tiram Estate, no replanting programme from 2018 onwards and most of the area under planning for properties development by Johor Corporation.	
<b>4.6.2.3</b>	<p>The business or management plan may contain:</p> <ul style="list-style-type: none"> <li>a) Attention to quality of planting materials and FFB</li> <li>b) Crop projection: site yield potential, age profile, FFB yield trends</li> <li>c) Cost of production : cost per tonne of FFB</li> <li>d) Price forecast</li> <li>e) e) Financial indicators : cost benefit, discounted cash flow, return on investment</li> </ul> <p><b>- Major compliance -</b></p>	This requirement i.e crop material, crop projection, yield, production cost, are provided in the business management plan as shown in item 4.6.2.1 above.	Complied
<b>4.6.2.4</b>	<p>The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.</p> <p><b>- Major compliance -</b></p>	The management plan was effectively implemented and achievements of the goals and objectives regularly monitored, periodically reviewed and documented by performance monitoring. The estates' performance was recorded in the monthly progress reports. Details on the actual vs budget i.e crop production, fixed and direct cost are shown therein. The management also provides variance report on the performance and reviewed on a monthly basis.	Complied
<b>Criterion 4.6.3: Transparent and fair price dealing</b>			
<b>4.6.3.1</b>	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p><b>- Major compliance -</b></p>	The pricing mechanism for the contractor are mentioned in the contract signed between Kulim and contractor.	Complied
<b>4.6.3.2</b>	All contracts shall be fair, legal and transparent and	On both Estates all contracts verified were fair, legal and transparent and agreed payments were made in timely manner. All contracts and purchases are documented i.e in the form of purchase orders,	Complied

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	<p>agreed payments shall be made in timely manner.</p> <p><b>- Major compliance -</b></p>	<p>invoices, and contracts for the larger transaction. All documents are signed by both vendor and management.</p> <p>Sampled contracts were:</p> <p><b>Sedenak Estate:</b></p> <p>Contract No. EPA/SEDENAK 8/2009 for transport of EFB, Fibre &amp; Compost. Contactor: Syarikat Pesat (M) Sdn Bhd.</p> <p>Payment records made on 07.09.2018 were verified.</p> <p><b>Ulu Tiram Estate:</b></p> <p>Contract No. KMB/UTE2/2017 for transport of FFB from Ramp.</p> <p>Contractor: Intergrated Man Sdn Bhd.</p> <p>Payment records made on 09.10.2018 were verified.</p>	
<p><b>Criterion 4.6.4: Contractor</b></p>			
<p><b>4.6.4.1</b></p>	<p>Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.</p> <p><b>- Major compliance -</b></p>	<p>The Estates had informed its contractors regarding the need to follow the MSPO requirements through MSPO trainings.</p>	<p>Complied</p>
<p><b>4.6.4.2</b></p>	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p><b>- Major compliance -</b></p>	<p>Evidence of agreed contracts with the contractors were verified.</p> <p><b>Sedenak Estate:</b></p> <p>Contract No. EPA/SEDENAK 8/2009 for transport of EFB, Fibre &amp; Compost.</p> <p>Contractor: Syarikat Pesat (M) Sdn Bhd.</p> <p>Payment records made on 07.09.2018 were verified.</p> <p><b>Ulu Tiram Estate:</b></p> <p>Contract No. KMB/UTE2/2017 for transport of FFB from Ramp.</p> <p>Contractor: Intergrated Man Sdn Bhd.</p> <p>Payment records made on 09.10.2018 were verified.</p>	<p>Complied</p>

<b>4.6.4.3</b>	<p>The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.</p> <p><b>- Minor compliance -</b></p>	<p>There were no objections from management to accept MSPO approved auditors to verify assessments through a physical inspection where required.</p>	Complied
<b>4.6.4.4</b>	<p>The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.</p> <p><b>- Major compliance -</b></p>	<p>All works performed at the estates are checked and verified by the estates personnel before payment been made to the contractors. Verified records were for:</p> <p><b>Sedenak Estate:</b> Contract No. EPA/SEDENAK 8/2009 for transport of EFB, Fibre &amp; Compost. Contactor: Syarikat Pesat (M) Sdn Bhd. Payment records made on 07.09.2018 were verified.</p> <p><b>Ulu Tiram Estate:</b> Contract No. KMB/UTE2/2017 for transport of FFB from Ramp. Contractor: Intergrated Man Sdn Bhd. Payment records made on 09.10.2018 were verified.</p>	Complied
<b>4.7 Principle 7: Development of new planting</b>			
<b>Criterion 4.7.1: High biodiversity value</b>			
<b>4.7.1.1</b>	<p>Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.</p> <p><b>- Major compliance -</b></p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	N/A
<b>4.7.1.2</b>	<p>No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	N/A

	<p>required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.</p> <p><b>- Major compliance -</b></p>		
<b>Criterion 4.7.2: Peat Land</b>			
<b>4.7.2.1</b>	<p>New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.</p> <p><b>- Major compliance -</b></p>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)</b>			
<b>4.7.3.1</b>	<p>A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.</p> <p><b>- Major compliance -</b></p>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>4.7.3.2</b>	<p>SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external</p>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A

	stakeholders. <b>- Major compliance -</b>		
<b>4.7.3.3</b>	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. <b>- Major compliance -</b>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>4.7.3.4</b>	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. <b>- Minor compliance -</b>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>Criterion 4.7.4: Soil and topographic information</b>			
<b>4.7.4.1</b>	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. <b>- Major compliance -</b>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>4.7.4.2</b>	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. <b>- Major compliance -</b>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils</b>			
<b>4.7.5.1</b>	Extensive planting on steep terrain, marginal	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A

	and fragile soils shall be avoided unless permitted by local, state and national laws. <b>- Major compliance -</b>		
<b>4.7.5.2</b>	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. <b>- Major compliance -</b>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>4.7.5.3</b>	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. <b>- Major compliance -</b>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>Criterion 4.7.6: Customary land</b>			
<b>4.7.6.1</b>	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. <b>- Major compliance -</b>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>4.7.6.2</b>	Where new plantings on recognised customary lands are acceptable, management plans and	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A





	<p>operations should maintain sacred sites.</p> <p><b>- Minor compliance -</b></p>		
<b>4.7.6.3</b>	<p>Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.</p> <p><b>- Major compliance -</b></p>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>4.7.6.4</b>	<p>The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.</p> <p><b>- Major compliance -</b></p>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>4.7.6.5</b>	<p>Identification and assessment of legal and recognised customary rights shall be documented.</p> <p><b>- Major compliance -</b></p>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>4.7.6.6</b>	<p>A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.</p> <p><b>- Major compliance -</b></p>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
<b>4.7.6.7</b>	<p>The process and outcome of any compensation claims shall be documented and made publicly available.</p>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A

	<b>- Major compliance -</b>		
<b>4.7.6.8</b>	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. <b>- Minor compliance -</b>	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A

**Section 4: Assessment Conclusion and Recommendation**

**Section 4: Assessment Conclusion and Recommendation**

<b>Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings</b>	
Based on the findings during the assessment <b>Kulim (Malaysia) Berhad – Sedenak POM</b> Certification Unit complies with the <b>MS 2530-3:2013</b> and <b>MS 2530-4:2013</b> . It is recommended that the certification of <b>Kulim (Malaysia) Berhad – Sedenak POM</b> Certification Unit is approved and/or continued.	
<b>Acknowledgement of Assessment Findings</b>	<b>Report Prepared by</b>
<b>Name:</b> Salasah Elias	<b>Name:</b> Mohamed Hidhir Zainal Abidin
<b>Company name:</b> Kulim (Malaysia) Berhad	<b>Company name:</b> BSI Services Malaysia Sdn. Bhd.
<b>Title:</b> Deputy General Manager	<b>Title:</b> Lead auditor
<b>Signature:</b>  <b>Date:</b> 19/03/2019	<b>Signature:</b>  <b>Date:</b> 8/3/2019

### Appendix A: Assessment Plan

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	Selva
Monday 8/10/18	0730	Audit team travelling to Sedenak POM	√	-
	0830	<ul style="list-style-type: none"> <li>• Opening Presentation by Audit team leader.</li> <li>• Confirmation of assessment scope and finalize Audit Plan</li> </ul> RSPO SCCS audit and stakeholder consultation		
Monday 8/10/18	PM	Audit team travelling to Johor Bahru and hotel check-in at Mutiara Hotel, JB	-	√
Tuesday 9/10/18  <b>Sedenak POM</b>	0730 am	Audit team travelling to Sedenak POM	√	√
	08.30 – 12.30	<ul style="list-style-type: none"> <li>• Opening Presentation by Audit team leader.</li> <li>• Confirmation of assessment scope and finalize Audit Plan</li> </ul> Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment. Laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc		
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Continue with document review (MSPO part 4), P1: Management commitment and responsibility, P2: Transparency P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition  P5: Environment, natural resources, biodiversity and ecosystem services P4: Social responsibility, health safety and employment condition, P6 : Best practices	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√
Wednesday 10/10/2018  <b>Sedenak Estate</b>	09.00 – 12.30	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.	√	√
	10.00 – 12.30	Stakeholder interviews (local stakeholders)	-	√
	12.30 – 13.30	Lunch	√	√

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	13.30 – 16.30	Document review P1 – P6 (MSPO part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting (if any )	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√
Thursday 11/10/2018  <b>Ulu Tiram Estate</b>	09.00 – 12.30	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.	√	√
	10.00 – 12.30	Stakeholder interviews (local stakeholders)	-	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 15.30	Document review P1 – P6 (MSPO part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting (if any )	√	√
	16.00 - 17.00	Audit team discussion and closing meeting	√	√

**Appendix B: List of Stakeholders Contacted**

<p><b>Government Bodies:</b> SK LKTP Bukit Batu</p>	<p><b>Internal Stakeholders:</b> Workers Representatives (Foreign Worker) Gender Committee Representative Estate workers Mill workers Child minder/nursery teacher</p>
<p><b>NGO:</b></p>	<p><b>Contractors:</b> FFB transporter Estate/mill supplier</p>

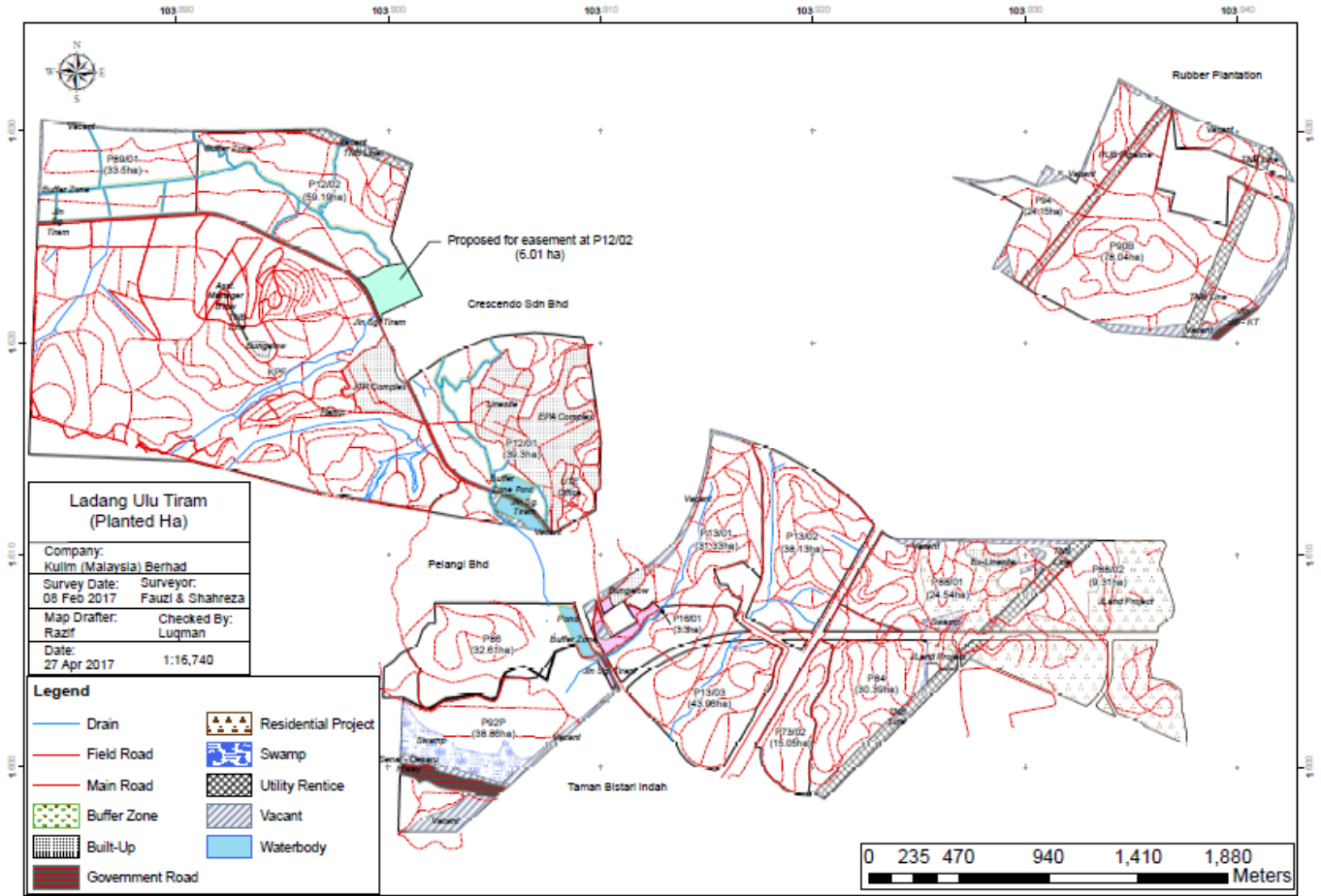
**Appendix C: Smallholder Member Details**

No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	NA. No smallholders in the scope of certification.	-	-	-
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
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16				
17				
18				
19				
20				
21				
22				
23				
<b>TOTAL</b>				

**Appendix D: Location and Field Map**

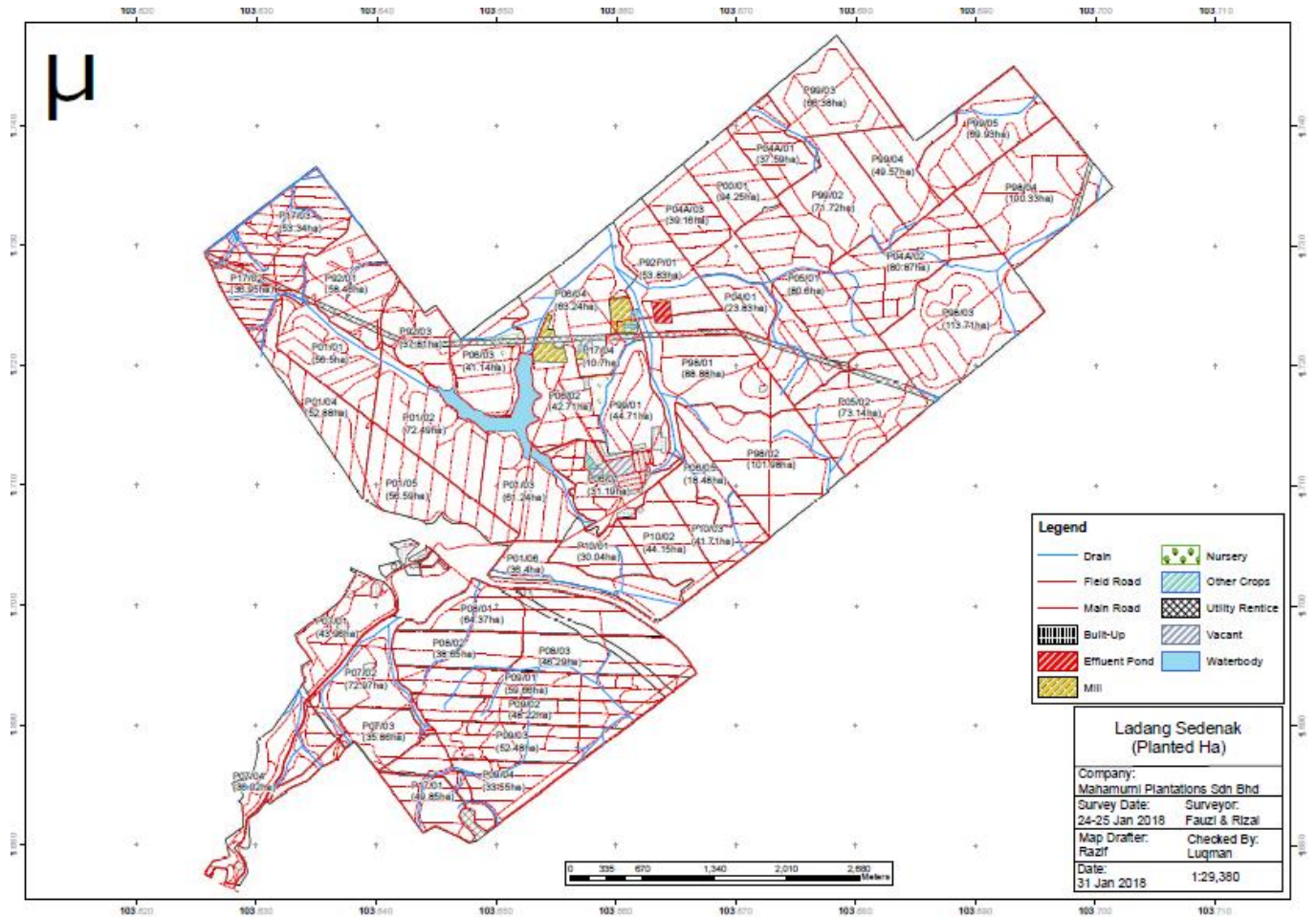


**Ulu Tiram ESTATE MAP**





**Sedenak ESTATE MAP**



**Appendix E: List of Abbreviations**

BOD	Biochemical Oxygen Demand
CB	Certification Bodies
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
EFB	Empty Fruit Bunch
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior, Informed and Consent
GAP	Good Agricultural Practice
GHG	Greenhouse Gas
GMP	Good Manufacturing Practice
GPS	Global Positioning System
HCV	High Conservation Value
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
LD50	Lethal Dose for 50 sample
MSPO	Malaysian Sustainable Palm Oil
MSDS	Material Safety Data Sheet
MT	Metric Tonnes
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RTE	Rare, Threatened or Endangered species
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure