

**MALAYSIAN SUSTAINABLE PALM OIL
- ANNUAL SURVEILLANCE ASSESSMENT 1
Public Summary Report**

Kulim (Malaysia) Berhad
Client company Address: K.B. 705 Ulu Tiram, 81900 Johor Bahru, Johor
Certification Unit: Palong Cocoa Palm Oil Mill and supply bases
Location of Certification Unit: KB 504, 85009 Segamat Johor, Malaysia

Report prepared by:
Mohamed Hidhir (Lead Auditor)

Report Number: 9673737

Assessment Conducted by:
BSI Services Malaysia Sdn Bhd,
Suite 29.01 Level 29 The Gardens North Tower,
Lingkar Syed Putra, Mid Valley City,
59200 Kuala Lumpur
Tel +603-9212 9638 Fax +603 2242 4218
www.bsigroup.com

TABLE of CONTENTS	Page No
Section 1: Executive Summary	3
1.1 Organizational Information and Contact Person	3
1.2 Certification Information.....	3
1.3 Location of Certification Unit.....	4
1.4 Plantings & Cycle.....	4
1.5 FFB Production (Actual) and Projected (tonnage).....	4
1.6 Certified CPO / PK Tonnage	5
1.7 Certified Area	5
1.8 Details of Certification Assessment Scope and Certification Recommendation:.....	6
Section 2: Assessment Process	7
Section 3: Assessment Findings	9
3.1 Details of audit results.....	9
3.2 Details of Nonconformities and Opportunity for improvement.....	9
3.3 Status of Nonconformities Previously Identified and OFI	10
3.4 Issues Raised by Stakeholders	12
3.5 Summary of the Nonconformities and Status.....	13
3.6 Summary of the findings by Principles and Criteria	14
Compliance.....	14
Section 4: Assessment Conclusion and Recommendation	99
Appendix A: Assessment Plan.....	100
Appendix B: List of Stakeholders Contacted	102
Appendix C: Smallholder Member Details.....	102
Appendix F: Location and Field Map.....	103
Appendix G: List of Abbreviations	107

Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Palong Cocoa POM - MPOB license: 578392004000 valid until 30.11.2019 Kemedak Estate - MPOB license: 570583002000 valid till 31.3.2020 UMAC Estate - MPOB license: 501362602000 valid until 31.3.2020 Palong Estate - MPOB license: 570585002000 valid until 31.3.2020 Mungka Estate - 570584002000 valid until 31.3.2020 Sepang Loi Estate - 501828802000 valid until 31.12.2020 Labis Bahru Estate - 501775392000 valid until 30.4.2020		
Company Name	Kulim (Malaysia) Berhad		
Address	HQ: K.B. 705 Ulu Tiram, 81900 Johor Bahru, Johor Site: KB 504, 85009 Segamat Johor, Malaysia		
Group name if applicable:	-		
Subsidiary of (if applicable)	-		
Contact Person Name	Salasah Elias		
Website	www.kulim.com.my	E-mail	salasah@kulim.com.my
Telephone	07-8611611	Facsimile	07-8631084

1.2 Certification Information			
Certificate Number	Mill: MSPO 698010 Estates: MSPO 698011		
Issue Date	01/04/2019	Expiry date	31/03/2024
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)	22-25/10/2018		
Continuous Assessment Visit Date (CAV) 1	23-26/9/2019		
Continuous Assessment Visit Date (CAV) 2	-		
Continuous Assessment Visit Date (CAV) 3	-		
Continuous Assessment Visit Date (CAV) 4	-		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
QMS 00714	ISO 9001:2015	SIRIM QAS International Sdn Bhd	10 November 2020
A116161	MS1500:2009	JAKIM	30 June 2021

MSPO Public Summary Report

Revision 0 (Aug 2017)

EU-ISCC-Cert-DE119-60196780	ISCC	ASG Cert	08 May 2020
RSPO 613087	RSPO P&C 2013	BSI Services Malaysia Sdn. Bhd.	22 Jan 2020

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
Palong Cocoa POM	K.B. 504, 85009 Segamat, Johor, Malaysia	2° 42' 23.09" N	102° 47' 6.04" E
Palong Estate	K.B. 530, 85009 Segamat, Johor, Malaysia	2° 44' 55.89" N	102° 44' 55.52" E
Mungka Estate	K.B. 524, 85009 Segamat, Johor, Malaysia	2° 41' 15.44" N	102° 47' 8.35" E
Kemedak Estate	K.B. 525, 85009 Segamat, Johor, Malaysia	2° 42' 47.03" N	102° 46' 7.28" E
Sepang Loi Estate	Peti Surat C-21, 85007 Segamat, Johor, Malaysia	2° 41' 32.09" N	102° 49' 4.07" E
UMAC Estate	P.O. Box 31, 26900 Bandar Tun Razak, Pahang, Malaysia	2° 53' 3.31" N	102° 48' 23.94" E
Labis Bahru Estate	K.B. 517, 85009 Segamat, Johor, Malaysia	2° 25' 49.29" N	102° 52' 27.92" E

1.4 Plantings & Cycle

Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Labis Bahru Estate	0	247.69	1,428.16	269.66	0
Mungka Estate	0	1,063.13	683.37	0	0
Kemedak Estate	0	526.66	1,165.03	0	0
Palong Estate	0	1,447.74	382.15	0	0
UMAC Estate	0	173.89	1,353.24	22.68	0
Sepang Loi Estate	0	0	899.92	0	0
Total	0	3706.8	7,340.03	562	0

1.5 FFB Production (Actual) and Projected (tonnage)

Producer Group	Estimated (Nov 18 – Oct 2019)	Actual (Sept 2018 – Aug 2019)	Forecast (Sept 2019 – Aug 2020)

MSPO Public Summary Report
Revision 0 (Aug 2017)

Palong Estate	43,947.8	42,597.65	34,255
Mungka Estate	43,773.60	39,484.94	33,654
Kemedak Estate	42,721.90	41,428.40	37,373
Sepang Loi Estate	25,339.4	23,675.27	21,189
UMAC Estate	47,629.4	31,420.99	37,117
Labis Bahru Estate	50,571.3	46,428.66	41,265
Total	253,983.4	225,035.9	204,853

1.6 Certified CPO / PK Tonnage

Palong Cocoa POM 40 MT/hr	Estimated (Nov 18 – Oct 2019)	Actual (Sept 2018 – Aug 2019)	Forecast (Sept 2019 – Aug 2020)
	CPO (OER: 21.01 %)	CPO (OER: 22%)	CPO (OER: 21.43%)
	53,370.55	49,526.26	43,903
	PK (KER: 5.08 %)	PK (KER: 5.49%)	PK (KER: 5.22%)
	12,921.90	12,368.36	10,698

1.7 Certified Area

Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Labis Bahru Estate	1,945.51	14.53	148.12	2,108.16	92.28
Mungka Estate	1,746.5	67.88	113.68	1,928.06	90.58
Kemedak Estate	1,691.69	15.06	79.52	1,786.27	94.71
Palong Estate	1,829.89	5.68	80.08	1,915.65	95.52
UMAC Estate	1,549.81	2.24	58.01	1,610.06	96.26
Sepang Loi Estate	899.92	12.69	57.60	970.21	92.76
Total	9,663.32	118.08	537.01	10,318.41	93.65

1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the annual surveillance Assessment of Kulim (M) Berhad - Palong Cocoa POM and Group Estates located in KB 504, 85009 Segamat, Johor, Malaysia comprising 6 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 Part 4: General principles for palm oil mills.

The onsite assessment was conducted on 23-26 September 2019.

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

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
Suite 29.01 Level 29 The Gardens North Tower,
Lingkaran Syed Putra, Mid Valley City,
59200 Kuala Lumpur
Tel +603-9212 9638 Fax +603 2242 4218
Nicholas Cheong: Nicholas.Cheong@bsigroup.com
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 23-26 September 2019. The audit programme is included as Appendix A. The approach to the audit was to treat the Kulim (M) Berhad - Palong Cocoa POM and Group Estates 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 Part 4: General principles for palm oil mills are 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 therefore nonconformities may exist that have not been identified. This report was externally reviewed by MSP0 approved Peer Reviewer prior to certification decision by BSI.

MSPO Public Summary Report
Revision 0 (Aug 2017)

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

Name (Mill / Supply Base)	Year 1 (stage 2)	Year 2 (ASA1)	Year 2 (ASA 2)	Year 3 (ASA 3)	Year 4 (ASA 4)
Palong Cocoa Palm Oil Mill	√	√	√	√	√
Palong Estate	√	√	-	√	-
Mungka Estate	√	-	√	-	√
Kemedak Estate	-	√	-	√	-
Sepang Loi Estate	-	-	√	-	√
UMAC Estate	-	√	-	√	-
Labis Bahru Estate	√	-	√	-	√

Tentative Date of Next Visit: October 8, 2020 - October 10, 2020

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.

Hj Mahzan Munap – Team Member

He holds a MBA from Ohio University and B Sc. in Petroleum Engineering from University of Missouri, USA. Collected over 370 days of auditing experience in OHSAS 18001 and MS 1722 OHSMS (72 days for palm oil milling and 8 days for oil palm plantation). CIMAH competent person with Malaysia Department of Occupational Safety and Health (DOSH) since 1997. An Occupational Safety and Health Trainer at INSTEP PETRONAS. Successfully completed RSPO Lead Assessor Course in 2008 and IRCA accredited Lead Assessor training for ISO 9001 and RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2008. For this assessment he assesses Mill and Estate Legal, and Environment aspects. He is able to speak and understand Bahasa Malaysia and English

Accompanying Persons: Nil

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following MSPO 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 this audit, there were no nonconformities raised. Details of OFI raised as per the following:

Finding Reference	1829965-201906-11	Certificate Reference	MSPO 698010
Certificate Standard	MS 2530:2013 Part-4	Clause	4.4.4.2 (b)
Category	Opportunity for Improvement		
Area/Process:	Palong Cocoa POM and group compliance		
Details	The Frame Scaffolding at Vertical Steriliser No. 3 could have been issued with PTW and its Scafftag be hung at the workplace.		

Finding Reference	1829965-201906-12	Certificate Reference	MSPO 698010
Certificate Standard	MS 2530:2013 Part-3	Clause	4.4.5.11
Category	Opportunity for Improvement		
Area/Process:	Palong Cocoa POM and group compliance		
Details	Weekly line site inspection was carried out by person in charge and recorded in the log book. The recording of actual and physical inspection could have been recorded clearly in the log book/check sheet for improvement.		

Noteworthy Positive Comments	
1	Good positive comments from stakeholders.
2	Good commitment from estate management and Kulim SQD's team.

3.3 Status of Nonconformities Previously Identified and OFI

Status of previously identified NC and OFI as per the following:

Finding Reference	1696077-201806-M1	Certificate Reference	MSPO 698010
Certificate Standard	MS 2530:2013 Part-4	Clause	4.3.1.2 (MSPO Part 4)
Category	Major		
Area/Process:	As per public summary report		
Details:	There are many more applicable legal requirements have yet to be registered in the company's legal register.		
Objective evidence:	Kulim has established a list of laws which are applicable to its operation, entitled "Register of Legal and Other Requirement" dated 1/10/2018. However, only the applicable requirements under EQA and OSHA have been registered. Other applicable legal requirements such as Employment Act, FMA, Pesticides Act, to name a few (etc.), have yet to be registered.		
Cause			
Kulim has established Kulim Group Compliance Framework report, which has include all applicable act but the detail of applicable/relevant sections and regulations of the act not being summarize			
Correction / containment			
Compliance Unit of Risk Department to consult all respective HOD on applicable act that relevant and applicable to all OUs for purpose of detailing relevant section that affected all OUs			
Corrective action			
The Compliance PRC will meet up on quarterly basis to track, update and communicate to OUs on any changes and/or updates of the laws and requirement. This will be captured in the Compliance Framework report activity.			
ASA1 verification:			
Compliance PRC will meet based on schedule every quarter. The latest meeting was carried out on 15-16/7/19 with the representative from management units. Evaluation of compliance was done on monthly basis and based on Kulim Group Compliance Framework. Latest laws and regulations related to SOCSO and minimum wages order 2018 has been updated in the register. Thus, the previous major NC is remain closed.			
Finding Reference	1696077-201806-M2	Certificate Reference	MSPO 698010
Certificate Standard	MS 2530:2013 Part-4	Clause	4.3.1.2 (MSPO Part 4)
Category	Major		
Area/Process:	As per public summary report		
Details:	There are many more applicable legal requirements have yet to be registered in the company's legal register.		
Objective evidence:	Kulim has established a list of laws which are applicable to its operation, entitled "Register of Legal and Other Requirement" dated 1/10/2018. However, only the applicable		

	requirements under EQA and OSHA have been registered. Other applicable legal requirements such as Employment Act, FMA, Pesticides Act, to name a few (etc.), have yet to be registered.
Cause	
Kulim has established Kulim Group Compliance Framework report, which has include all applicable act but the detail of applicable/relevant sections and regulations of the act not being summarize.	
Correction / containment	
Compliance Unit of Risk Department to consult all respective HOD on applicable act that relevant and applicable to all OUs for purpose of detailing relevant section that affected all OUs.	
Corrective action	
The Compliance PRC will meet up on quarterly basis to track, update and communicate to OUs on any changes and/or updates of the laws and requirement. This will be captured in the Compliance Framework report activity.	
<p>ASA1 verification:</p> <p>Compliance PRC will meet based on schedule every quarter. The latest meeting was carried out on 15-16/7/19 with the representative from management units. Evaluation of compliance was done on monthly basis and based on Kulim Group Compliance Framework. Latest laws and regulations related to SOCSO and minimum wages order 2018 has been updated in the register. Thus, the previous major NC is remain closed.</p>	

Finding Reference	1696077-201806-11	Certificate Reference	MSPO 698010
Certificate Standard	MS 2530:2013 Part-3	Clause	4.4.5.9
Category	Opportunity for Improvement		
Area/Process:	Palong Cocoa POM and group compliance		
Details	<p>The deduction of water bill for worker at Labis Bahru estate can be further enhanced by making reference to JTK letter dated 31/05/18 of not more than RM 5. Nonetheless, progressive status letter issue by JTK Segamat dated 25/10/2018 have stated the process of reviewing the error on the previous approval letter was on-going which need confirmation of JTK Head of state.</p> <p>ASA1 verification: Deduction of water bill is based on the JTK approval letter and not more than RM 5. No such issues found in other estates visited during ASA1.</p>		

Finding Reference	1696077-201806-12	Certificate Reference	MSPO 698010
Certificate Standard	MS 2530:2013 Part-4	Clause	4.4.5.11
Category	Opportunity for Improvement		
Area/Process:	Palong Cocoa POM and group compliance		

MSP0 Public Summary Report
Revision 0 (Aug 2017)

Details	<p>The checking of the result of water analysis can be further improved by making the National Drinking Water Quality Standard as a reference. Nonetheless, the result of the drinking water analysis has been checked and it was still within the standard as per requirement by MOH which include Free Chlorine, Total coliform and E. Coli.</p> <p>ASA1 verification: As practice, drinking water analysis is referred to National Drinking Water Quality Standard. The analysis is scheduled every 6 monthly and submitted to SPAN.</p>
----------------	--

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Feedbacks Workers’ Representative – They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2016 and 2018 (starting January 2019). Free housing was provided to them with subsidized of water and electricity.</p> <p>Management Responses: The management will continue to treat all the workers equally and comply with the regulations.</p> <p>Audit Team Findings: No further issue</p>
2	<p>Feedbacks: FFB transporter (Sungai Rezeki) No problem with the contract and payment. All contract is valid for 4 years.</p> <p>Management Responses: Positive feedback noted.</p> <p>Audit Team Findings: No further issue.</p>
3	<p>Feedbacks: Suppliers (Ahmad KJ, Roslan Mohamad Ent) Good prompt payment received from company upon invoicing. Terms for payment is 30 days.</p> <p>Management Responses: Positive feedback noted.</p> <p>Audit Team Findings: No further issue.</p>
4	<p>Feedbacks: PIBG Chairman SK Bukit Serok Good cooperation given by estate management. For example contribution like donation for school event was noted.</p> <p>Management Responses: Positive feedback noted.</p> <p>Audit Team Findings: No further issue.</p>

**MSP0 Public Summary Report
Revision 0 (Aug 2017)****3.5 Summary of the Nonconformities and Status**

CAR Ref.	CLASS	ISSUED	STATUS
1696077-201806-M1	Major	25/10/18	Closed on 17/1/2019
1696077-201806-M2	Major	25/10/18	Closed on 17/1/2019

3.6 Summary of the findings by Principles and Criteria

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

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	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.	Yes
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	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	Yes
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	Kemedak Estate : The las internal audit for MSPO was conducted on 21/8/19. The internal audit has covered all the MSPO MS2530 elements specifically on part 3. No NC issued however 2 OFI raised with regards to contractor's workers payslip and training.	Yes

MSPO Public Summary Report
Revision 0 (Aug 2017)

		<p>UMAC Estate : Latest audit was carried on 22/8/19. 1 NC raised related to stakeholder list. NC was close out on 28/8/19.</p> <p>Palong Estate: Internal audit was last carried out on 19/8/91 by SQD team HQ. No NC raised and only 2 OFIs were raised.</p>	
4.1.2.2	<p>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.</p> <p>- Major compliance -</p>	<p>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.</p> <p>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.</p>	Yes
4.1.2.3	<p>Report shall be made available to the management for their review.</p> <p>- Major compliance -</p>	<p>The internal audit report has distributed to the estate's management and reported to Kulim (M) Berhad management. Refer to internal audit report for each operating units;</p> <p>Kemedak Estate – 21/8/19</p> <p>UMAC Estate – 22/8/19</p> <p>Palong Estate – 19/8/19</p>	Yes
Criterion 4.1.3 – Management Review			
4.1.3.1	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for</p>	<p>The latest management review was conducted on after completion of internal audit at each estates. The</p>	Yes

	<p>effective implementation of MSP0 and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>management review has 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 Estate Manager and attended by HODs. Meeting minute at each estates were verified;</p> <p>Kemedak Estate: 17/9/19</p> <p>UMAC Estate : 29/8/19</p> <p>Palong Estate : 22/9/19</p>	
<p>Criterion 4.1.4 – Continual Improvement</p>			
<p>4.1.4.1</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>- Major compliance -</p>	<p>The Continual Improvement Plan Palong Complex as the following:</p> <p>Kemedak Estate</p> <p>2019 – safety and health (new purchase of FE), operation (rotor slasher), social and welfare (housing amminities – furniture etc)</p> <p>2020 – operation (mechanization – MB x 3 units, fertilizer spreader 850 turbo spin x 1)</p> <p>UMAC Estate</p> <p>2020 – operation (mechanization – Mini Kubuto x 2 units, scissor lift trailer x 2, back bucker pusher x 1 unit.</p> <p>Palong Estate</p> <p>2020 - operation (mechanization – Mini Kubuto x 1 units, scissor lift trailer x 1)</p>	<p>Yes</p>

<p>4.1.4.2</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>- Major compliance -</p>	<p>Introduction of projects and innovation by Kulim group of estates were evident. Among completed project is on th mechanization for FFB evacuation (10 mt bin system – June 2019). The bin system was just recently introduced at UMAS Estate.</p>	<p>Yes</p>
<p>4.1.4.3</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>- Major compliance -</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>Yes</p>
<p>4.2 Principle 2: Transparency</p>			
<p>Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements</p>			
<p>4.2.1.1</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>- Major compliance -</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 & 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>Yes</p>
<p>4.2.1.2</p>	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative</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</p>	<p>Yes</p>

	<p>environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>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 viewing are:</p> <ul style="list-style-type: none"> • Land title (held as hard copy by the property department) • Health and safety plan • Plans and impact assessment- environmental & social • Pollution prevention plans • Details of complaints and grievances • Negotiation procedures • Continuous improvement plan • Biodiversity plans • Policy documents (sustainability handbook) <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>	
<p>Criterion 4.2.2 – Transparent method of communication and consultation</p>			

MSPO Public Summary Report
Revision 0 (Aug 2017)

<p>4.2.2.1</p>	<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 28/8/19 during stakeholder meeting.</p>	<p>Yes</p>
<p>4.2.2.2</p>	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</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> <p>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.</p> <p>Person in charge for social/communication for Kemedak Estate is Estate Assistant Manager. Refer to appointment letter dated 9/1/19 by Estate Manager.</p> <p>Appointment the person in charge at Palong Estate dated 15/6/19 was verified. Refer to ref: RSPO/LP/2019</p>	<p>Yes</p>
<p>4.2.2.3</p>	<p>List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.</p> <p>- Major compliance -</p>	<p>The 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.</p> <p>The latest stakeholder meeting was conducted on 19/9/2019 with stakeholders (FFB transporter, supplier and</p>	<p>Yes</p>

		<p>neighboring villages). No issue was raised during the meeting. Meeting minutes was sighted.</p> <p>UMAC Estate</p> <p>The estate has sent the invitation letter to stakeholders such as local communities' representatives, schools' representatives and contractor to attend stakeholder meeting on 23/8/19</p>	
Criterion 4.2.3 – Traceability			
4.2.3.1	<p>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p> <p>- Major compliance -</p>	<p>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.</p>	Yes
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>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.</p> <p>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. Refer to crop book/bunch count record, updated 20/9/19.</p>	Yes

<p>4.2.3.3</p>	<p>The management should identify and assign suitable employees to implement and maintain the traceability system.</p> <p>- Minor compliance -</p>	<p>Personal in charge for traceability system is head of operating unit, refer to letter from Head of Plantation ref: SQD/ADMIN/017/19 dated 22/9/19.</p>	<p>Yes</p>
<p>4.2.3.4</p>	<p>Records of sales, delivery or transportation of FFB shall be maintained.</p> <p>- Major compliance -</p>	<p>Records of sales and delivery checked.</p> <p><u>Kemedak Estate</u></p> <p>Date of delivery: 22/9/19, D/O# 127385, vehicle : CBM 8381, weight: 6.31 mt</p> <p><u>UMAC Estate</u></p> <p>Date of delivery: 4/9/19, D/O#008212, vehicle :WDJ 5176 weight: 30.19 mt</p>	<p>Yes</p>
<p>4.3 Principle 3: Compliance to legal requirements</p>			
<p>Criterion 4.3.1 – Regulatory requirements</p>			
<p>4.3.1.1</p>	<p>All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>The auditor has seen and verified the respective Operating Unit compliance of applicable local regulatory requirement i.e. permit and license</p> <p>Kemedak Estate:</p> <ol style="list-style-type: none"> 1. Diesel and petrol purchase and storage licence (09)JH(SGT)0103/99P SK valid until 22/1/2020 for 9,080L and 600 liter respectively. 2. MPOB licence No.; 570583002000 valid till 31.3.2020 <p>UMAC Estate</p> <ol style="list-style-type: none"> 3. Diesel and petrol purchase and storage licence PHG/RPN/046/83 SK (D), valid until 21/10/2019 for 	<p>Yes</p>

		<p>15,000L and 600 liter respectively.</p> <ol style="list-style-type: none"> 4. MPOB Licence No. 501362602000 valid until 31.3.2020 5. Permit Perintis 21/12 (MAA Bhd) : PP3/20/0005, evergreen 6. DOSH inspection for air compressor used in the workshop i.e. PH PMT 5007 valid until 13/04/2020, <p>Palong Estate</p> <ol style="list-style-type: none"> 1. MPOB Licence No. 570585002000 valid until 31.3.2020 2. DOSH inspection for air compressor used in the workshop i.e. PMT-JH/18 60786 valid until 11/02/2020, 3. Gun Licence SGT/2548 & B/1130 valid from 29/05/2019 to 28/05/2020 4. Labour Department Permit for Deduction to Group Term Life Insurance SchemeNo. PP3/34/1481 issued on 15/04/2018 no expiry date and renewal 5 yearly. 	
<p>4.3.1.2</p>	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>The applicable laws are listed centrally by Kulim’s Group Governance Division (under Risk Management and Compliance Dept.) based in Ulu Tiram, Johor. The list entitled “Kulim’s Group Compliance Framework” Segment 1 – Plantation was reviewed bi-monthly, the last being July – August 2019. This list has identified 65 Acts/Enactment/Regulation/Order/Guidelines. Among them are:</p> <ol style="list-style-type: none"> 1. MPOB Licensing Regulation 2005 2. National Land Code 9Act 56) 3. Government of Johore Gazette (Kaedah-kaedah Tanah Johor (Pindaan) (No.2) 2004) 4. Guidelines for width of river Reserves 2001, Department of Irrigation Malaysia 5. Badan Kawal Selia air Negeri Johor (BAKAJ) 	<p>Yes</p>

		<p>Enakmen Air Johor 1921</p> <ol style="list-style-type: none"> 6. Water Services industry Act, SPAN (Act 655), 2006 7. Pesticides Act 1974 (Act 149) 8. Wildlife Conservation Act 2010 (Act 716) 9. Protection of Wildlife Act 1972 (Act 76) 10. Occupational Safety and Health Act 1994 (Act 514) 11. Factories and Machinery Act 1967 (Act 139) 12. Environmental Quality Act 1974 (Act 127) 13. Electricity Supply Act 1990 (Act 447) 14. Employment Act 1955 (Act 265) 15. Minimum Wage Order (Amendment) 2018 16. Employee Social Security (Amendment of First Schedule)(No.2) Order 2018 17. Employment Insurance Scheme Act 2017 (Act 344) 18. Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) 19. Immigration Act 1959/1 963 (Act 155) 20. Fire Services Act 1988 (CT 341) 	
4.3.1.3	<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>- Major compliance -</p>	<p>Kulim (Malaysia) Berhad has centralised system for tracking any changes in the law. The changes, if any, are tracked and identified through Head Office, Sustainability Team and website information. The changes are then communicated from the Head Office to Sustainability Team and the Operating Units for implementation.</p>	Yes
4.3.1.4	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p>	<p>The Assistant Manager of each estate has been appointed to be the person responsible to monitor compliance and the Executive, Regional Controller Complex is responsible to track and update the changes in regulatory requirements.</p>	Yes

	- Minor compliance -	Their appointment letters were sighted signed by their respective Manager.													
Criterion 4.3.2 – Lands use rights															
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. - Major compliance -	The usage of all land titles are for agriculture purposes and no land encroachment occur.	Yes												
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. - Major compliance -	<p>Documents showing legal ownership or lease, history of land tenure and the actual use of the land was verified.</p> <p>Kemedak Estate</p> <table border="1"> <thead> <tr> <th>Land title</th> <th>Legal ownership</th> <th>Land use type</th> </tr> </thead> <tbody> <tr> <td>HSD 52397, PT no. PTD 15677, District: Segamat, Mukim: Buloh Kasap 806.5 ha 4 land title share with other estates</td> <td>Leasehold for 99 years (until 11/9/2112)</td> <td>Agriculture</td> </tr> </tbody> </table> <p>UMAC Estate</p> <table border="1"> <thead> <tr> <th>Land title</th> <th>Legal ownership</th> <th>Land use type</th> </tr> </thead> <tbody> <tr> <td>HSD 237, PT no. PTD 336, District: Pekan, Mukim: Keratong 182.11 ha 7 land titles – total of 1,688.98 ha</td> <td>Leasehold for 99 years (until 25/2/74)</td> <td>Not category</td> </tr> </tbody> </table>	Land title	Legal ownership	Land use type	HSD 52397, PT no. PTD 15677, District: Segamat, Mukim: Buloh Kasap 806.5 ha 4 land title share with other estates	Leasehold for 99 years (until 11/9/2112)	Agriculture	Land title	Legal ownership	Land use type	HSD 237, PT no. PTD 336, District: Pekan, Mukim: Keratong 182.11 ha 7 land titles – total of 1,688.98 ha	Leasehold for 99 years (until 25/2/74)	Not category	Yes
Land title	Legal ownership	Land use type													
HSD 52397, PT no. PTD 15677, District: Segamat, Mukim: Buloh Kasap 806.5 ha 4 land title share with other estates	Leasehold for 99 years (until 11/9/2112)	Agriculture													
Land title	Legal ownership	Land use type													
HSD 237, PT no. PTD 336, District: Pekan, Mukim: Keratong 182.11 ha 7 land titles – total of 1,688.98 ha	Leasehold for 99 years (until 25/2/74)	Not category													

<p>4.3.2.3</p>	<p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>Legal boundaries were marked clearly using wooden pegs (red and white) at all visited estates. Sighted at UMAC estates the markers that were visibly maintained.</p>	<p>Yes</p>
<p>4.3.2.4</p>	<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 accepted with free prior informed consent (FPIC).</p> <p>- Minor compliance -</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>	<p>Yes</p>
<p>Criterion 4.3.3 – Customary rights</p>			
<p>4.3.3.1</p>	<p>Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.</p> <p>- Major compliance -</p>	<p>The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.</p>	<p>Yes</p>
<p>4.3.3.2</p>	<p>Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available.</p> <p>- Minor compliance -</p>	<p>The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.</p>	<p>Yes</p>
<p>4.3.3.3</p>	<p>Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.</p> <p>- Major compliance -</p>	<p>The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.</p>	<p>Yes</p>
<p>4.4 Principle 4: Social responsibility, health, safety and employment condition</p>			
<p>Criterion 4.4.1: Social Impact Assessment (SIA)</p>			

<p>4.4.1.1</p>	<p>Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>Social impact has been identified based on consultative process to mitigate the negative impacts and promote the positive one. Based on the social impact improvement plan, total of 6 positive impacts identified with proposed mitigation plan for improvement.</p> <p>As part of continuous monitoring, latest social audit carried out on 15/5/19 and 29/8/19 for UMAC estate. From audit finding, no negative feedback recorded and a few positive impact identified based the report.</p> <p>For Palong Estate, Social Improvement Action Plan dated 15/9/19 was verified. Nine (9) positive impacts were identified in the list.</p>	<p>Yes</p>
<p>Criterion 4.4.2: Complaints and grievances</p>			
<p>4.4.2.1</p>	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>There is Communication and Consultation Management Guideline, communication procedure V2.0 available in Palong Complex Estate. The aims are to effectively communicate the social and environmental aspects and impacts, social and environmental performance and OHS.</p>	<p>Yes</p>
<p>4.4.2.2</p>	<p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.</p> <p>- Major compliance -</p>	<p>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.</p>	<p>Yes</p>
<p>4.4.2.3</p>	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p>	<p>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.</p>	<p>Yes</p>

	- Minor compliance -		
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	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 19/9/19 for Kemedak Estate. UMAC Estate – 28/8/19	Yes
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	Sighted the record for complaints and feedbacks available since 2019 in Enquiry Register Book/Records. Latest record for hous repair was sighted dated 22/9/19 at house no. 100.	Yes
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. - Minor compliance -	The Estate management have made contribution to both internal and external stakeholders. Records of contribution to the communities such as donation to SK Kemedak school’s PIBG and internal programme such as motivational/religious talk were sighted. Seen the petty cash vouchers for all the donation made.	Yes
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. - Major compliance -	Occupational Safety and Health Policy dated 01/05/2018 has been established signed by Executive Director, Mr. Zulkifly Zakariah. The policy has been implemented and communicated to all employees through weekly morning muster, training, and display on notice board.	Yes

		An occupational safety and health plan is documented enumerated as in indicator 4.4.4.2 below.																
<p>4.4.4.2</p>	<p>The occupational safety and health plan shall cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: <ul style="list-style-type: none"> i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied 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). 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. 	<p>a) Occupational Safety and Health Policy dated 01/05/2018 has been established. Please refer above indicator 4.4.4.1.</p> <p>b) Risk of all estate operations have been assessed and documented in Hazard Identification, Risk Assessment and Risk Control (HIRARC) Register. The register was reviewed on 22/09/2019. Sampled activities HIRARC assessed for spraying, manuring, line-site maintenance, harvesting, transporting FFB and lifting of 200-liter lubricant drum, etc.</p> <p>c) All estate workers have been trained in Safe Work Practices.. Sampled those training as listed below. In addition to formal training all precautions attached to the products, equipment and the need to correctly wear the PPE were seen diligently observed and applied. They have occasionally been reminded during muster call.</p> <table border="1" data-bbox="1070 1059 1756 1289"> <thead> <tr> <th rowspan="2">Subject</th> <th colspan="3">Training Date at estate</th> </tr> <tr> <th>UMAC</th> <th>Palong</th> <th>Kemedak</th> </tr> </thead> <tbody> <tr> <td>Chemical Handling</td> <td>14.2.2019</td> <td>20.2.2019</td> <td>3.1.2019</td> </tr> <tr> <td>Rat baiting</td> <td>14.8.2019</td> <td>18.1.2019</td> <td>24.1.2019</td> </tr> </tbody> </table>	Subject	Training Date at estate			UMAC	Palong	Kemedak	Chemical Handling	14.2.2019	20.2.2019	3.1.2019	Rat baiting	14.8.2019	18.1.2019	24.1.2019	<p>Yes</p>
Subject	Training Date at estate																	
	UMAC	Palong	Kemedak															
Chemical Handling	14.2.2019	20.2.2019	3.1.2019															
Rat baiting	14.8.2019	18.1.2019	24.1.2019															

<p>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.</p> <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>- Major compliance -</p>	SOP /PPE for Chemical Sprayers	24.1.2019	25.1.2019	8.2.2019	<p>d) Appropriate PPE to cover hazardous operations as recommended by HIRARC were given free of charge to workers by the estates. Sighted records of PPE Issuance and the return of damage/wornout PPE at each estate. Workers interviewed in the field understood the dangers of the chemicals and the reason why to don the required PPE</p> <p>e) The organization has established Work Instructions for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification, Labelling And Safety Data Sheet Of Hazardous Chemicals) Regulation 2013 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000</p>
	Safety of Trunk Injection for Bagworm Treatment	23.1.2019	22.2.2019	21.3.2019	
	Petrol and Lubricant Handling	24.1.2019	8.4.2019	17.1.2019	
	Fogging	3.9.2019	10.5.2019	18.4.2019	
	PPE Use and Maintenance	21.6.2019	18.10.2018	17.9.2019	

		<p>f) Assistant Manager of each estate has been appointed as responsible person(s) for workers' safety, health and welfare. Sighted their appointment letter signed by their respective Estate Manager.</p> <p>g) Two-way communication to address any issues affecting employee's health, safety and welfare were discussed openly, for example, via:</p> <ul style="list-style-type: none"> ➤ 3-monthly OSH Committee meeting ➤ Morning Muster ➤ Complaints and Suggestion box <p>The records of communication/meeting and action taken to address concerns were maintained.</p> <p>h) Accident and emergency procedures (respectively dated 18.5.2009 and December 2008) had been documented and explained to all employees. Annual Emergency evacuation and fire drill were conducted to test the procedures and employees' understanding and response time</p> <p>i) First aid box was sighted present in the estate office and with each mandore in the field. Assigned operatives at each audited estate were trained in First Aid. Contents of the First Aid kit was checked monthly by the Hospital Assistant and replenished accordingly.</p> <p>j) Records (forms JKKP 6, JKKP 7 and JKKP 8) of all accidents are kept and periodically reviewed. For annual accident statistic, JKKP 8 form for preceding year was submitted to DOSH timely.</p>	
--	--	---	--

Criterion 4.4.5: Employment conditions

<p>4.4.5.1</p>	<p>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.</p> <p>- Major compliance -</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>	<p>Yes</p>
<p>4.4.5.2</p>	<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 distinguishing characteristics.</p> <p>- Major compliance -</p>	<p>All 3 sampled estates Kemedak, UMAC and Palong 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.</p>	<p>Yes</p>
<p>4.4.5.3</p>	<p>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.</p> <p>- Major compliance -</p>	<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 2018 were verified to be consistent with the Minimum Wages Order 2016. For the new Minimum Wages Order 2018 implementation,</p> <p>Sampled payslips (October 2018 [peak], February 2019 [low] and May 2019 [normal]) of workers verified are:</p>	<p>Yes</p>

		<p>Kemedak Estate</p> <table border="1"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td>AU 097661</td> <td>636710</td> </tr> <tr> <td>AU 318627</td> <td>636682</td> </tr> <tr> <td>AU 495863</td> <td>636714</td> </tr> <tr> <td>AU 003139</td> <td>636670</td> </tr> <tr> <td>AU 254496</td> <td>636675</td> </tr> <tr> <td>770816016343</td> <td>636093</td> </tr> <tr> <td>860617335549</td> <td>636573</td> </tr> </tbody> </table> <p>UMAC Estate</p> <table border="1"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td>B5793587</td> <td>618430</td> </tr> <tr> <td>B5789593</td> <td>618690</td> </tr> <tr> <td>AU 154889</td> <td>618671</td> </tr> <tr> <td>C 3849335</td> <td>618775</td> </tr> <tr> <td>C 4114923</td> <td>618776</td> </tr> </tbody> </table> <p>Sampled payslips (August 2019 [peak], February 2019 [low] and December 2018 [normal]) of workers verified are:</p>	Passport/NRIC No.	Employee no.	AU 097661	636710	AU 318627	636682	AU 495863	636714	AU 003139	636670	AU 254496	636675	770816016343	636093	860617335549	636573	Passport/NRIC No.	Employee no.	B5793587	618430	B5789593	618690	AU 154889	618671	C 3849335	618775	C 4114923	618776	
Passport/NRIC No.	Employee no.																														
AU 097661	636710																														
AU 318627	636682																														
AU 495863	636714																														
AU 003139	636670																														
AU 254496	636675																														
770816016343	636093																														
860617335549	636573																														
Passport/NRIC No.	Employee no.																														
B5793587	618430																														
B5789593	618690																														
AU 154889	618671																														
C 3849335	618775																														
C 4114923	618776																														

		<p>Palong Estate</p> <table border="1"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td>AM029763</td> <td>634622</td> </tr> <tr> <td>AU381709</td> <td>634799</td> </tr> <tr> <td>B5756312</td> <td>634853</td> </tr> <tr> <td>760622016683</td> <td>634483</td> </tr> <tr> <td>680102015812</td> <td>634134</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 and for the New Minimum Wages Order 2018, they are able to achieved RM1,100 per month or RM 42.31.</p>	Passport/NRIC No.	Employee no.	AM029763	634622	AU381709	634799	B5756312	634853	760622016683	634483	680102015812	634134	
Passport/NRIC No.	Employee no.														
AM029763	634622														
AU381709	634799														
B5756312	634853														
760622016683	634483														
680102015812	634134														
<p>4.4.5.4</p>	<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>- Minor compliance -</p>	<p>There are 2 contractors for harvesting and transporting of FFB. Verification of payslip and employment contract has confirmed that 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>Lim Son Peng (harvesting contractor)</p> <table border="1"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Agreed Rate</th> </tr> </thead> <tbody> <tr> <td>C 0961850</td> <td rowspan="2">RM35 / ton > NUPW/MAPA rate</td> </tr> <tr> <td>C 3485363</td> </tr> </tbody> </table>	Passport/NRIC No.	Agreed Rate	C 0961850	RM35 / ton > NUPW/MAPA rate	C 3485363	<p>Yes</p>							
Passport/NRIC No.	Agreed Rate														
C 0961850	RM35 / ton > NUPW/MAPA rate														
C 3485363															

		<table border="1"> <tr> <td>C 0961850</td> <td></td> </tr> <tr> <td colspan="2">Juta Cemerlang (FFB transporter)</td> </tr> <tr> <td>Passport/NRIC No.</td> <td>Agreed Rate</td> </tr> <tr> <td>AU 209766</td> <td rowspan="2">Rate RM 5 per mt</td> </tr> <tr> <td>AU 318627</td> </tr> <tr> <td colspan="2">UMAC Estate</td> </tr> <tr> <td colspan="2">FFB loading and transport (Sg Rezeki)</td> </tr> <tr> <td>Passport/NRIC No.</td> <td>Agreed Rate</td> </tr> <tr> <td>B1573000</td> <td rowspan="2">RM 1.80 per mt</td> </tr> <tr> <td>960731065675</td> </tr> <tr> <td colspan="2">Palong Estate</td> </tr> <tr> <td colspan="2">Lim Son Peng (FFB loading and transport)</td> </tr> <tr> <td>Passport/NRIC No.</td> <td>Agreed Rate</td> </tr> <tr> <td>BP 0895081</td> <td rowspan="3">RM30 / ton > NUPW/MAPA rate</td> </tr> <tr> <td>BP 0092175</td> </tr> <tr> <td>BP 0457213</td> </tr> <tr> <td colspan="2"> <p>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 and for the New Minimum Wages Order 2018, they are able to achieved RM1,100 per month or RM 42.31.</p> </td> </tr> </table>	C 0961850		Juta Cemerlang (FFB transporter)		Passport/NRIC No.	Agreed Rate	AU 209766	Rate RM 5 per mt	AU 318627	UMAC Estate		FFB loading and transport (Sg Rezeki)		Passport/NRIC No.	Agreed Rate	B1573000	RM 1.80 per mt	960731065675	Palong Estate		Lim Son Peng (FFB loading and transport)		Passport/NRIC No.	Agreed Rate	BP 0895081	RM30 / ton > NUPW/MAPA rate	BP 0092175	BP 0457213	<p>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 and for the New Minimum Wages Order 2018, they are able to achieved RM1,100 per month or RM 42.31.</p>		
C 0961850																																	
Juta Cemerlang (FFB transporter)																																	
Passport/NRIC No.	Agreed Rate																																
AU 209766	Rate RM 5 per mt																																
AU 318627																																	
UMAC Estate																																	
FFB loading and transport (Sg Rezeki)																																	
Passport/NRIC No.	Agreed Rate																																
B1573000	RM 1.80 per mt																																
960731065675																																	
Palong Estate																																	
Lim Son Peng (FFB loading and transport)																																	
Passport/NRIC No.	Agreed Rate																																
BP 0895081	RM30 / ton > NUPW/MAPA rate																																
BP 0092175																																	
BP 0457213																																	
<p>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 and for the New Minimum Wages Order 2018, they are able to achieved RM1,100 per month or RM 42.31.</p>																																	

<p>4.4.5.5</p>	<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>- Major compliance -</p>	<p>The workers master list was reviewed. The list includes names, NRIC & Passports numbers, Expiry dates of Passports & Work Permits, date of birth, date joined, gender etc.</p>	<p>Yes</p>																
<p>4.4.5.6</p>	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employees had been provided with fair contracts that have been signed by both employee and employer. Foreign 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>Kemedak Estate</p> <table border="1" data-bbox="1070 943 1675 1342"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td>AU 097661</td> <td>636710</td> </tr> <tr> <td>AU 318627</td> <td>636682</td> </tr> <tr> <td>AU 495863</td> <td>636714</td> </tr> <tr> <td>AU 003139</td> <td>636670</td> </tr> <tr> <td>AU 254496</td> <td>636675</td> </tr> <tr> <td>770816016343</td> <td>636093</td> </tr> <tr> <td>860617335549</td> <td>636573</td> </tr> </tbody> </table>	Passport/NRIC No.	Employee no.	AU 097661	636710	AU 318627	636682	AU 495863	636714	AU 003139	636670	AU 254496	636675	770816016343	636093	860617335549	636573	<p>Yes</p>
Passport/NRIC No.	Employee no.																		
AU 097661	636710																		
AU 318627	636682																		
AU 495863	636714																		
AU 003139	636670																		
AU 254496	636675																		
770816016343	636093																		
860617335549	636573																		

		<p>UMAC Estate</p> <p>Sampled payslips (October 2018 [peak], March 2019 [low] and February 2019 [normal]) of workers verified are:</p> <table border="1" data-bbox="1070 491 1675 794"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td>B5793587</td> <td>618430</td> </tr> <tr> <td>B5789593</td> <td>618690</td> </tr> <tr> <td>AU 154889</td> <td>618671</td> </tr> <tr> <td>C 3849335</td> <td>618775</td> </tr> <tr> <td>C 4114923</td> <td>618776</td> </tr> </tbody> </table> <p>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>	Passport/NRIC No.	Employee no.	B5793587	618430	B5789593	618690	AU 154889	618671	C 3849335	618775	C 4114923	618776	
Passport/NRIC No.	Employee no.														
B5793587	618430														
B5789593	618690														
AU 154889	618671														
C 3849335	618775														
C 4114923	618776														
<p>4.4.5.7</p>	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p>- Major compliance -</p>	<p>Kulim (M) Berhad has established a time recording system that makes working hours and overtime transparent. Pocket check roll was used for daily attendance recording. Instead the Estates used the I-Plant System, from which it is down loaded in the computers. Sighted the I-Plant system records for October 2018 [peak], February 2019 [low] and May 2019 [normal] available for verification. IDEAS system is used for attendance record.</p>	<p>Yes</p>												
<p>4.4.5.8</p>	<p>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</p>	<p>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</p>	<p>Yes</p>												

	<p>mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.</p> <p>- Major compliance -</p>	<p>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.</p>																					
<p>4.4.5.9</p>	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<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>Kemedak Estate</p> <p>Sampled payslips (October 2018 [peak], February 2019 [low] and May 2019 [normal]) of workers verified are:</p> <table border="1" data-bbox="1070 730 1673 1134"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td>AU 097661</td> <td>636710</td> </tr> <tr> <td>AU 318627</td> <td>636682</td> </tr> <tr> <td>AU 495863</td> <td>636714</td> </tr> <tr> <td>AU 003139</td> <td>636670</td> </tr> <tr> <td>AU 254496</td> <td>636675</td> </tr> <tr> <td>770816016343</td> <td>636093</td> </tr> <tr> <td>860617335549</td> <td>636573</td> </tr> </tbody> </table> <p>UMAC Estate</p> <p>Sampled payslips (October 2018 [peak], March 2019 [low] and February 2019 [normal]) of workers verified are:</p> <table border="1" data-bbox="1070 1310 1673 1358"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Passport/NRIC No.	Employee no.	AU 097661	636710	AU 318627	636682	AU 495863	636714	AU 003139	636670	AU 254496	636675	770816016343	636093	860617335549	636573	Passport/NRIC No.	Employee no.			<p>Yes</p>
Passport/NRIC No.	Employee no.																						
AU 097661	636710																						
AU 318627	636682																						
AU 495863	636714																						
AU 003139	636670																						
AU 254496	636675																						
770816016343	636093																						
860617335549	636573																						
Passport/NRIC No.	Employee no.																						

		<table border="1"> <tr><td>B5793587</td><td>618430</td></tr> <tr><td>B5789593</td><td>618690</td></tr> <tr><td>AU 154889</td><td>618671</td></tr> <tr><td>C 3849335</td><td>618775</td></tr> <tr><td>C 4114923</td><td>618776</td></tr> </table>	B5793587	618430	B5789593	618690	AU 154889	618671	C 3849335	618775	C 4114923	618776				
B5793587	618430															
B5789593	618690															
AU 154889	618671															
C 3849335	618775															
C 4114923	618776															
<p>4.4.5.10</p>	<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>- Minor compliance -</p>	<p>Palong Estate</p> <p>Sampled payslips (August 2019 [peak], February 2019 [low] and December 2018 [normal]) of workers verified are:</p> <p>Palong Estate</p> <table border="1"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr><td>AM029763</td><td>634622</td></tr> <tr><td>AU381709</td><td>634799</td></tr> <tr><td>B5756312</td><td>634853</td></tr> <tr><td>760622016683</td><td>634483</td></tr> <tr><td>680102015812</td><td>634134</td></tr> </tbody> </table>	Passport/NRIC No.	Employee no.	AM029763	634622	AU381709	634799	B5756312	634853	760622016683	634483	680102015812	634134	<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>	<p>Yes</p>
Passport/NRIC No.	Employee no.															
AM029763	634622															
AU381709	634799															
B5756312	634853															
760622016683	634483															
680102015812	634134															

<p>4.4.5.11</p>	<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>- Major compliance -</p>	<p>Estate worker lived in 1 house with 3 rooms, which shared 2 person in a room (maximum 6 person per dwelling). Water for domestic usage is provided from SAJ and Tenaga Nasional Berhad with subsidize rate as per agreement which is 50 kWh per month for electric and 35 gallon/people. Linesite inspection was carried out on weekly basis by Estate Hospital Assistant.</p> <p>Palong Estate – Weekly inspection</p>	<p>OFI</p>
<p>4.4.5.12</p>	<p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</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>Latest WOW meeting was carried out on 21/9/19. Sighted minute of meeting which chaired by the chairlady, Puan Maimunah Ali.</p> <p>At UMAC Estate, the latest meeting was conducted on 19/8/19.</p> <p>Palong Estate – latest meeting ws carried out on 15/8/19.</p>	<p>Yes</p>
<p>4.4.5.13</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</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>Yes</p>

	<p>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>- Major compliance -</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.</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. Latest union meeting was carried out on 17/9/19 at Kemedak Estate. No unresolved issues reported in the meeting.</p> <p>UMAC Estate – 28/8/19 Palong Estate – 19/10/19</p>	
4.4.5.14	<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>- Major compliance -</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 of sample estates were verified and no children or young persons had been employed.</p>	Yes
Criterion 4.4.6: Training and competency			
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p>	<p>Training programmes were available at all visited estates. Based on the documented programmes, generally the planned trainings cover the OHS, environmental and best practice aspects of all the operations in the field. Examples of training records verified:</p> <ul style="list-style-type: none"> ▀ See indicator 4.4.4.2 c) 	Yes

	- Major compliance -	<ul style="list-style-type: none"> ▶ Kemedak Estate- Contractor (Lim Song Peng) for harvesting on 14.8.2019 for 13 workers ▶ UMAC Estate – Contractor training given upon application of PTW ▶ Palong Estate - Contractor (Faizul B Shafie) for harvesting on 12.9.2019 for 18 workers 	
4.4.6.2	<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>- Major compliance -</p>	<p>The training needs at all visited estates for Training Program 2019 have been established. It is aimed to provide specific skills and competency required for employees to discharge their duties diligently. Included in this program are subjects related to environment, safety & health and best practices.</p>	Yes
4.4.6.3	<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>- Minor compliance -</p>	<p>Training programmes are established on annual basis based on training needs. In addition, it is subject for review during the financial year, if necessary. The details of the training needs include categories of job descriptions, sections, and employees group.</p>	Yes
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			

<p>4.5.1.1</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>- Major compliance -</p>	<p>Environmental Policy was available which was signed by Mr. Zulkifly B Zakariah, Executive Director dated 1/5/2018. The policy can also be found at http://www.kulim.com.my/ourpolicy.aspx</p> <p>The policy is communicated to all employees and made available at noticeboards.</p>	<p>Yes</p>
<p>4.5.1.2</p>	<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>- Major compliance -</p>	<p>Environmental aspects and impacts analysis was done through utilization of Environmental Risk Assessment form [for illustration, take Ladang Palong]. The latest review of the analysis was done in July 2019. The evaluation form has the information about aspect/impact identified, risk assessment and risk control. Among the areas of the estate assessed were:</p> <ul style="list-style-type: none"> • Bio-composting • Clinic • Compound • Harvesting • Construction • Manuring • Office • Replanting • Scheduled wastes • Storage • Chemical application • use of machine and tractor <p>Additionally, a Waste and Pollution Management Plan have been established to manage environmental issues. The Plan list waste type, source, action, frequency, records and</p>	<p>Yes</p>

		responsibility and are discussed quarterly at the Environmental Performance Committee Meeting.	
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored. - Major compliance -	Environmental Improvement Plan was available and last updated annually in January where the mitigation measures are recorded. The objective is to mitigate and monitor the identified significant activities that give impacts on environment. Specific persons in-charged have been identified to conduct monitoring to ensure the plan is effectively implemented.	Yes
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	Based on the identification and evaluation of environmental aspects and impacts by the estates, the positive impact identified are: <ul style="list-style-type: none"> ▶ Prevent soil erosion via repair roads, frond stacking, planting of leaf cover crops and build silt pit and scupper drains. ▶ Reduce usage of chemicals via Integrated Pest Management (planting of beneficial plants and keeping barn owls) ▶ Conserve water via rain water harvesting 	Yes
4.5.1.5	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. - Major compliance -	Environmental training program is available in the Training Program updated on a yearly basis or revised as per the management requirement. The policy, objectives and management plan were communicated periodically during morning briefing. Interview with employees and contractors showed that their understandings towards the company's Environmental Policy and Improvement Plan to achieve set objectives were good.	Yes

<p>4.5.1.6</p>	<p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>Concerns about environmental quality were discussed through various medium such as management meetings and muster call. Minutes of meeting were available and verified at all the visited estates.</p>	<p>Yes</p>								
<p>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</p>											
<p>4.5.2.1</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>- Major compliance -</p>	<p>At all estates audited, the consumption of non-renewable energy (diesel) was recorded and monitored.</p> <p>Actual to-date as at August 2019 at the three audited estates are:</p> <table border="1" data-bbox="1070 767 1697 871"> <thead> <tr> <th>Estate</th> <th>UMAC</th> <th>Palong</th> <th>Kemedak</th> </tr> </thead> <tbody> <tr> <td>Diesel used lit/mt FFB</td> <td>0.686</td> <td>0.923</td> <td>0.751</td> </tr> </tbody> </table>	Estate	UMAC	Palong	Kemedak	Diesel used lit/mt FFB	0.686	0.923	0.751	<p>Yes</p>
Estate	UMAC	Palong	Kemedak								
Diesel used lit/mt FFB	0.686	0.923	0.751								
<p>4.5.2.2</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>- Major compliance -</p>	<p>The estimation for the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations inclusive of fuel use by contractors, including all transport and machinery operations was available in the respective estate annual budgets.</p>	<p>Yes</p>								
<p>4.5.2.3</p>	<p>The use of renewable energy should be applied where possible.</p> <p>- Minor compliance -</p>	<p>There was no suitable area identified for the use of renewable energy at the visited estates.</p>	<p>Yes</p>								
<p>Criterion 4.5.3: Waste management and disposal</p>											

<p>4.5.3.1</p>	<p>All waste products and sources of pollution shall be identified and documented. - Major compliance -</p>	<p>The identification of wastes products and sources of pollution were documented in EAI, Waste and Pollution Management Plan and also DOE's Scheduled Wastes Second Schedule. In general, among the wastes identified were domestic wastes, recyclable wastes, scheduled wastes and sewerage waste water.</p>	<p>Yes</p>
-----------------------	---	--	------------

<p>4.5.3.2</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> <ul style="list-style-type: none"> a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products <p>- Major compliance -</p>	<p>Waste and Pollution Management Plan was established based on environmental aspect identification. The plan includes identifying and monitoring sources of waste and pollution, action required such as recycling of palm by-product into the field as nutrient, Reuse, Reduce and Recycle, and the method of disposal of each identified waste.</p> <p>Domestic wastes, especially food waste after segregation at source are tied in used fertilizer bag for disposal at estate operated landfill.</p>	<p>Yes</p>
<p>4.5.3.3</p>	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>	<p>The procedures for safe handling, storage and disposal of used chemicals classified under Environment Quality Regulation (Scheduled Waste) 2005, Environmental Quality Act, 1974 are available prepared at Group level by Sustainability Department and implemented in all estates for all the applicable practices. Verification of consignment notes showed that the estates disposed their used chemical such as spent oil through DOE Licence Contractor.</p>	<p>Yes</p>
<p>4.5.3.4</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>- Major compliance -</p>	<p>Based on site visit, the empty pesticide containers were cleansed through triple rinsed method, punctured and stored in a designated storage. When the cumulative amount of the containers reached an economically logistically feasible volume to be disposed, then the authorised recycler will be called to collect them. This was evident through verification of transaction receipts at the visited estates.</p>	<p>Yes</p>
<p>4.5.3.5</p>	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p>	<p>At all audited visited estates, domestic wastes were landfilled in a designated area within the estate away from any waterways and linesite and fenced up. Wastes were wrapped in fertilizer</p>	<p>Yes</p>

	- Minor compliance -	bags before being placed and sandwich-layered with soil inside the rubbish pit.	
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	Assessment of polluting activities were identified using the method mentioned in 4.5.1.2. The assessment has also included greenhouse gas emissions, scheduled wastes and solid wastes	Yes
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	The action plans to reduce identified significant pollutants and emissions has been documented in Waste, Pollution and Emission Management Plan and implemented. Example, <ul style="list-style-type: none"> • solid waste such as plastic, glass, paper sent to recycle contractor. • hazardous waste i.e. spent lubricant & empty chemical containers sent to Department of Environment (DOE) registered contractors. • weekly linesite inspection and check to ensure no septic tank overflow & spillage. Else, immediate action must be taken to contain overflow & spills. • daily inspection / routine maintenance on vehicles to reduce emission of dark smoke or emission of air pollutant • apply biocompost to recycle nutrient from the EFB instead of fertilizer usage to reduce emission of GHG 	Yes
Criterion 4.5.5: Natural water resources			

<p>4.5.5.1</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 water management plan may include:</p> <ul style="list-style-type: none"> a. Assessment of water usage and sources of supply. b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate. e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented. f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually. <p>- Major compliance -</p>	<p>Water management plan was available and reviewed on regular basis. Among the action plan established were:</p> <ul style="list-style-type: none"> - maintain 5 meter of buffer zone around the pond - UMAC not required since supplied by Pengurusan Air Pahang Bhd - water analysis for inlet and outlet after manuring activity <p>Based on site visit at the estates, it was observed that the riparian zones were adequately demarcated and no trace of chemical application was seen. The soft vegetation at the riparian reserves was also well maintained. There was no bore hole used as source of water at the visited estates.</p>	<p>Yes</p>
<p>4.5.5.2</p>	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	<p>Based on site visit, there was no construction of bunds, weirs or dams observed.</p>	<p>Yes</p>

<p>4.5.5.3</p>	<p>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).</p> <p>- Minor compliance -</p>	<p>It was noted during the site visit at all the visited estates that many silt pits were prepared by the road sides to capture rain water in order to maintain the moisture content in the field.</p> <p>At estate offices and workshop sighted the practice of rainwater harvesting.</p>	<p>Yes</p>
<p>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value</p>			
<p>4.5.6.1</p>	<p>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:</p> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</p> <p>- Major compliance -</p>	<p>The assessment was reported in Rapid Biodiversity Assessment by A.J.F.M Dekker, dated 2008. Based on the report there were no HCV identified within the audited estates. Nonetheless, it was reported at Mungka Estate (nearby Kemedak Estate) there is potential presence of endangered smooth-coated otter and small-clawed otter based on information from workers. Outside the estate, there is also potential presence of Malayan Tapir. The management conducted regular patrols of conservation areas, access and boundary of estates. Signage, such as "No Hunting", "No Fishing", "Buffer Zone" were available.</p>	<p>Yes</p>
<p>4.5.6.2</p>	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to</p>	<p>Appropriate measures were established through Biodiversity Improvement Plan 2018. Among the immediate actions were buffer zone establishment, control of encroachment, waste management near the mill (effluent and erosion) and animal sighting records to name a few.</p>	<p>Yes</p>

	<p>resolve human-wildlife conflicts.</p> <p>- Major compliance -</p>		
4.5.6.3	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p>- Major compliance -</p>	<p>Among the management plan implemented were establishment of buffer zones, regular education to workers on importance of conservation areas, patrol reports, animal sighting records and signage of restriction of hunting, fishing and collecting.</p>	<p>Yes</p>
<p>Criterion 4.5.7: Zero burning practices</p>			
4.5.7.1	<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>- Major compliance -</p>	<p>The operating units adhered to the policy of "Zero open burning" for any replanting. From field visits and interviews with the workers there is no open burning being practiced in the estates. For replanting land preparation, palms are felled, chipped and windrowed as required in the company's procedure.</p>	<p>Yes</p>
4.5.7.2	<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>- Major compliance -</p>	<p>No special approval required from DOE as to date since there was no risk of disease at the visited estates.</p>	<p>Yes</p>
4.5.7.3	<p>Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.</p> <p>- Major compliance -</p>	<p>No open burning method was used.</p>	<p>Yes</p>
4.5.7.4	<p>Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.</p>	<p>All the previous palms were felled, chipped and windrowed as per best practices.</p>	<p>Yes</p>

- Minor compliance -			
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p style="text-align: center;">- Major compliance -</p>	<p>Kulim estates refer to the Company's Agriculture Manual for implementation of good agriculture practices. The manual was last updated on 31/10/2017. The manual covers the activities for replanting</p> <ul style="list-style-type: none"> • Roads, drains, bridges culverts & fences • construction of estates buildings • Manuring • Harvesting • Pruning and ablation • Soil conservation • Justification of chemical use • Weeds management • Integrated pest management • Plant diseases <p>There were various methods used to ensure implementation of the manual, e.g.:</p> <ul style="list-style-type: none"> • Kemedak Plantation Inspector visit (latest report at LKE – 11/9/2019) • UMAC Plantation Inspector visit on 12-13 and 15 August 2019 • Visit from Audit, Risk Management & Compliance Dept. (latest visit at Palong Estate – 8 & 9/8/2018) • Kemedak Estate Internal Audit on 22.8.2109 • Kemedak Agronomist visit (LKE – last visit 13-14/8/2019) • UMAC Agronomist visit on 26-27/8/2019 	Yes

<p>4.6.1.2</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>- Major compliance -</p>	<p>There was no current replanting at all estates. Where planting is on slope, construction of terraces was in accordance to guidance in the Agricultural Manual. The guidance for planting on slope is as follows:</p> <table border="1" data-bbox="1070 555 1684 901"> <thead> <tr> <th>Slope (degrees)</th> <th>Terrace width (metres)</th> </tr> </thead> <tbody> <tr> <td><2°</td> <td>Straight planting</td> </tr> <tr> <td>2-5°</td> <td>Straight planting. Water conservation terraces at 32m interval</td> </tr> <tr> <td>6-15°</td> <td>5.00</td> </tr> <tr> <td>16-25°</td> <td>3.60</td> </tr> </tbody> </table> <p>Areas with greater than 25-degree slope are not to be planted but be left for biodiversity purposes. Among the soil conservation measures implemented to prevent soil erosion and siltation were construction of terrace, planting of cover crop and construction of road side drains.</p> <p>Planting terraces had been constructed where slope >10°. Field inspection showed groundcover with soft grass and soft weeds at all estates.</p>	Slope (degrees)	Terrace width (metres)	<2°	Straight planting	2-5°	Straight planting. Water conservation terraces at 32m interval	6-15°	5.00	16-25°	3.60	<p>Yes</p>
Slope (degrees)	Terrace width (metres)												
<2°	Straight planting												
2-5°	Straight planting. Water conservation terraces at 32m interval												
6-15°	5.00												
16-25°	3.60												
<p>4.6.1.3</p>	<p>A visual identification or reference system shall be established for each field.</p>	<p>All fields are marked and identified. Information like year planting (field no) and the total hectare is shown in all markers. There are both stencilled at the palm trees and also displayed in</p>	<p>Yes</p>										

	- Major compliance -	signage at the boundary/corners of every fields. This is observed during the field visit in the estate.	
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	Annual business plan in the form of annual budget and the projection for 3 years prepared as guidance for future planning. The business plan contains FFB yield, CPO, OER and KER, costs of production, etc.	Yes
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. - Major compliance -	Kulim (M) Berhad group estates has established a long range replanting program from 2019 and projected up to the year 2044. UMAC Estate 2021 – P96 (22.68 ha) 2028 – P03 (298.89 ha) Palong Estate No replanting programme until 2031.	Yes
4.6.2.3	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment - Major compliance -	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.	Yes

<p>4.6.2.4</p>	<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>- Major compliance -</p>	<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.</p>	<p>Yes</p>
<p>Criterion 4.6.3: Transparent and fair price dealing</p>			
<p>4.6.3.1</p>	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>- Major compliance -</p>	<p>The pricing mechanism for the contractor are mentioned in the contract signed between Kulim and contractor.</p>	<p>Yes</p>
<p>4.6.3.2</p>	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p> <p>- Major compliance -</p>	<p>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, invoices, and contracts for the larger transaction. All documents are signed by both vendor and management.</p> <p>Kemedak Estate:</p> <p>Contract No. MPSB/KEMEDAK 5/2017 (commencement date 1/1/18, completion date 31/12/20) for loading and transporting of FFB from field P06, P06, P07, P08, P09, P10 and P12 at Kemedak Estate to Palong Cocoa Palm Oil Mill</p> <p>Contractor: Perusahaan Juta Cemerlang</p> <p>Records verified: tax invoice 20190015) dated 31/8/19, contract claim for August 2019</p>	<p>Yes</p>

MSP0 Public Summary Report
Revision 0 (Aug 2017)

		<p>Post verification records: Contract work (order number, 19000049 OC dated 31/8/19, general ledger post dated 5/9/19 and payment voucher, 19000414 dated 5/9/19. Payment was made within 30 days from invoice submission</p> <p>Kemedak Estate:</p> <p>Contract No. MPSB/KEMEDAK 3/2017 (commencement date 1/1/18, completion date 31/12/20) for harvesting of FFB in P10 (246.8 ha) and P11 (279.11 ha) at Kemedak Estate.</p> <p>Contractor: Lim Son Peng</p> <p>Records verified: tax invoice 20190016) dated 31/8/19, contract claim for August 2019</p> <p>Post verification records: Contract work (order number, 19000050 OC dated 31/8/19, general ledger post dated 5/9/19 and payment voucher, 19000413 dated 5/9/19. Payment was made within 30 days from invoice submission</p> <p>UMAC Estate</p> <p>Contract No. MPSB/C1/32/19/2019 (commencement date 1/6/19, completion date 31/5/22) for loading and transporting of FFB from P03, P04,P05, P06, P07, P08 and P96 to ramp using bin system at UMAC Estate.</p> <p>Contractor: Sungai Rezeki</p> <p>Records verified: tax invoice SRSB3008/1) dated 30/8/19, contract claim for August 2019</p> <p>Post verification records: Contract work (order number, 19000086 OC dated 31/8/19, general ledger post dated 5/9/19 and payment</p>	
--	--	--	--

MSP0 Public Summary Report
Revision 0 (Aug 2017)

		<p>voucher, 19000450 dated 5/9/19. Payment was made within 30 days from invoice submission</p> <p>Palong Estate</p> <p>Contract No. MPSB/PALONG 2/2018 (commencement date 1/8/18, completion date 30/9/21) for loading and transporting of FFB (internal) in fields P09 (233.69 ha) and P13 (411.34 ha) at Palong Estate.</p> <p>Contractor: Lim Son Peng</p> <p>Records verified: tax invoice 005141 dated 31/8/19, contract claim for August 2019</p> <p>Post verification records: Contract work (order number, 19000062 OC dated 31/8/19, general ledger post dated 5/9/19 and payment voucher, 19000436 dated 5/9/19. Payment was made within 30 days from invoice submission</p>	
Criterion 4.6.4: Contractor			
4.6.4.1	<p>Where contractors are engaged, they shall understand the MSP0 requirements and shall provide the required documentation and information.</p> <p>- Major compliance -</p>	<p>The Estates had informed its contractors regarding the need to follow the MSP0 requirements through MSP0 training/briefing. The latest session was carried out on 19/3/19 for Palong Complex.</p>	Yes
4.6.4.2	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p>- Major compliance -</p>	<p>Evidence of agreed contracts with the contractors were verified.</p> <p>Kemedak Estate:</p> <p>Contract No. MPSB/KEMEDAK 5/2017 (commencement date 1/1/18, completion date 31/12/20) for loading and transporting of FFB from field P06, P06, P07, P08, P09, P10 and P12 at Kemedak Estate to Palong Cocoa Palm Oil Mill</p>	Yes

MSPO Public Summary Report
Revision 0 (Aug 2017)

		<p>Contractor: Perusahaan Juta Cemerlang</p> <p>Contract No. MPSB/KEMEDAK 3/2017 (commencement date 1/1/18, completion date 31/12/20) for harvesting of FFB in P10 (246.8 ha) and P11 (279.11 ha) at Kemedak Estate.</p> <p>Contractor: Lim Son Peng</p> <p>UMAC Estate</p> <p>Contract No. MPSB/C1/32/19/2019 (commencement date 1/6/19, completion date 31/5/22) for loading and transporting of FFB from P03, P04,P05, P06, P07, P08 and P96 to ramp using bin system at UMAC Estate.</p> <p>Palong Estate</p> <p>Contract No. MPSB/PALONG 2/2018 (commencement date 1/8/18, completion date 30/9/21) for loading and transporting of FFB (internal) in fields P09 (233.69 ha) and P13 (411.34 ha) at Palong Estate.</p>	
<p>4.6.4.3</p>	<p>The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.</p> <p>- Minor compliance -</p>	<p>There were no objections from management to accept MSPO approved auditors to verify assessments through a physical inspection where required and written in the addendum contract. Refer to contract, MPSB/C1/32/19/2019 under Sungai Rezeki (clause 6 of the contract agreement)</p>	<p>Yes</p>
<p>4.6.4.4</p>	<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>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>Kemedak Estate:</p>	<p>Yes</p>

MSP0 Public Summary Report
Revision 0 (Aug 2017)

	<p>- Major compliance -</p>	<p>Contract No. MPSB/KEMEDAK 5/2017 (commencement date 1/1/18, completion date 31/12/20) for loading and transporting of FFB from field P06, P06, P07, P08, P09, P10 and P12 at Kemedak Estate to Palong Cocoa Palm Oil Mill</p> <p>Contractor: Perusahaan Juta Cemerlang</p> <p>Records verified: tax invoice 20190015) dated 31/8/19, contract claim for August 2019</p> <p>Post verification records: Contract work (order number, 19000049 OC dated 31/8/19, general ledger post dated 5/9/19 and payment voucher, 19000414 dated 5/9/19. Payment was made within 30 days from invoice submission</p> <p>Kemedak Estate:</p> <p>Contract No. MPSB/KEMEDAK 3/2017 (commencement date 1/1/18, completion date 31/12/20) for harvesting of FFB in P10 (246.8 ha) and P11 (279.11 ha) at Kemedak Estate.</p> <p>Contractor: Lim Son Peng</p> <p>Records verified: tax invoice 20190016) dated 31/8/19, contract claim for August 2019</p> <p>Post verification records: Contract work (order number, 19000050 OC dated 31/8/19, general ledger post dated 5/9/19 and payment voucher, 19000413 dated 5/9/19. Payment was made within 30 days from invoice submission</p> <p>UMAC Estate</p> <p>Contract No. MPSB/C1/32/19/2019 (commencement date 1/6/19, completion date 31/5/22) for loading and transporting of</p>	
--	------------------------------------	---	--

		<p>FFB from P03, P04,P05, P06, P07, P08 and P96 to ramp using bin system at UMAC Estate.</p> <p>Contractor: Sungai Rezeki</p> <p>Records verified: tax invoice SRSB3008/1) dated 30/8/19, contract claim for August 2019</p> <p>Post verification records: Contract work (order number, 19000086 OC dated 31/8/19, general ledger post dated 5/9/19 and payment voucher, 19000450 dated 5/9/19. Payment was made within 30 days from invoice submission</p> <p>Palong Estate</p> <p>Contract No. MPSB/PALONG 2/2018 (commencement date 1/8/18, completion date 30/9/21) for loading and transporting of FFB (internal) in fields P09 (233.69 ha) and P13 (411.34 ha) at Palong Estate.</p> <p>Contractor: Lim Son Peng</p> <p>Records verified: tax invoice 005141 dated 31/8/19, contract claim for August 2019</p> <p>Post verification records: Contract work (order number, 19000062 OC dated 31/8/19, general ledger post dated 5/9/19 and payment voucher, 19000436 dated 5/9/19. Payment was made within 30 days from invoice submission</p>	
<p>4.7 Principle 7: Development of new planting – No new planting at Palong group estates, Thus this principle in not applicable.</p>			
<p>Criterion 4.7.1: High biodiversity value</p>			

<p>4.7.1.1</p>	<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>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>4.7.1.2</p>	<p>No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia’s National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.</p> <p>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>Criterion 4.7.2: Peat Land</p>			
<p>4.7.2.1</p>	<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>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)</p>			
<p>4.7.3.1</p>	<p>A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.</p> <p>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>

<p>4.7.3.2</p>	<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 stakeholders.</p> <p>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>4.7.3.3</p>	<p>The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.</p> <p>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>4.7.3.4</p>	<p>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.</p> <p>- Minor compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>Criterion 4.7.4: Soil and topographic information</p>			
<p>4.7.4.1</p>	<p>Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.</p> <p>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>4.7.4.2</p>	<p>Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.</p> <p>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>

Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils			
4.7.5.1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
4.7.5.2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A
Criterion 4.7.6: Customary land			
4.7.6.1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. - Major compliance -	No new planting was observed or planned by the management. Thus, this principle is not applicable.	N/A

<p>4.7.6.2</p>	<p>Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.</p> <p>- Minor compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>4.7.6.3</p>	<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>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>4.7.6.4</p>	<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>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>4.7.6.5</p>	<p>Identification and assessment of legal and recognised customary rights shall be documented.</p> <p>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>4.7.6.6</p>	<p>A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.</p> <p>- Major compliance -</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>
<p>4.7.6.7</p>	<p>The process and outcome of any compensation claims shall be documented and made publicly available.</p>	<p>No new planting was observed or planned by the management. Thus, this principle is not applicable.</p>	<p>N/A</p>

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

Malaysian Sustainable Palm Oil Part 4: General principles for palm oil mills

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	Policy for the implementation of MSPO shall be established. - Major compliance -	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.	Yes
4.1.1.2	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. - Major compliance -	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	Yes
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	The internal audit for MSPO was conducted on 19 th August 2019 at Palong Cocoa Palm Oil Mill. The internal audit had covered all the MSPO MS2530 elements specifically on part 4. 1 NC raised related to legal non-compliance on BOWEC Regulation 1986. The NC was close out on 19/7/19 and verified by SQM team.	Yes
4.1.2.2	The internal audit procedures and audit results shall be documented and	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	Yes

Criterion / Indicator		Assessment Findings	Compliance
	evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	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.	
4.1.2.3	Reports shall be made available to the management for their review. - Major compliance -	The internal audit report has distributed to the POM management and reported to Kulim (M) Berhad management. Refer to internal audit report dated 19/8/19.	Yes
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	The last management review was conducted on 10 th September 2019. 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 19 th September 2019 was sighted.	Yes
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on a	Continual improvement plan for the mill has been documented in the management review meeting minutes dated 10/9/2019. The plan was developed based on consideration of the social and environmental impact, for example:	Yes

Criterion / Indicator		Assessment Findings	Compliance
	consideration of the main social and environmental impact and opportunities for the company. - Major compliance -	- to install of Electrostatic precipitator by 3Q 2019 - to construct polishing plant by end November 2019 - to construct biogas plant by March 2020 - to conduct SIA annually - to conduct meeting with union/stakeholder/Women onwards (WoW)	
4.1.4.2	The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce. - Major compliance -	The means to improve practices consistent with new information, new techniques or new industry standards were obtained from Agronomy Advisory Services Dept. Other manners to keep abreast of these development include being members of various oil palm related association e.g. ISP, MPOA, Johor Planters Association (JPA), and relationship with suppliers. Evident as noted during the audit include the use of bin system for FFB handling from collection in the field at UMAC estate to dispensation at mill.	Yes
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	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. - Major compliance -	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.	Yes
4.2.1.2	The management documents shall be publicly available, except where this is prevented by commercial	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	Yes

Criterion / Indicator	Assessment Findings	Compliance
	<p>confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p> <p>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 viewing are:</p> <ul style="list-style-type: none"> • Land title (held as hard copy by the property department) • Health and safety plan • Plans and impact assessment- environmental & social • Pollution prevention plans • Details of complaints and grievances • Negotiation procedures • Continuous improvement plan • Biodiversity plans • Policy documents (sustainability handbook) <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>	
<p>Criterion 4.2.2 – Transparent method of communication and consultation</p>		

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
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 circular 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 12/3/19 during stakeholder meeting.</p>	Yes
4.2.2.2	<p>The management shall nominate management officials at the operating unit responsible for issues related to indicator 1.</p> <p>- Minor compliance -</p>	<p>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 24/7/18</p>	Yes
4.2.2.3	<p>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.</p> <p>- Major compliance -</p>	<p>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.</p> <p>Combine stakeholder meeting was conducted on 12/3/2018 with FFB and hardware suppliers. No issue was raised during the meeting. Meeting minutes was sighted.</p> <p>The mill has sent the invitation letter to stakeholders such as local communities' representatives, schools' representatives and contractor to attend stakeholder meeting on 6/3/2019.</p>	Yes
Criterion 4.2.3 – Traceability			
4.2.3.1	<p>The management shall commit itself to implement and maintain the requirements for the traceability and</p>	<p>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,</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	shall establish a standard operation procedure for traceability. - Major compliance -	job assignments and recordings of transport productivity for payment purpose and statistics.	
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	Inspection on compliance with the traceability procedure is regularly checked through supply chain internal audit. The internal audit report, which was carried out together with other schemes such as RSPO and ISCC, was available for verification.	Yes
4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. - Minor compliance -	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 22/9/19, ref: SQD/ADMIN/017/19.	Yes
4.2.3.4	Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained. - Major compliance -	Records of CPO and PK storage, sales, deliver were maintained at Palong Cocoa POM. Example of records evidence are as below: 1. Despatch summary report by buyer (daily/monthly) 2. Despatch records (WB/PORLA etc)	Yes
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			

Criterion / Indicator	Assessment Findings	Compliance
<p>4.3.1.1</p> <p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>The Palong Cocoa Palm Oil Mill continued its commitment to comply with applicable legal requirements. Among the licenses and permits verified were:</p> <ol style="list-style-type: none"> 1. MPOB license: 578392004000 (validity period 01/12/2018 - 30/11/2019) for 192,000MT. 2. DOE License As.2-Pin.2/86 no. 004720 (validity period 01/07/2019 - 30/06/2020). 3. DOE Compliance Schedule : AS(B)J31/152/000/057 Jld.4(SK06) (validity period 01/07/2019 - 30/06/2020) for 40mt/hr and method of POME discharge is land application with BOD final discharge limit <500mg/l. 4. Energy commission license no.: 2018/03113; serial no.: 24395 (validity period 01/11/2018 – 31/10/2019) for installation capacity limit <2170kW. 5. Schedule controlled item permit (Diesel) ref. no.: JH (SGT) 0012/88 PSK; serial no.: J029123 (validity period 15/05/2019 – 14/05/2020) for storage capacity of 20,000 liters. 6. Fire Certificate Form II Sub-regulation 3(1) certificate no.: JBPM: JH/7/072/2015; serial no.: 306039 validity period: 23/08/2018 to 22/08/2019. 7. River water extraction license: 08/A/Sgt/011; File no: BAKAJ/334/300/5/6/8/9 (validity period until 31/12/2019) by Director of Water Resources Johor. 8. DOSH Certificate of Fitness for Unfired Pressure Vessels:- <ol style="list-style-type: none"> a. Air Compressor at Workshop JH PMT 3617, valid from 7.4.2019 till 29.6.2020. b. Air Receiver JH PMT 81139, valid from 7.4.2019 till 29.6.2020. c. Back Pressure Receiver PMT 60888, valid from 7.4.2019 till 29.6.2020. d. Vertical Sterilizer No. 4 JH PMT 27440, valid from 7.4.2019 till 	<p>Yes</p>

Criterion / Indicator		Assessment Findings	Compliance
		29.6.2020. 9. Certified environmental professional (CePPOME/0061) - Certified waste management professional (CePSWaM/171343)	
4.3.1.2	The management shall list all relevant laws related to their operations in a legal requirements register. - Major compliance -	List of applicable legal and other requirements was made available during the assessment. Palong Cocoa POM had documented it in its Legal & Other Requirements Register (LORR) dated dd/mm/yy.	Yes
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. - Major compliance -	Any changes in law are centrally monitored by head office Kulim’s Compliance Unit (under Audit, Risk Management and Compliance Dept.) in Johor Bahru. The medium used to track changes are websites, mass media information, membership news letter from plantation related organization such as MAPA, etc, This information is then cascaded to all Operating Units for it to check and where applicable update its Legal & Other Requirements Register accordingly. Noted that the Palong Cocoa POM has updated and incorporated in its legal register the latest Employment Insurance System Act 2017 (Act 800).	Yes
4.3.1.4	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements. - Minor compliance -	The mill has appointed its Assistant Manager as person responsible to monitor compliance and to also track update the changes in regulatory requirements. Sighted his appointment letter dated 1.1.2019. The Assistant Manager is supported by the Executive from Region Controller’s office, whose duty among others, is to ensure all Operating Units level under its care comply with all legal requirements. Also sighted Executive appointment letter dated 27/6/2018, Reference no. (17) RMC/COM/GM/18/12.	Yes

Criterion / Indicator	Assessment Findings	Compliance
Criterion 4.3.2 – Lands use rights		
4.3.2.1 The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users. - Major compliance -	Palong Cocoa POM is on "State Lease" land. The land use was for Oil Palm Plantation. Land title of the POM under PTD 1354 HS(D) 11071 with 3413.58 ha that under Kemedak estate.	Yes
4.3.2.2 The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. - Major compliance -	Details of Land Titles and summary of lease history are held in file "Grant Title" on the Sustainability Department Server. Seen the land title for POM was under the Kemedak estate (PTD 1354 HS(D) 11071 with 3413.58 ha) The validity use of the land was still valid as per the land title.	Yes
4.3.2.3 Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Not applicable as land issues is handled by the estate..	Yes
4.3.2.4 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; shall made available and that these should have been accepted with free prior informed consent	There is not land dispute recorded. This was verified with stakeholders' consultation.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	(FPIC). - Minor compliance -		
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.	Yes
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.	Yes
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. - Major compliance -	The estate lands are legally owned by the company. Interview with the surrounding communities and stakeholders confirm no disputes.	Yes
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impacts should be identified and plans should be implemented to	Social Impact Assessment was conducted on 15/4/2019 and 19/8/2019 by Sustainability Team of Kulim (M) Berhad. Seen the interview checklists with the relevant stakeholders that been utilized during the assessment. The stakeholders	Yes

Criterion / Indicator		Assessment Findings	Compliance
	mitigate the negative impacts and promote the positive ones. - Minor compliance -	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. Based on the assessment, no negative impact and 6 positive impacts were identified.	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	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 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. 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. 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	Yes
4.4.2.2	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties. - Major compliance -	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.	Yes
4.4.2.3	A complaint form should be made available at the premises, where	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	Yes

Criterion / Indicator		Assessment Findings	Compliance
	employees and affected stakeholders can make complaints. - Minor compliance -	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.	
4.4.2.4	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time. - Minor compliance -	Interview conducted with workers to confirm their understanding of the complaint and grievance process. There is no grievance recorded for the pass one year. Only request for maintenance housing are made by workers.	Yes
4.4.2.5	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request. - Major compliance -	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.	Yes
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	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. - Minor compliance -	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. Programme with stakeholders (internal and external) was also plan and included in the social improvement plan such as family days, soport event etc.	Yes

Criterion / Indicator	Assessment Findings	Compliance
Criterion 4.4.4: Employees safety and health		
<p>4.4.4.1</p> <p>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.</p> <p>- Major compliance -</p>	<p>The Occupational Safety & Health Policy and Plan had been established and implemented. The policy was signed by the Executive Director of Kulim (Malaysia) Berhad on 1 May 2018. The policy has been communicated via weekly morning briefing record sighted on 23/09/2018 and 30/09/2018, training, and display on notice board</p> <p>OHS plan for 2019 has been established. The OHS plan comprises of OSH legal compliance, emergency response plan (ERP), OSH management system, risk management and safety committee activities. Sample of OSH management system activities as follows:-</p> <p>Audiometric test done on 4 Nov 2018 by Dr Mohd Rizal Abd Azis (HQ/15/DOC/00/395) from Kulim Safety Training and Services Sdn Bhd. Attended by 49 person. From the result 5 person hearing impairment and 2 person with STS. JKPP 6 record was available for all the hearing impairment and STS dated Jan 2019.</p>	<p>Yes</p>
<p>4.4.4.2</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</p>	<p>a) Please refer to indicator 4.4.4.1 above</p> <p>b) Risk has been assessed as sampled in the Hazard Identification, Risk Assessment and Risk Control (HIRARC) Register, among others for activities at workshop, lubricant store, schedule waste store, laboratory, water treatment plant, grading station, loading ramp, vertical sterilizer, Threshing station, Press station, kernel station and boiler room. The register was last reviewed on 25.6.2019.</p> <p>In addition to the above the Chemical Health Risk Assessment (CHRA) has been conducted from 21.5.2018 to 13.8.2018 by DOSH-registered Competent Person, Registration No.: JKPP/HQ/03/ASS/00/154-2018/045.</p>	<p>OFI</p>

Criterion / Indicator	Assessment Findings	Compliance																								
<p>employees exposed to chemicals used at the palm oil mill:</p> <ul style="list-style-type: none"> i. All employees involved are adequately trained on safe working practices; ii. All precautions attached to products should be properly observed and applied; <p>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).</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>c) Annual Training program (2019) has been established that include Safe Work Practices. Sampled training records including attendance lists that has been conducted:</p> <table border="1" data-bbox="878 571 1503 970"> <thead> <tr> <th>No.</th> <th>Date</th> <th>Course name</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>6.1.2019</td> <td>Hearing Awareness</td> </tr> <tr> <td>2</td> <td>2.5.2019</td> <td>Working at Height & Confine Space</td> </tr> <tr> <td>3</td> <td>25.2.2019</td> <td>Operation of Boiler and Kernel Plant - Refresher</td> </tr> <tr> <td>4</td> <td>19.2.2019</td> <td>Operation of Vertical Sterilizer and Loading Ramp - Refresher</td> </tr> <tr> <td>5</td> <td>12.5.2019</td> <td>PPE Training</td> </tr> <tr> <td>6</td> <td>4.9.2019</td> <td>Fire Drill</td> </tr> <tr> <td>7</td> <td>8.9.2019</td> <td>Schedule Waste Management</td> </tr> </tbody> </table> <p>d) Adequate PPE has been noted provided to workers free of charge. Records of PPE issuance to individual workers including signatures to confirm their receipt of PPE were kept at the mill store office. Sampled records entry on 11/7/2019 showed the issuance of apron, respirator and hand glove to a Laboratory Assistant.</p> <p>The PPE issued covered potentially hazardous operations identified in the CHRA assessor's recommendation, HIRARC undertaken and SOPs established.</p> <p>e) Palong Cocoa POM had established Work Instruction, SW/WI/23 for Handling of Chemicals and SW/WI/22 Waste Management to ensure proper and safe handling and storage, in accordance to OSH (Classification Packaging and Labelling)</p>	No.	Date	Course name	1	6.1.2019	Hearing Awareness	2	2.5.2019	Working at Height & Confine Space	3	25.2.2019	Operation of Boiler and Kernel Plant - Refresher	4	19.2.2019	Operation of Vertical Sterilizer and Loading Ramp - Refresher	5	12.5.2019	PPE Training	6	4.9.2019	Fire Drill	7	8.9.2019	Schedule Waste Management	
No.	Date	Course name																								
1	6.1.2019	Hearing Awareness																								
2	2.5.2019	Working at Height & Confine Space																								
3	25.2.2019	Operation of Boiler and Kernel Plant - Refresher																								
4	19.2.2019	Operation of Vertical Sterilizer and Loading Ramp - Refresher																								
5	12.5.2019	PPE Training																								
6	4.9.2019	Fire Drill																								
7	8.9.2019	Schedule Waste Management																								

Criterion / Indicator	Assessment Findings	Compliance										
<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 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>Regulation 1997, OSH (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000 and EQ (Scheduled Wastes) Regulations 2005.</p> <p>Chemicals were handled as per the requirements in SDS, CHRA, HIRARC and the above work instructions</p> <p>f) Assistant Manager was appointed as responsible person(s) for workers' safety and health. Sighted appointment letter dated 01/01/2019.</p> <p>g) Periodic meetings were carried out accordingly and the minutes of the meeting was maintained. Sighted the minutes and agenda discussed that include Safety Performance, Accidents, Training, Workplace Inspections/Audit.</p> <p>The committee was chaired by Mill Manager. Members present met Quorum requirement. Dates meeting held were:</p> <table border="1" data-bbox="878 911 1509 1082"> <thead> <tr> <th>Meeting No.</th> <th>Date held</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>16.11.2018</td> </tr> <tr> <td>2</td> <td>10.2.2019</td> </tr> <tr> <td>3</td> <td>9.5.2019</td> </tr> <tr> <td>4</td> <td>12.8.2019</td> </tr> </tbody> </table> <p>i) The following procedures to address accident and emergency sighted exist:</p> <ul style="list-style-type: none"> • Accident Notification and Investigation Procedure as per NADOPOOD Guideims • Emergency Response Procedure - SM/WI/29 • Flowchart "Pelan Tindakan Kecemasan" displayed on notice board. • Emergency Telephone Contact No. (internal and External) also posted on notice board and made publicly available. 	Meeting No.	Date held	1	16.11.2018	2	10.2.2019	3	9.5.2019	4	12.8.2019	
Meeting No.	Date held											
1	16.11.2018											
2	10.2.2019											
3	9.5.2019											
4	12.8.2019											

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>Random interview with employees at selected workstation such as ramp, sterilizer, boiler, workshop and water treatment plant confirmed that all employees were aware and understood actions to be taken during emergency as they had been briefed on the procedure and participated in annual Emergency Response and Evacuation drill. First Aid training has been conducted on the 3/09/2019 which include 14 persons from mill work stations and office was trained by Hospital Assistant.</p> <p>j)There was no record of accident on 2018 which verified through OSH meeting and Interviewed with Hospital Assistant.</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<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>- Major compliance -</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>	Yes
4.4.5.2	<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 distinguishing characteristics.</p>	<p>The Mill has 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 and medical care are given to all employees without discrimination.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance																
	- Major compliance -																		
4.4.5.3	<p>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.</p> <p>- Major compliance -</p>	<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 October 2018, February 2019 and Apr 2019 were verified to be consistent with the Minimum Wages Order 2016 and 2018.</p> <table border="1"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td>AU 098047</td> <td>637187</td> </tr> <tr> <td>C2746462</td> <td>637128</td> </tr> <tr> <td>B5788359</td> <td>637152</td> </tr> <tr> <td>B0122431</td> <td>637142</td> </tr> <tr> <td>870420235033</td> <td>637108</td> </tr> <tr> <td>990806065061</td> <td>637160</td> </tr> <tr> <td>810428016084</td> <td>637170</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 and for the New Minimum Wages Order 2018, they are able to achieved RM1,100 per month or RM 42.31.</p>	Passport/NRIC No.	Employee no.	AU 098047	637187	C2746462	637128	B5788359	637152	B0122431	637142	870420235033	637108	990806065061	637160	810428016084	637170	Yes
Passport/NRIC No.	Employee no.																		
AU 098047	637187																		
C2746462	637128																		
B5788359	637152																		
B0122431	637142																		
870420235033	637108																		
990806065061	637160																		
810428016084	637170																		
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according	There were no employees of contractors in the mill.	Yes																

Criterion / Indicator		Assessment Findings	Compliance								
	to the employment contract agreed between the contractor and his employee. - Minor compliance -										
4.4.5.5	The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment. - Major compliance -	The workers master list was reviewed. The list includes date of birth, date joined, gender etc.	Yes								
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records. - Major compliance -	<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> <table border="1"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td>AU 098047</td> <td>637187</td> </tr> <tr> <td>C2746462</td> <td>637128</td> </tr> <tr> <td>B5788359</td> <td>637152</td> </tr> </tbody> </table>	Passport/NRIC No.	Employee no.	AU 098047	637187	C2746462	637128	B5788359	637152	Yes
Passport/NRIC No.	Employee no.										
AU 098047	637187										
C2746462	637128										
B5788359	637152										

Criterion / Indicator		Assessment Findings		Compliance																
		<table border="1"> <tr><td>B0122431</td><td>637142</td></tr> <tr><td>870420235033</td><td>637108</td></tr> <tr><td>990806065061</td><td>637160</td></tr> <tr><td>810428016084</td><td>637170</td></tr> </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>	B0122431	637142	870420235033	637108	990806065061	637160	810428016084	637170										
B0122431	637142																			
870420235033	637108																			
990806065061	637160																			
810428016084	637170																			
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p>- Major compliance -</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> <table border="1"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr><td>AU 098047</td><td>637187</td></tr> <tr><td>C2746462</td><td>637128</td></tr> <tr><td>B5788359</td><td>637152</td></tr> <tr><td>B0122431</td><td>637142</td></tr> <tr><td>870420235033</td><td>637108</td></tr> <tr><td>990806065061</td><td>637160</td></tr> <tr><td>810428016084</td><td>637170</td></tr> </tbody> </table> <p>The terms of employment were as per MAPA/NUPW agreement.</p>	Passport/NRIC No.	Employee no.	AU 098047	637187	C2746462	637128	B5788359	637152	B0122431	637142	870420235033	637108	990806065061	637160	810428016084	637170		Yes
Passport/NRIC No.	Employee no.																			
AU 098047	637187																			
C2746462	637128																			
B5788359	637152																			
B0122431	637142																			
870420235033	637108																			
990806065061	637160																			
810428016084	637170																			

Criterion / Indicator		Assessment Findings	Compliance																
4.4.5.8	The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable. - Major compliance -	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.	Yes																
4.4.5.9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. - Major compliance -	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. The payroll for the following sampled workers for October 2018, February 2019 and Apr 2019 were verified to be consistent with the Minimum Wages Order 2016 and 2018. <table border="1" data-bbox="875 927 1480 1315"> <thead> <tr> <th>Passport/NRIC No.</th> <th>Employee no.</th> </tr> </thead> <tbody> <tr> <td>AU 098047</td> <td>637187</td> </tr> <tr> <td>C2746462</td> <td>637128</td> </tr> <tr> <td>B5788359</td> <td>637152</td> </tr> <tr> <td>B0122431</td> <td>637142</td> </tr> <tr> <td>870420235033</td> <td>637108</td> </tr> <tr> <td>990806065061</td> <td>637160</td> </tr> <tr> <td>810428016084</td> <td>637170</td> </tr> </tbody> </table>	Passport/NRIC No.	Employee no.	AU 098047	637187	C2746462	637128	B5788359	637152	B0122431	637142	870420235033	637108	990806065061	637160	810428016084	637170	Yes
Passport/NRIC No.	Employee no.																		
AU 098047	637187																		
C2746462	637128																		
B5788359	637152																		
B0122431	637142																		
870420235033	637108																		
990806065061	637160																		
810428016084	637170																		
4.4.5.10	Other forms of social benefits should be offered by the employer to employees,	Palong Cocoa Palm Oil Mill provided free bus service and school uniforms for employees' school going children.	Yes																

Criterion / Indicator		Assessment Findings	Compliance
	<p>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.</p> <p>- Minor compliance -</p>	<p>The company also provides free medical benefit to workers dependent at the Sedenak Estate clinic.</p> <p>Family Day and Sports Days were conducted and appreciation dinner given.</p>	
4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p>- Major compliance -</p>	<p>Kulim (M) Berhad has provided free housing and medical assistance to all the workers. Water and electricity was provided without any charges from workers. Government school was found in the compound of Palong complex. Linesite inspection was conducted on weekly basis by Hospital Assistant and twice a month together with VMO. Latest inspection was carried out on 20/9/19.</p> <p>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>	Yes
4.4.5.12	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p>- Major compliance -</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>	Yes
4.4.5.13	<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</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>	Yes

Criterion / Indicator		Assessment Findings	Compliance						
	<p>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>- Major compliance -</p>	<p>The workers have their freedom to join the NUPW. This was evident from NUPW membership subscription deductions made in the pay slips. Latest union meeting was carried out on 25/8/19.</p>							
4.4.5.14	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p> <p>- Major compliance -</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>	Yes						
Criterion 4.4.6: Training and competency									
4.4.6.1	<p>All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.</p> <p>- Major compliance -</p>	<p>Training records for employees available and maintained at the office. Records are verified on a sampling basis which covers all aspect of training and MSP0 Awareness. Sample of training record for 2019 as follows:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Training</th> </tr> </thead> <tbody> <tr> <td>2.9.2019</td> <td>MSP0 Briefing</td> </tr> <tr> <td>3.9.2019</td> <td>Supply Chain</td> </tr> </tbody> </table>	Date	Training	2.9.2019	MSP0 Briefing	3.9.2019	Supply Chain	Yes
Date	Training								
2.9.2019	MSP0 Briefing								
3.9.2019	Supply Chain								

Criterion / Indicator		Assessment Findings		Compliance
		15.8.2019	Waste disposal	
		3.9.2019	First Aid	
		2.9.2019	Operation of Press and Oil Room - Refresher	
		15.8.2019	FFB Grading	
		29.8.2019	Effluent Treatment Plant	
		4.9.2019	LOTO & Safety Harness	
		9.8.2019	CEMS Operation	
		10.7.2019	Jar Test	
4.4.6.2	<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>- Major compliance -</p>	<p>Training needs and training programme [doc. No.: PCM/SOP/7.8-F5] was established by the management in early January 2019 – legal requirement, safety and environmental issues. The establishment of the plan is guided by its Training procedure [PCPOM/SOP/7.8, issue 3, dated 1/2/2018].</p>		Yes
4.4.6.3	<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>Guided by the procedure above, under Clause 6.7, meeting will be conducted before end of the year to discuss training requirements for mill workers and staff. The meeting are attended by all section or workstation heads and chaired by the Mill Manager.</p>		Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	<p>Training programs were reviewed and established annually including consideration for re-training and continuous training. These trainings were identified to ensure employees were adequately trained, competent in their job and up-to-date on current development. It is part of the process described in indicator 4.4.6.2</p> <p>Bulk of the mill training was organized during the daily briefing prior to work commencement of each shift. Mainly the issues discussed / briefed were related to safe mill process operations, product quality, employees' safety, health and welfare and safety & environmental compliance.</p>	
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<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>- Major compliance -</p>	<p>Environmental Policy signed by Executive Director, Mr. Zulkifly Zakariah dated 1/5/2018 has been established, communicated to all employees, displayed at notice board and its spirit implemented. The policy can also be found at http://www.kulim.com.my/ourpolicy.aspx?p_Id=0&c_Id=2097</p>	Yes
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>The mill Environmental Management Plan has been developed following Environmental Aspect and Impact Assessment done via utilization of Environmental Risk Assessment form (EPA-PCPOM-2019) done on 1/8/2018. The evaluation form has the information about aspect/impact identified, risk assessment and risk control. Among the areas of the mill assessed were:</p> <p>- chemical mixing and storage</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<ul style="list-style-type: none"> - CPO storage - generation of power - lab operation - machine and vehicle maintenance - POME treatment - storage of SW - composting plant 	
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>- Major compliance -</p>	<p>Environmental Improvement Plan was available and last updated on 6/9/2019 where the mitigation measures are registered in. The objective is to mitigate and monitor the identified significant activities that give impacts on environment. Specific persons in-charged have been identified to do the monitoring to ensure the plan is effectively implemented. The following programmes have been identified:</p> <ol style="list-style-type: none"> 1. To reduce boiler dark smoke emission with even distribution of burning fuels into furnace and reduce usage of wet shell. 2. To reduce boiler smoke emission by installing new Electro Static Precipitator (ESP) that remove fine particles and smoke before release to environment 3. Scheduled wastes generation – Mitigation: to be handled in accordance with EQ (Scheduled Wastes) Regulations 2005 	Yes
4.5.1.4	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p>- Minor compliance -</p>	<p>Sighted that Mill promoted the following as positive impact were included in Continual Improvement Plan:</p> <ul style="list-style-type: none"> • Injection of POME ainto Fiber Compost to reduce biomass waste • Continuous desludging using Geotube fo filter activated solids at effluent pond for organic fertilizer use. • Practice 3R – Reuse, Reduce and Recycle 	Yes

Criterion / Indicator	Assessment Findings	Compliance
<p>4.5.1.5</p> <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>- Major compliance -</p>	<p>Awareness and training on environmental policy and objectives was given to all employees. In addition to this, the management has conducted awareness of its Environmental Management and Improvement Plan with the employees in various ways such as training, open discussion during morning muster and incorporation with other meeting like OSH quarterly meeting and Environmental Performance Management Committee monthly meeting.</p> <p>Auditor interviews with boiler-man revealed that they were aware no black smoke emission was allowed as this pollute the air and the mixing ratio of fiber to shell must be monitored. Workshop maintenance operators were aware of waste chemical containers, used and chemical-contaminated cotton and rags, contaminated soil, debris or matter resulting from cleaning-up of a spilled chemical, mineral oil or scheduled wastes, spent hydraulic oil, spent lubricant, used batteries and waste electrical and electronic parts shall be disposed as scheduled waste, inventoried and stored at the designated Scheduled Waste Storage area. These waste according to them can pollute that land and water.</p> <p>All domestic waste at linesite were disposed at land fill.</p>	<p>Yes</p>
<p>4.5.1.6</p> <p>The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.</p> <p>- Major compliance -</p>	<p>The Environmental Performance Monitoring Committee (EPMC) has been established to comply with the DOE requirement on Guidance Self-Regulation (GSR). The meeting held monthly was participated by mill manager, engineers, Supervisors and Engine Drivers to discuss environmental performance that include presentation by GSR sub-committee whose input include listening to concerns raised by workers, if any.</p>	<p>Yes</p>

Criterion / Indicator		Assessment Findings	Compliance
		Feedback from the GSR sub-committee presentations were used as input for management action plan.	
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	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 - Major compliance -	Baseline value for diesel consumption was establish through implementation of objective and target. The mill has taken 0.8 lt/mt FFB processed to be used as its baseline value. Based on the records, the mill has achieved 0.46 lt/mt FFB in 2017 and as at Sep 18, the mill has achieved 0.52 lt/FFB for 2018.	Yes
4.5.2.2	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. - Major compliance -	Estimation of direct usage of non-renewable energy is normally stated in the annual budget. E.g. for 2018, 0.65 lt/FFB processed.	Yes
4.5.2.3	The use of renewable energy should be applied where possible.	Fibre and shell were used as bio-fuel for boiler operation. The quantity of biomass also monitored to achieve the expected percentage of fibre and shell quantities	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	being consumed. For 2018 as at Sep, the ratio of renewable energy produced was 14.92% fibre and 6.20% shell /mt FFB.	
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	The identification of wastes products and sources of pollution were documented in EAI and also DOE's SW Second Schedule. In general, among the wastes identified were domestic wastes, recyclable wastes, scheduled wastes and sewerage waste water.	Yes
4.5.3.2	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. - Major compliance -	Wastes management plan were established based on environmental aspect identification and spelt out in Environmental Improvement Plan. The plan includes the method of disposal of each identified waste.	Yes
4.5.3.3	The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under	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 the applicable practices. Verification of consignment notes showed that the mill	Yes

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>- Major compliance -</p>	<p>disposed their scheduled wastes such as spent oil and spent lab chemical through appropriate manner.</p>	
4.5.3.4	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p>- Minor compliance -</p>	<p>Domestic wastes from the mill were buried in a designated landfill in the oil palm estate. Based on site visit, no toxic wastes such as spent lubricants, empty chemical containers, used lab chemical, etc. were disposed in the rubbish pit observed. The location of the landfill was also far from residential area and water ways.</p>	Yes
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	<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>- Major compliance -</p>	<p>Assessment of polluting activities were identified using the method mentioned in 4.5.1.2. The emission of greenhouse gases calculation was estimated using ISCC Template & RSPO PalmGHG. Based on the results, the emission found to be at 0.82 t/CO2eq/tCPO (ISCC) & 0.97 t/CO2eq/tCPO (RSPO).</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Action plan to reduce the identified significant pollutants and emissions was documented in the Environmental Improvement Plan. The strategy to mitigate the GHG emission was established at the corporate level. Among the mitigation in planned were methane capture and reduction of fertiliser consumption. The data is available in Kulim’s Carbon Footprint Report.	Yes
4.5.4.3	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations. - Major compliance -	The POME is treated with open anaerobic, aerobic and stabilization lagoon. Monthly monitoring on the final discharge is conducted. The effluent at the final discharge is tested to ensure it compliance to the DOE Licence discharge limits. The permitted limit for BOD of the effluent final discharge is 5,000 ppm. Based on the mill’s four latest quarterly report, the BOD results were never exceed the regulated limit.	Yes
Criterion 4.5.5: Natural water resources			
4.5.5.1	The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources.	The mill water management plan has been established. Among others the plan therein has emphasized: - rain water harvesting for cleaning purposes - water from the reservoir for the mill operations - water from pond and treated for human consumption - continual training for workers on water efficiency consumption - desilting of water reservoir to retain the reservoir optimal capacity - The action plan in event of draught/water pollution	Yes



Criterion / Indicator		Assessment Findings	Compliance
	b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimize water and nutrient usage and reduce wastage (<i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). - Major compliance -		
4.5.5.2	Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations. - Major compliance -	Palong Cocoa POM discharges its POME to land application and composting plant as stipulated in its DOE's Compliance Scheduled, License No. 004720.	Yes
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Mill Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	To ensure best practice is implemented, SOPs for core process were available. Among the procedures were: - Marketing [PCPOM/SOP/8.1] - weighbridge station 8.2	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<ul style="list-style-type: none"> - Loading ramp Station 8.3 - Loading ramp station – FFB grading 8.4 - Sterilisation station PCPOM/SOP/8.5 - Treshing and Press Station PCPOM/SOP/8.6 - Clarification station PCPOM/SOP/8.7 - Depericarper station 8.8 - Kernel station 8.9 - Boiler house 8.10 - Power house 8.11 - WTP 8.12 - ETP & Storm Pond 8.13 - Lab 8.14 - Control of non-conforming product 8.15 - Inspection and testing 8.16 	
4.6.1.2	All palm oil mills shall implement best practices. - Major compliance -	<p>There were various methods used to ensure implementation of the procedures, e.g.:</p> <ul style="list-style-type: none"> - Mill advisor Visit – once in 2 months - SQAS ISO 9001 audit – once a year cert. # JAKIM/(S)/(22.00)/492/2/ 1 081-03/2014 FROM 1.7.19 – 30.6.2021 - JAKIM Halal audit - once a year - MPOB Code of Practice audit - once a year - Internal Audit – twice a year - Third Party Environment audit - once a year 	Yes
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial	Annual business plan in the form of annual budget and the projection for 3 years prepared as guidance for future planning. The business plan contains FFB yield, CPO, OER and KER, costs of production, etc.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>viability through long-term management planning.</p> <p>- Major compliance -</p>		
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p>- Major compliance -</p>	<p>Pricing mechanisms for the products and other services were clearly written in the contract and purchase order. For CPO 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.</p>	Yes
4.6.3.2	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p> <p>- Major compliance -</p>	<p>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.</p> <p>All contracts terms and conditions were made transparent with evidence of stamp duty for legalization and agreed from both parties.</p> <p>Verified during stakeholder interview, no pending payment as to date and all previous payments are prompt.</p>	Yes
Criterion 4.6.4: Contractor			
4.6.4.1	<p>In case of the engagement of contractors, they shall be made to understand the MSP0 requirements and shall provide the required documentation and information.</p>	<p>Palong Cocoa POM had informed its contractors Regarding the need to follow the MSP0 requirements.</p> <p>Awareness briefing was done the stakeholders including contractors on the MSP0 requirements. As for the CPO transporter, a revised contract agreement was sent</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	to the transporter (Teo Tuan Kwee Sdn Bhd) to include special clause on MSP0 compliance.	
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	Evidence of agreed contracts (contract extension) with the contractors were verified. Signed document dated 28/2/18 was made available for verification.	Yes
4.6.4.3	The management shall accept MSP0 approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	The requirement of accepting MSP0 accredited auditors to audit against the contractors are being stated in the formal letter attachment to the contractors.	Yes

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
<p>Based on the findings during the assessment Kulim (M) Berhad – Sindora POM and Group Estates complies with the MS 2530-3:2013 and MS 2530-3:2013. It is recommended that the certification of Kulim (M) Berhad – Sindora POM and Group Estates is continued.</p> <p>Based on the assessment result, Kulim (M) Berhad – Sindora POM and Group Estates complies with the MS 2530-3:2013 MSPO Part 3: General principles for oil palm plantations and organized smallholder and MS 2530-4:2013 Part 4: General principles for palm oil mills is recommended for continued certification.</p>	
Acknowledgement of Assessment Findings	Report Prepared by
<p>Name: Salasah Elias</p>	<p>Name: Mohamed Hidhir Zainal Abidin</p>
<p>Company name: Kulim Malaysia Berhad</p>	<p>Company name: BSI Services Malaysia Sdn Bhd</p>
<p>Title: Deputy General Manager</p>	<p>Title: Lead Auditor</p>
<p>Signature:</p>  <p>Date: 10.02.2020</p>	<p>Signature:</p>  <p>Date: 6th February 2020</p>

Appendix A: Assessment Plan

PRELIMINARY AGENDA				
Date	Time	Subjects	Hidhir	Mahzan
Sunday 22/9/19	PM	Audit team travelling to Segamat and hotel check-in at VIP hotel, Segamat	√	√
Monday 23/9/19 Kemedak Estate	0730 am	Audit team travelling to Kemedak Estate	√	√
	08.30 – 09.00	<ul style="list-style-type: none"> Opening Presentation by Audit team leader. Confirmation of assessment scope and finalize Audit Plan 		
	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.		
	12.30 – 13.30	Lunch	√	√
	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.	√	√
Wednesday 24/9/2019 UMAC Estate	0730 AM	Traveling to UMAC estate	√	√
	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 – 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.	√

MSPO Public Summary Report
Revision 0 (Aug 2017)

Date	Time	Subjects	Hidhir	Mahzan
Wednesday 25/9/2019 Palong Cocoa POM	0730	Travelling to Palong Cocoa POM	√	√
	09.00 – 13.00	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	√	√
	13.00 – 14.00	Lunch	√	√
	14.00 – 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	√	√
Thursday 26/9/2019 Palong Estate	0730	Travelling to Palong Estate	√	√
	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.	√	√
	13.00 – 14.00	Lunch	√	√
	14.00 – 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)	√	√
	15.30 – 16.30	Audit team discussion	√	√
	16.30 – 17.00	Closing meeting at Palong POM	√	√

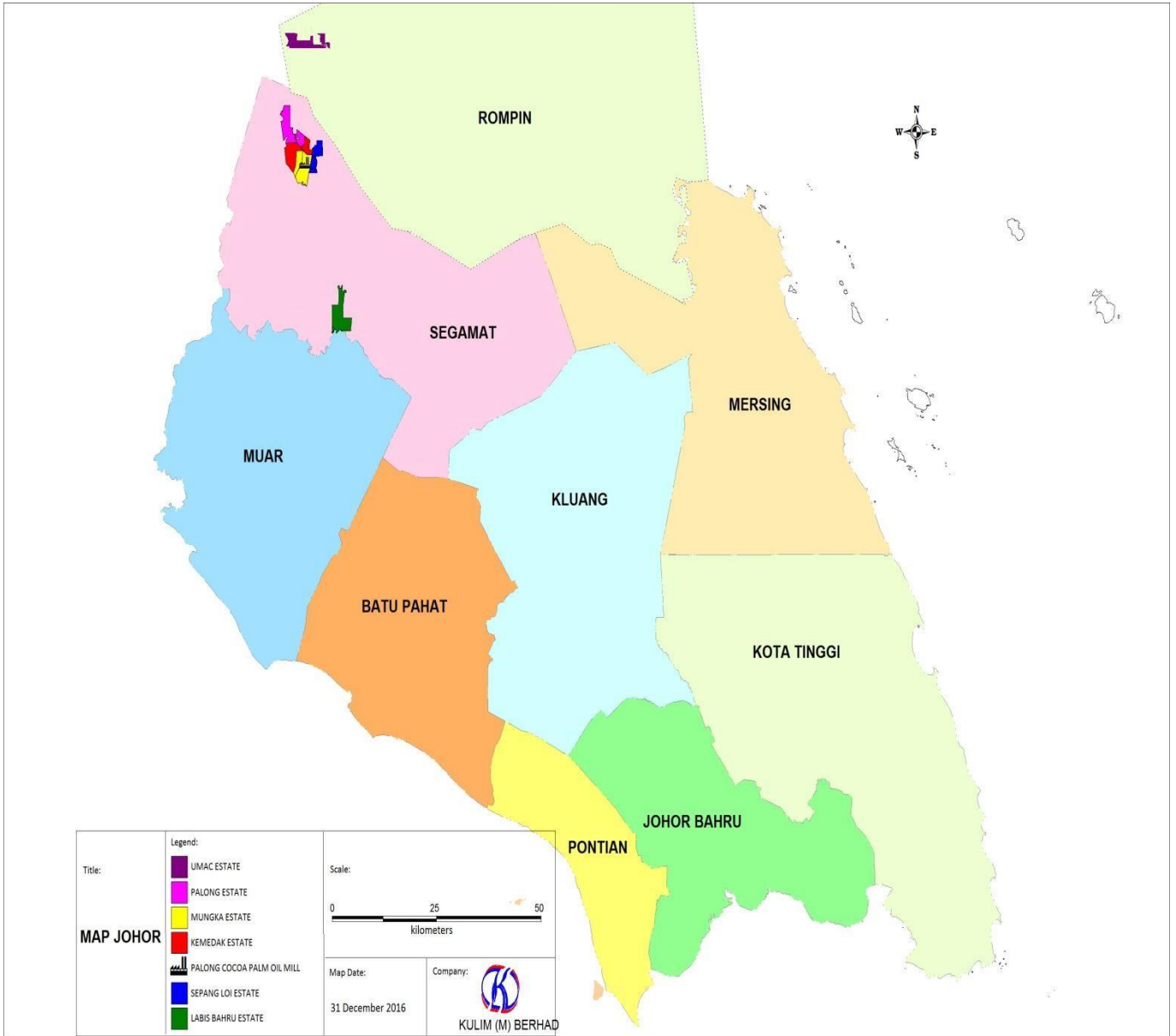
Appendix B: List of Stakeholders Contacted

<p>Government Bodies/External Stakeholder PIBG Chairman, SK Bukit Serok</p>	<p>Internal Stakeholders: Workers Representatives (Foreign Worker) Gender Committee Representative Estate workers</p>
<p>NGO: Nil</p>	<p>Contractors: FFB transporter Supplier</p>

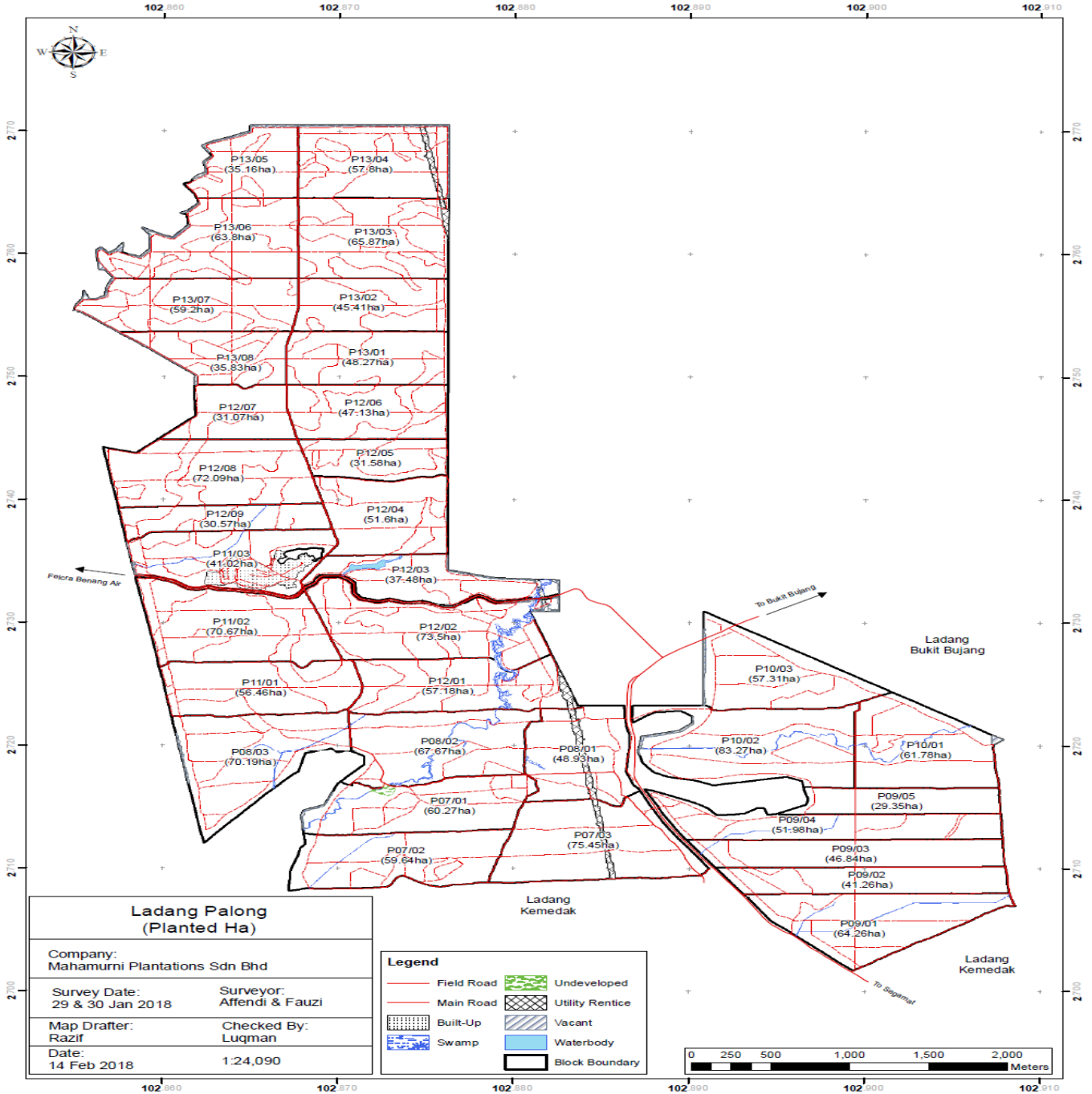
Appendix C: Smallholder Member Details

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				
15				
16				
17				
18				
TOTAL				

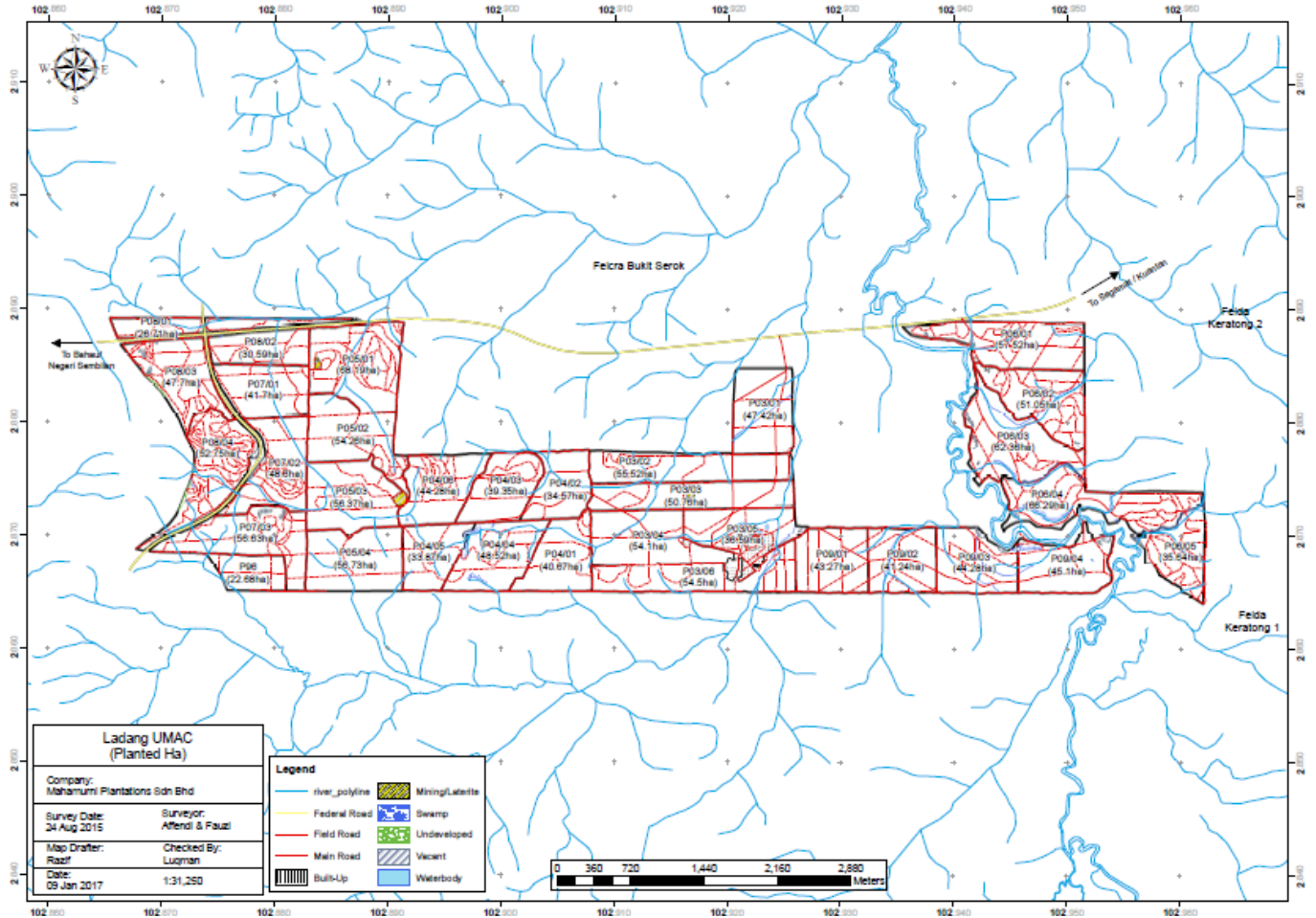
Appendix F: Location and Field Map



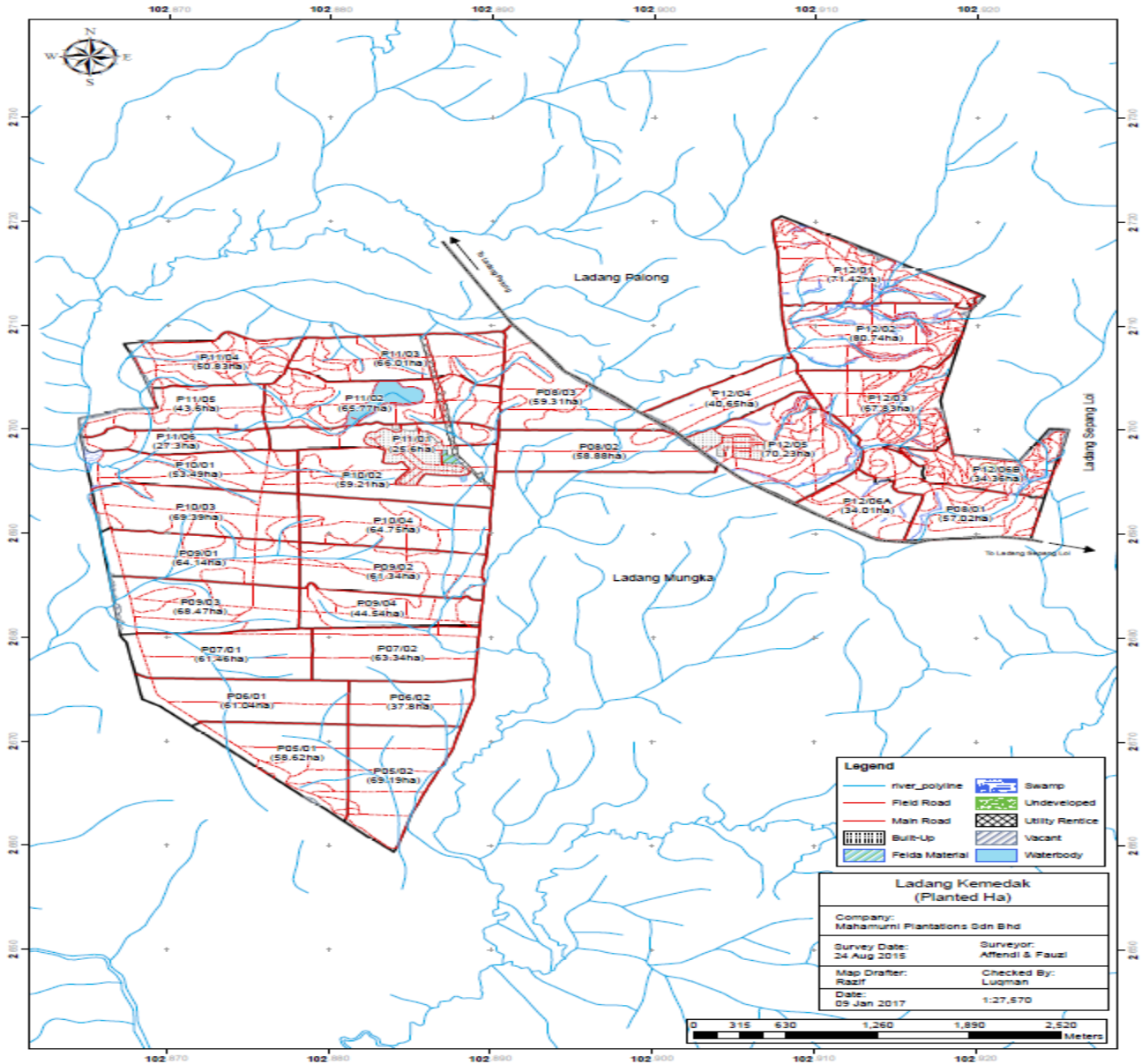
Palong Estate Map



UMAC Estate Map



Kemedak Estate Map



Appendix G: 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