

**MALAYSIAN SUSTAINABLE PALM OIL
SURVEILLANCE ASSESSMENT (ASA 1)
Public Summary Report**

Kulim (Malaysia) Berhad
Head Office: K.B. 705 80990 Johor Bahru, Johor, Malaysia
Certification Unit: Sedenak Palm Oil Mill and Supply Base
Location of Certification Unit: KB 721 80990 Kulai, Johor, Malaysia

Report prepared by:
Hafriazhar Mohd. Mokhtar (Lead Auditor)

Report Number: 9673731

Assessment Conducted by:

BSI Services Malaysia
Suite 29.01, Level 29, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel +6 03 9212 9638 Fax +603 9212 9639
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	3
1.4 Plantings & Cycle	4
1.5 FFB Production (Actual) and Projected (tonnage).....	4
1.6 Certified CPO / PK Tonnage	4
1.7 Certified Area	5
1.8 Details of Certification Assessment Scope and Certification Recommendation:	5
Section 2: Assessment Process	6
1. Assessment Program	7
Section 3: Assessment Findings	8
3.1 Details of audit results	8
3.2 Details of Nonconformities and Opportunity for improvement.....	8
3.3 Status of Nonconformities Previously Identified and OFI	9
3.4 Issues Raised by Stakeholders	11
3.5 Summary of the Nonconformities and Status.....	13
3.6 Summary of the findings by Principles and Criteria	14
Section 4: Assessment Conclusion and Recommendation	117
Appendix A: Assessment Plan	118
Appendix B: List of Stakeholders Contacted	120
Appendix C: Smallholder Member Details.....	121
Appendix D: Sedenak Palm Oil Mill & Supply Base Location	122
Appendix E: Basir Ismail Estate Field Map.....	123
Appendix F: Kuala Kabong Estate Field Map	124
Appendix G: Ulu Tiram Estate Field Map	125
Appendix H: List of Abbreviations	126

Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Sedenak POM: 500058304000 (Validity period: 01/01/2020 - 31/12/2020) Sedenak Estate: 501224702000 (Validity period: 01/04/2019 - 31/03/2020) Kuala Kabong Estate: 503896302000 (Validity period: 01/04/2019 – 31/03/2020) Ulu Tiram Estate: 501257302000 (Validity period: 01/04/2019 – 31/03/2020) Basir Ismail Estate: 501258102000 (Validity period: 01/04/2019 – 31/03/2020) Asam Bubok Estate: 501796602000 (Validity period: 01/10/2019 – 30/09/2020)		
Company Name	Kulim (Malaysia) Berhad		
Address	K.B. 705 Ulu Tiram, 80990 Johor Bahru, Johor		
Group name if applicable:	N/A		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Salasah Elias		
Website	www.kulim.com.my	E-mail	salrasah@kulim.com.my
Telephone	07-8611611	Facsimile	07-8631084

1.2 Certification Information			
Certificate Number	Mill: MSPO 697947 Estates: MSPO 697948		
Issue Date	30/03/2019	Expiry date	29/03/2024
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	N/A (Previously waived since the units are RSPO certified)		
Stage 2 / Initial Assessment Visit Date (IAV)	9-11 October 2018 22-23 May 2019 (extension of scope)		
Continuous Assessment Visit Date (CAV) 1	30 September – 3 October 2019		
Continuous Assessment Visit Date (CAV) 2	N/A		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
EU-ISCC-Cert-DE119-60192022	ISCC EU	ASG CERT	12 March 2020
A116162	MS 1500:2009	JAKIM	30 June 2021
QMS 00705	ISO 9001:2015	SIRIM	14 October 2020
RSPO 537873	RSPO P&C 2013	BSI Services (M) Sdn Bhd	22 January 2024

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	
		Longitude	Latitude
Sedenak Palm Oil Mill	K.B. 721, 80990 Johor Bahru, Johor	103° 32' 17.9628" E	1° 43' 51.0888" N
Sedenak Estate	K.B. 124, 81000 Kulai, Johor	103° 32' 17.9628" E	1° 43' 51.0888" N
Ulu Tiram Estate	K.B. 710, 80990 Johor Bahru, Johor	103° 47' 26.4048" E	1° 37' 28.02" N

MSPO Public Summary Report Revision 0 (Aug 2017)

Kuala Kabong Estate	K.B. 125, 81020 Kulai, Johor	103° 26' 0.87" E	1° 41' 20.1012" N
Basir Ismail Estate	K.B. 502, 81909 Kota Tinggi, Johor	103° 54' 52.0704" E	1° 37' 47.8416" N
Asam Bubok Estate	K.B. 102, 86100 Air Hitam, Johor	103° 57' 46.9332" E	1° 34' 56.7012" N

1.4 Plantings & Cycle

Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Sedenak Estate	302.25	309.81	1,602.73	404.90	-
Ulu Tiram Estate	3.30	211.91	-	24.15	238.72
Kuala Kabong Estate	-	-	1,366.46	-	-
Basir Ismail Estate	208.14	1,422.42	782.71	493.59	-
Asam Bubok Estate	328.94	268.28	56.00	-	-
Total	842.63	2,212.42	3,807.90	922.64	238.72

1.5 FFB Production (Actual) and Projected (tonnage)

Producer Group	Estimated (Oct 2018 – Sep 2019)	Actual (Oct 2018 – Aug 2019)	Forecast (Mar 2020 – Feb 2021)
Sedenak Estate	70,357.50	39,011.02	52,808.00
Ulu Tiram Estate	13,260.20	9,454.56	10,886.00
Kuala Kabong Estate	43,971.20	27,201.46	34,674.00
Basir Ismail Estate	81,068.00	52,264.57	67,933.00
Asam Bubok Estate	5,100.00	4,368.62	7,076.00
Total	213,756.90	132,300.23	173,377.00

1.6 Certified CPO / PK Tonnage

Mill	Estimated (Oct 2018 – Sep 2019)	Actual (Oct 2018 – Aug 2019)	Forecast (Mar 2020 – Feb 2021)
Sedenak Palm Oil Mill Mill capacity: 90 mt/hr	CPO (OER: 21.25%)	CPO (OER: 20.87%)	CPO (OER: 22.48%)
	45,424.61	27,611.06	38,975.15
	PK (KER: 5.48%)	PK (KER: 5.49%)	PK (KER: 5.85%)
	11,705.65	7,263.28	10,142.55

1.7 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Sedenak Estate	2,619.69	26.39	161.92	2,808.00	93.29
Ulu Tiram Estate	478.08	23.11	196.86	698.05	68.49
Kuala Kabong Estate	1,366.46	12.01	339.85	1,718.32	79.52
Basir Ismail Estate	2,906.86	50.69	239.08	3,196.63	90.94
Asam Bubok Estate	653.22	-	14.51	667.73	97.83
Total	8,024.31	112.20	952.22	9,088.73	88.29

*Bukit Layang Estate which was previously included in supply base has been removed by client since the estate does no longer supplying Sedenak Mill

** Infrastructure areas in Ulu Tiram Estate (UTE) and Kuala Kabong Estate (KKE) which were previously surrendered for property development project were returned back by the property division for plantation to manage while development project were put on-hold by group company

1.8 Details of Certification Assessment Scope and Certification Recommendation:
<p>BSI Services Malaysia Sdn Bhd has conducted the Certification Annual Surveillance Assessment of Sedenak Palm Oil Mill and Supply Base Estates, located in Johor Bahru, Johor, Malaysia comprising of Sedenak Palm Oil Mill and five (5) estates (Sedenak Estate, Ulu Tiram Estate, Kuala Kabong Estate, Basir Ismail Estate and Asam Bubok Estate) and infrastructures.</p> <p>The assessment was conducted onsite to assess the compliance of the certification unit against the MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder, MS 2530-4:2013 Part 4: General principles for palm oil mills and MSP0 Guidance.</p> <p>The onsite assessment was conducted on 30/09–03/10/2019.</p> <p>Based on the assessment result, Sedenak Palm Oil Mill and Supply Base Estates complies with the MS 2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholder and MSP0 Guidance and recommended for certification.</p>

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd
Suite 29.01, Level 29, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel +6 03 9212 9638 Fax +603 9212 9639
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 30/9 – 3/10/2019. The audit programme is included as Appendix A. The approach to the audit was to treat the Sedenak Palm Oil Mill and Supply Base 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 HBVs, 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 and MS 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula $S = r\sqrt{n}$ where n is the number of estates while when applicable, the smallholders sample were determined following the MSP0 Certification Requirement. The sampling of smallholders were based on the formula $(r\sqrt{n})$; where r is the risk factor (may defer 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 estate. 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.

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

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Sedenak Palm Oil Mill	✓	✓	✓	✓	✓
Sedenak Estate	✓	-	✓	-	✓
Ulu Tiram Estate	✓	✓	-	✓	-
Kuala Kabong Estate	-	✓	-	✓	✓
Basir Ismail Estate	-	✓	✓	-	✓
Asam Bubok Estate	✓	-	✓	✓	-

Tentative Date of Next Visit: December 1, 2020 - December 4, 2020

Total No. of Mandays: 8 mandays

BSI Assessment Team:

Hafriazhar Mohd. Mokhtar – Lead Assessor

Hafriazhar Mohd. Mokhtar is a Chemical Engineer by qualification. He has more than five years of direct work experience in the upstream processes of palm oil within the plantation industry. He is a qualified Lead Auditor for CDM, ISO 9001, ISO 14001, ISO 45001 and ISO 50001 and has accumulated more than 1000 audit days throughout his current career as the auditor for multiple disciplines covering Malaysia, Indonesia and Thailand. He has been trained in the RSPO P&C and SCCS standards and recently completed his RSPO P&C Lead Assessor training and has been involved in RSPO audits within Malaysia, Papua New Guinea, Solomon Islands, Gabon, Nigeria and Pakistan. During assessment, he covered the estate best practices, legal issues, social issues, workers consultation, stakeholder consultation, environmental and occupational safety & health. He is fluent in Bahasa Malaysia and English languages.

Daniel Francis – Team Member

Daniel Francis is a fulltime employee with BSI Services Malaysia. He holds a Bachelor of Applied Science Degree in Food Science, graduated from Charles Sturt University, Australia. He has over 8 years of working experience in the oil and gas industry and 3 years in the food & beverage industry. He is an experienced auditor for several management system standards including ISO 9001, ISO 14001, OHSAS 18001 and Integrated Management System. He had completed the ISO 9001:2015 Lead Auditor Course and RSPO SCC Lead Auditor Course. He had been involved in the RSPO audits with various companies in Malaysia. During assessment, he covers the legal issues and occupational safety and health.

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

The nonconformity is listed below.

During the Certification Assessment there were five (5) opportunities for improvement raised. The Sedenak Palm Oil Mill Certification unit had continued to implement the management system effectively.

The implementation of the management system however can be further improved based on the Opportunities for Improvement highlighted as following:

Opportunity For Improvement		
Ref	Area/Process	Clause
1830918-201906-I1	Sedenak Palm Oil Mill/MS 2530:2013 Part-4	4.2.2.3 - Part 4
Objective Evidence:	Timely maintenance of records for communications and action taken in response to feedbacks/requests/enquiries from stakeholders could be further improve by the Sedenak Mill and relevant department involved	

Opportunity For Improvement		
Ref	Area/Process	Clause
1830918-201906-I2	Kuala Kabong Estate/MS 2530:2013 Part-3	4.4.5.10 - Part 3
Objective Evidence:	Accurate and timely transition of Foreign Workers Compensation Scheme contribution to mandatory Social Security Organisation contribution could be further improved by Kuala Kabong Estate	

Opportunity For Improvement		
Ref	Area/Process	Clause
1830918-201906-I3	Sedenak Palm Oil Mill/MS 2530:2013 Part-4	4.5.3.2 - Part 4
Objective Evidence:	Waste management plan could be further improved for pollution prevention and control by the mill	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Opportunity For Improvement		
Ref	Area/Process	Clause
1830918-201906-I4	Estates/MS 2530:2013 Part-3	4.5.3.3 - Part 3
Objective Evidence:	Consistency in the handling of used chemical containers could be further improved by all estates	

Opportunity For Improvement		
Ref	Area/Process	Clause
1830918-201906-I5	Estates/MS 2530:2013 Part-3	4.5.5.1b - Part 3
Objective Evidence:	The analysis of outgoing water samples by estates could be further improved its monitoring of analysis results for parameters that might negatively impacted the natural waterways	

Noteworthy Positive Comments	
1	Good implementation of Good Agricultural Practices (GAP)
2	Positives feedbacks from external stakeholders

3.3 Status of Nonconformities Previously Identified and OFI

Minor Nonconformities:		
Ref	Area/Process	Clause
NC ID from eReport	1778445-201905-N1	4.4.5.4 – Part 3
Requirements:	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.	
Statement of Nonconformity:	Assurance of employees of contractors are paid based on legal or industry minimum standards was not effectively demonstrated.	
Objective Evidence:	<p>There are total of 6 contractor’s workers under SOKO SK Enterprise for contract harvesting at P14 for 78.75 ha. The pay slips for April 2019 of workers checked:</p> <ul style="list-style-type: none"> i) Passport no. B4065850, total working days (26 days), FFB external records (16 days working) ii) Passport no. C0817589, total working days (26 days), FFB external records (16 days working) iii) Passport no. B292085, total working days (26 days), FFB external records (16 days working) <p>The is no effective mechanism used by the estate to monitor and 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. Furthermore, total salary paid for the month of April is combined with other jobs offered in other location.</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Corrections:	<p>1. The estate management will monitor the total bunches and tonnage for every contactor worker to verify, that the income is paid based on the work done either on normal days or public holiday etc, and to be verified by both parties.</p> <p>2. Company will issue out notification circular for Operating units (estate) with regards to the need/request of the contractor to comply on a ratio of worker depending of the crop pattern in every 4th quarter yearly, are enough to meet the minimum wages for the workers, without transferring them to other location.</p> <p>The estate management shall communicate the information to respective harvesting contractor's to be acknowledged by the contractors and record to be kept in file.</p>	
Root cause analysis:	<p>1. There is no proper record on attendances and total bunches harvested per harvesters</p> <p>2. Because of low crop season, Contractor needs to offer other jobs in other location, for fulfilling minimum wages requirement.</p>	
Corrective Actions:	<p>1. The Estate management shall advise, brief and explain to their harvesting contractors on the guidance of offering work/ratio to their workers and ensure their workers are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>2. Estates Managers are to ensure the understanding of the harvesting contractor.</p> <p>3. For control purposes, a proper record of attendances, harvester's bunches and tonnage are to be kept in a book for future reference</p> <p>4. The record should be prepared by the contractor and a copy to estate's office for acknowledgement and verification by Estate' Manager/AM in-charge</p> <p>5. The respective contractor is required to provide copy of salary slip for all their workers for estate to check and acknowledge the amount that being paid for the workers are based on legal or industry minimum standards, according to the employment contract.</p>	
Assessment Conclusion:	<p>ASA 1 verification:</p> <p>During the site visit of sampled esates, it was found that the contractors have signed on the contract agreement with the terms that they must comply with legal requirements on the wages for their workers. It was clearly stated that all contractors' workers shall achieved Minimum Wage Order 2018 in the agreements for contractor as below:</p> <ul style="list-style-type: none"> - Perniagaan Md Sangidi - Az Iman Resources Sdn Bhd <p>The sampled payslip shown they have complied with the requirements. The contractors' workers also signed on the employment contract where basic salary, annual leave and public holiday entitlement, termination of service and etc was clearly outlined in the contract.</p> <p>The corrective actions taken confirmed to be effective to address the issue, hence Minor NC was closed on 3/10/2019.</p>	
MinorNonconformities:		
Ref	Area/Process	Clause
NC ID from eReport	1778445-201905-N2	4.4.4.2 – Part 3
Requirements:	<p>The occupational safety and health plan shall cover the following:-</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>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Statement of Nonconformity:	Availability of approved first aid box item is not effective monitored.
Objective Evidence:	First Aid equipment was available at each worksite however found expired iodine and other items in first aid box at Fertilizer application site
Corrections:	<ol style="list-style-type: none"> 1. The Estate manager to appoint person in charge and provide schedule for inventory inspection of all first aid kit box. 2. Estate to update all first aid boxes with sufficient items as per act at worksites. 3. Estate to provide monthly awareness and refresher to be done during muster rollcall to all first aid box in charge
Root cause analysis:	<ol style="list-style-type: none"> 1. Estate has prepared the first aid box as part of the requirement but failed to carry out inventory inspection to avoid any expired items. 2. This inventory inspection had been clearly informed and advised during internal audit visit recently dated 11 April 2019, however Asam Bubuk Estate has yet to implement as per requirement.
Corrective Actions:	<ol style="list-style-type: none"> 1. Estate to ensure maintenance of first aid equipment conducted with proper records available to avoid any expired or insufficient items in future. 2. All first aid box inspection program by respective person in charge has to be properly documented and recorded for future reference. 3. Record should be verified by the manager with easy retrieval during audit or by any visitors or authorities 4. Documented recording on the first aid box, inventory inspection program shall be submitted to Internal Auditor (SQD) for evidence of improvement
Assessment Conclusion:	<p>ASA 1 verification:</p> <p>During the site visit of sampled estates, it was found that each estate had employees trained in First Aid present at all estates operation worksites. First Aid equipment was available at each worksite. All items/contents in the first aid box found adequate and not expired.</p> <p>The corrective actions taken confirmed to be effective to address the issue, hence Minor NC was closed on 3/10/2019.</p>

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Feedbacks:</p> <p>Schools has received full support from the management through the contribution. However, there are some request such as:</p> <ul style="list-style-type: none"> - SK Nam Heng: Road widening in front of school and hump. - SJK(T) Ladang Sedenak: Request to catch snake in store room, small plot for student’s agriculture activity and humps in school compound.
	<p>Management Responses:</p> <p>Management noted on the request and will have action plan to implement it.</p>
	<p>Audit Team Findings:</p> <p>No further issue.</p>
2	<p>Feedbacks:</p> <p>MPKK Kampung Melayu Sedenak</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

	<ul style="list-style-type: none"> - The exit road from mill to outside is oily. - There was an incident of broken bund in Sedenak POM which affecting the water source to the villagers. - Other than that, the relationship between villagers and management is good. Management has provides the paint and clean the mosque in Kampung Melayu Sedenak. <p>FELDA Ulu Tebrau Management has maintained a good relationship with Felda villagers, for example is Kembara Mahkota Johor 2019</p> <p>FELDA Bukit Batu Kuala Kabong Estate has given good support to the community by collaborating event such as Maulidur Rasul and Sukan Rakyat. Only one request been made which is to arrange the lorry avoiding peak hour (school times out) from using the main road for school children safety since an accident occurred last year.</p> <p>Management Responses: Management noted on the request and will have action plan to implement it.</p> <p>Audit Team Findings: Will be verified in the next surveillance assessment.</p>
<p>3</p>	<p>Feedbacks: FFB supplier (Kebun Sedenak Sdn Bhd)</p> <ul style="list-style-type: none"> - Since there was an incident of broken bund in Sedenak POM occurred in the past 2 months, they have to send their FFB to other Kulim mill which was Sindora POM. However, the FFB price paid in Sindora is not as per agreement in Sedenak POM which is lower. Email on the price enquiry has been sent by Kebun Sedenak Sdn Bhd to Sedenak POM 2 months ago and by hand this week but yet to receive any respond. <p>Electrical supplier (Maju Estate Supply Trading)</p> <ul style="list-style-type: none"> - Timing of work is in weekday for Johor state (Sunday) but weekend for most of the shops make it difficult to find spare parts. <p>Management Responses:</p> <ul style="list-style-type: none"> - Mill management has escalated the issue to the Marketing Department and already responded to the e-mail explaining why there are differences in the FFB prices which are transportation charge and FFB quality. - Noted on the request and will arrange the best time to implement the works. <p>Audit Team Findings: Verified the correspondences between Kebun Sedenak Sdn Bhd and Kulim Marketing Department. Will be verified in the next surveillance assessment</p>
<p>4</p>	<p>Feedbacks: Contractor (Punitha Enterprise) Rubbish collection has been made 3-4 days in a week and will be sent from linesite to landfill.</p> <p>Contractor (Soko SK Enterprise) There were 8 contract workers in Basir Ismail Estate and stayed in the estate housing. So far, no complaint with regards of workers, payment, agreement, etc. Everything went well and estate has maintained a good relationship with the contractor.</p> <p>Management Responses: Management noted on the information and will continue the good practices.</p> <p>Audit Team Findings: No further issue</p>
<p>5</p>	<p>Feedbacks: Contractor Worker in Ladang Ulu Tiram (Jono) The salary payment from his boss (the contractor) is late which is sometimes at 15th.</p> <p>Management Responses:</p>

MSP0 Public Summary Report
Revision 0 (Aug 2017)

	Management will have a meeting and inform contractor immediately.
	Audit Team Findings: Will be verified in the next surveillance assessment.

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1778445-201905-N1	Minor (4.4.5.4 – Part 3)	23/05/2019	Closed on 03/10/2019
1778445-201905-N2	Minor (4.4.4.2 – Part 3)	23/05/2019	Closed on 03/10/2019

3.6 Summary of the findings by Principles and Criteria

MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) 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 -	MSPO Policy dated 1/5/2018 Signed by Executive Director, Mr. Zulkifly Zakariah has been established and implemented. Records on policy communication sighted with latest policy awareness & refresher course on ISO, RSPO, MSPO, ISCC, Halal & OSH; Date: 1/8/2019 was conducted in Sedenak complex.	Comply
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	Comply
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 -	Internal audit planned and implemented based on the written procedure of Sustainable Management System, Internal Audit Doc. # SQD/SMS/5.0; Issue # 1; Date: 1/7/2018 as the Internal Audit Procedure where the MSPO audit shall be conducted as per Internal Audit Process which covers internal audit schedule (plan), audit report, non-conformance report, correction and corrective action, review and	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		closing the NCR. Internal audit for all estates within Sedenak complex was planned for the period from 19/8/2019 – 24/10/2019.	
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	As per SOP, the management has conducted the Internal Audit at least once within 12 months (before the expiry of the certificate). Internal audit Non-conformance Report and Internal Audit checklist dated 27/8/2019 sighted for Basir Ismail Estate and available during the audit. Corrective action plan was submitted by Basir Ismail estate on 12/9/2019. Previous internal audit was conducted on 10/4/2019.	Comply
4.1.2.3	Report 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 27/8/2019 and previously 10/4/2019.	Comply
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 -	Management review for Basir Ismail was last conducted on 5/9/2019. The meeting was chaired by Senor Estate Manager and attended by estate management team. Frequency of meeting is on annual basis where previous meeting was conducted on 2/10/2018. Management review meeting for Kuala Kabong Estate was conducted on 29/8/2019. For Ulu Tiram Estate, management review meeting was conducted on 30/9/2019.	Comply

Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company. - Major compliance -	The latest Continual Improvement Plan for FY 2019 enlisting few action plans for continuous improvement projects. Continual improvement action plan established based on consideration of main social and environmental impact, workers welfare, waste management occupational health and safety and operation improvement.	Comply
4.1.4.2	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption. - Major compliance -	The 2019 OPEX budget has include training budget and operations improvement including environmental improvement, worker welfare, OHS etc. Interview with workers confirmed trainings are provided by company on regular basis. New technologies introduced; <ul style="list-style-type: none"> - Clean emission system to comply with EQ (Clean Air) Regulation 2014 – Installation of Electrostatic Precipitator (ESP) expected completion November 2019 - Improved online black smoke monitoring system (CEMS) - To improve the BOD level for Pollution Control Device (PCD) & storm drain to meet the EQA 1977 (2nd Schedule) – Installation of POME Tertiary Treatment Plant (Polishing Plant) expected completion December 2019 - CSR with public educational institution - Implementation of OSH Code of Practice 	Comply
4.1.4.3	An action plan to provide the necessary resources	The CU adopted several continuous improvements in reducing of pesticides i.e. increasing planting of beneficial plants mainly Tunera	Comply

Criterion / Indicator		Assessment Findings	Compliance
	<p>including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.</p> <p>- Major compliance -</p>	<p>subulata, Cassia cobanensis and Antigonon leptopus and continue to monitor pest through Early Warning System.</p> <ul style="list-style-type: none"> - The CU also adopted planting of Legominius Cover Crop mainly Pueraria Javanica, eupobia and Calopogonium Mucunoides at replanting area to minimize circle and selective weeding. - Neproliphis biserata was maintained and encouraged to be planted in the estates. This can be seen in their continuous improvement plan. This was to suppress growth of noxious weeds and thus reduce the use of pesticides for selective weeding. - c) Woody sprayings were carried out whenever necessary and only twice a year. Blanket spraying was not practiced encouraging soft grasses in inter row and frond stacking area 	
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	<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 tool box, meeting with representatives, inspections, suggestion boxes, memo, stakeholder meeting and etc.</p>	Comply
4.2.1.2	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental</p>	<p>There's an 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</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
	<p>or social outcomes.</p> <p>- Major compliance -</p>	<p>that the following documents are available if requested and they do not impinge on confidentiality and will not cause detrimental sustainability or social outcomes.</p> <p>Among documents made available for viewing include the following:</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>			
<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>The same Communication Procedure V2.0 dated November 2009 has been established. The objective of the procedure is to effectively communicate with internal and external stakeholders on matter pertaining to social and environmental aspect and impacts,</p>	<p>Comply</p>

Criterion / Indicator		Assessment Findings	Compliance
		<p>performance and safety & health issue. There’s also a Grievance Policy signed by company’s Executive Director dated 1/5/2018 as part of the consultation and communication procedures implementation.</p> <p>Sampled communications records sighted available including the following:</p> <ul style="list-style-type: none"> - DOE Johor Field Citation; JAS/ATOP1/08/2015; Citation date: 21/4/2019; Mill response date: 17/5/2019 - DOSH Johor Inspection Visit Record Book; Latest inspection and comment dated 8/9/2019 – response action plan in-progress <p>Records of other stakeholders’ enquiry/communication also maintained in the Enquiry Register Book. Last enquiry recorded was dated in 17/9/2018. Latest enquiry received from internal stakeholder responded by the estate management on the same day on 8/8/2019.</p>	
4.2.2.2	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>	<p>The person having overall responsibility for and authority over the implementation for RSPO, MSPO and ISCC Certification Program is the Head of each operating unit as per appointment letter SQD/ADMIN/017/19; Dated 22/9/2019. For Basir Ismail Estate, the Senior Estate Manager is Mr. Farouk Zaki Zakari. Additionally, the Estate Manager appointed the Assistant Manager, Mr. Mohd. Raziz Rahmat as the Social Person In-Charge as per letter dated 1/3/2019. Appointed Person In-Charge for Ulu Tiram Estate is Pn. Zuraidah Yusof (Chief Clerk) as per letter dated 1/7/2017.</p>	Comply
4.2.2.3	<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>The estates registered and maintained its stakeholder information in the List of Stakeholders file consist of internal and various external</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	stakeholders categories among Authorities, Local Government Agencies, Communities, Contractors, Suppliers, Transporters and etc. Previous stakeholder consultation meeting was conducted on 24/8/2018 at Nam Heng Country Club (NHCC) of Basir Ismail Estate. 34 internal and external stakeholders attended the meeting. Latest meeting was conducted on 3/9/2019 for overall Sedenak Complex level at Legend Golf Resort, Sedenak with a total attendance of 45 internal and external stakeholders. Sighted the feedbacks from stakeholders recorded in the minutes of meeting and some included in the social management action plan.	
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). - Major compliance -	The written procedure available is Sustainable Management System; Traceability; Doc. # SQD/SMS/1.2; Issue # 1; Date: 28/2/2019 for the implementation of traceability requirements.	Comply
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	The estate management conducted regular inspections via daily checking of various operation and production documents and records including the weighbridge tickets, daily production records and etc. Additionally, annual internal audit was conducted by HQ Sustainability and Quality Department (SQD) personnel to ensure compliance with established traceability system. Latest internal audit was conducted on 27/8/2019 and previously 10/4/2019.	Comply
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system.	The person having overall responsibility for and authority over the implementation for RSPO, MSPO and ISCC Certification Program is the	Comply

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	Head of each operating unit as per appointment letter SQD/ADMIN/017/19; Dated 22/9/2019. For Basir Ismail Estate, the Senior Estate Manager is Mr. Farouk Zaki Zakari. Additionally, the Estate Manager appointed the Assistant Manager, Mr. Saipul Bahtiar Lubis Amran as the Traceability Person-In-Charge as per letter dated 1/1/2019.	
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	<p>All estate under Kulim Sedenak Complex does not sell or deliver its FFB to external buyers except for own Sedenak mill only. Delivery records were maintained and kept for 5 years prior to disposal. Sample delivery sighted as following:</p> <ul style="list-style-type: none"> - Estate: Basir Ismail; Field: 2011, 2012, 2013; DO # 087726; Mill weighbridge ticket # 381434; Net weight: 41.27 mt; Lorry # JMV 5011 - Estate: Basir Ismail; Field: 1998A, 1998B, 2015; DO # 087727; Mill weighbridge ticket # 381444; Net weight: 45.32 mt - Estate: Kuala Kabong; Field: 1999, 2000, 2001, 2002; DO # 029099; Mill weighbridge ticket # 382198; Net weight: 31.38 mt - Estate: Kuala Kabong; Field: 1999, 2000, 2001, 2002; DO # 029096; Mill weighbridge ticket # 382129; Net weight: 31.92 mt - Estate: Ulu Tiram; Field: 2013; DO # 012183; Mill weighbridge ticket # R378969; Net weight: 38.74 mt - Estate: Ulu Tiram; Field: 1990B; DO # 012181; Mill weighbridge ticket # R378799; Net weight: 36.34 mt 	Comply

Criterion / Indicator	Assessment Findings	Compliance
4.3 Principle 3: Compliance to legal requirements		
Criterion 4.3.1 – Regulatory requirements		
4.3.1.1	<p>All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p> <p>Sampled of licenses and permits:</p> <p><u>Basir Ismail Estate</u></p> <ul style="list-style-type: none"> - MPOB license 501258102000 valid from 01/04/2019 – 31/03/2020. - Diesel permit, ref. no. KPDKKK.J.KTG/PERMIT 0153 (PD) serial no.: J/KTG 000018 for 10,000 liter valid from 11/03/2019 – 10/03/2020. - Certificate of fitness for air receiver #JH PMT 24676 valid until 16/09/2020. - JTK Salary Deduction Permits Ref. # TK(NJ)U-21; Date: 31/3/2019 for deductions of Skim Khairat Keluarga Perbadanan Johor RM5 – RM37.50; Kelab Sukan dan Rekreasi <RM10; Kos perubatan 50% - 75%) - JTK Salary Deduction Permits Ref. # (4)dml.PTKJB/10101/34989(PMT); Date: 27/8/2012 for deductions of AMESU & Tabung Haji - JTK Salary Deduction Permits Ref. # (2)dml.PTKJB/10101/34989(PMT); Date: 18/1/2012 for deductions of Kelab Sukan, Khairat, Surau & Bil Elektrik <p><u>Kuala Kabong Estate</u></p> <ul style="list-style-type: none"> - MPOB license 503896302000 valid from 01/04/2019 – 31/03/2020. 	<p>Comply</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - Petrol & Diesel permit, ref. no. KPDNHEP.J-JB/26/05A/11/851 (P/D) (P12) serial no.: J/JOH 000115 for Diesel (8,000 liter) and Petrol (400 liter) valid from 10/05/2019 – 09/05/2020. - Certificate of fitness for air receiver #JH PMT 22737 valid until 11/09/2020. <p><u>Ulu Tiram Estate</u></p> <ul style="list-style-type: none"> - MPOB license 501257302000 valid from 01/04/2019 – 31/03/2020. - Diesel permit, ref. no. KPDNKK.J.JB/26/5A/11/811 (P/D) (P10) serial no.: J 038924 for 14,000 liter valid from 10/10/2018 – 09/10/2019. - Certificate of fitness for air receiver #JH PMT 22863 valid until 22/09/2020. - Windfall Profit Levy Act 1998 registration no: J31-200800000189; file no: KE.JB(101)009/20/BS/01/189 effective from 15/07/2008. - JTK Salary Deduction Permits Ref. # TK(NJ)U-21; Date: 9/8/2018 for deductions of Perlindungan Insurans Berkelompok Hospitalisasi dan Pembedahan Great Eastern Life Assurance (Malaysia) < RM10/month & Kelab Sukan dan Rekreasi <RM10 	
4.3.1.2	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>Kulim Group Compliance Framework dated 05/08/2019 for reporting period 01/05/2019 – 30/06/2019 for Sedenak Complex was made available for review.</p> <p>All applicable laws and regulations to their operation such as OSHA 1996, FMA 1978, Min. Housing and Amenities Act 1990 and others been listed.</p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
<p>4.3.1.3</p> <p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p>- Major compliance -</p>	<p>The following law and acts incorporated in Kulim Group Compliance Framework dated 05/08/2019:</p> <ul style="list-style-type: none"> - Employee Social Security Act 1969 (Act 4); - Employees Social Security Act (Amendment of First Schedule) (No. 2) Order 2018; - Employees Social Security (Exemption of Foreign Workers)(Revocation) Notification 2018; 	<p>Comply</p>
<p>4.3.1.4</p> <p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>Sighted letter for the appointment of Regional Controller (RC) Executive as the Person Responsible for Compliance (PRC) for updating changes in laws and compliance monitoring.</p> <p><u>Basir Ismail Estate</u></p> <p>Refer to appointment letter ref: (06) RMC/COM/GM/19/05 dated 02/05/2019 for Cik Nurfazliwati Suzana Zainal (RC Executive Siang Complex).</p> <p><u>Kuala Kabong Estate</u></p> <p>Refer to appointment letter ref: (15) RMC/COM/GM/18/10 dated 27/06/2018 for Cik Handayani Bagong (RC Executive - Sedenak Complex).</p> <p><u>Ulu Tiram Estate</u></p> <p>Refer to appointment letter ref: (15) RMC/COM/GM/18/10 dated 27/06/2018 for Cik Handayani Bagong (RC Executive - Sedenak Complex).</p>	<p>Comply</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		Tracking system available to identify changes in the relevant regulations through head office under Risk Management and Compliance Department and site representative. Tracking system on any changes in the law been well implemented.	
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 -	Kulim Malaysia Berhad has documented procedure on SPO Rights to Use the Land Program dated 4/9/2007 to ensure that their oil palm cultivation do not diminish the land use rights of other users.	Comply
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 -	The estate management provided documents showing legal ownership, history of land tenure and the actual use of the land as following: <u>Basir Ismail Estate:</u> Based on Summary of Area Statements for Commercial Survey dated 13/3/2018: Planted: 2,906.77ha; Documents showing legal ownership total 29 titles. Quit rent for 2019 has been paid by HQ as per Payment Receipt # B0343047 – B0343066; Dated 1/5/2019. Sighted samples: - Title # 22665; Mukim: Sungai Tiram; Lot # 1421; Area: 0.2696ha; Date registered: 13/3/1968 - Title # 105252; Mukim: Sungai Tiram; Lot # 178; Area: 2.2966ha; Date registered: 15/6/2004 - Title # 29320; Mukim: Sungai Tiram; Lot # 1519; Area: 1,607.3691ha; Date registered: 10/1/1989 <u>Kuala Kabong Estate:</u> Based on Summary of Area Statements for Commercial Survey dated 18/6/2017: Planted: 1,622.70ha; Documents showing legal ownership	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance								
		<p>consists of 1 single land title. Quit rent for 2019 has been paid by HQ as per Payment Receipt # B0342807; Dated 2/5/2019. Sighted the Title # 41938; Mukim: Bukit Batu; Lot # PTD 10294; Area: 1,736.1029 ha; Date registered: 27/12/2007. Sighted in the area statement that there was a land acquisition by TNB in lot # PTD 10294 (5544) for total of 17.78 ha from original (1,736.10 ha) lead to total of 1,718.32 ha of current total area.</p> <p><u>Ulu Tiram Estate:</u> Based on Summary of Area Statements for Commercial Survey dated 10/2/2019: Planted: 478.08ha; Documents showing legal ownership total 22 titles. Divided by 3 ownership i.e. Kulim; Kulim & Jland; Jland Berhad. Quit rent for 2019 has been paid by HQ as per Payment Receipt # B0342815 – B0342824; Dated 1/5/2019. Sighted samples:</p> <ul style="list-style-type: none"> - Title # 96632; Mukim: Kota Tinggi; Lot # 17; Area: 8.2176ha; Date registered: 27/10/2005 - Title # 96636; Mukim: Kota Tinggi; Lot # 1175; Area: 8.2378ha; Date registered: 20/9/2005 - Title # 354254; Mukim: Tebrau; Lot # PTD 105774; Area: 101.058ha; Date registered: 27/5/2003 									
4.3.2.3	<p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>All the Estates possessed maps showing the locations of boundary stones/pegs that have been physically located and marked. Inspection of boundary stones/markers during the field visits confirmed that they were clearly marked and maintained.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>No.</th> <th>Estate</th> <th>Boundary site</th> <th>Neighboring properties</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Sedenak</td> <td>P01/Block 6</td> <td>Smallholder</td> </tr> </tbody> </table>	No.	Estate	Boundary site	Neighboring properties	1	Sedenak	P01/Block 6	Smallholder	Comply
No.	Estate	Boundary site	Neighboring properties								
1	Sedenak	P01/Block 6	Smallholder								

Criterion / Indicator		Assessment Findings				Compliance
				P01/Block 5	Kg. Melayu Sedenak	
		2	Kuala Kabong	P01/Block 4	Pineapple farm	
				P01/Block 1	Smallholder	
				P02/Block 2	Smallholder	
		3	Basir Ismail	P98B/Block 1	PULADA Camp	
				P13/Block 1	Kg. Air Putih	
		4	Ulu Tiram	P89/Block 1	Felda Ulu Tebrau	
				P12/Block 1	Pelangi Indah Dev.	
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	There is no land dispute in estates under Sedenak Palm Oil Mill Certification Units at the time of audit. The estate management provided documents showing legal ownership, history of land tenure and the actual use of the land of individual land titles area as in indicator 4.3.2.2 above.				Comply
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. The existing estates are not encumbered by any customary land rights. The company has constructed trenches, wooden pegs and gates to differentiate the land boundaries. No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported during the time of audit.				Comply

Criterion / Indicator		Assessment Findings	Compliance
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available. - Minor compliance -	The estate lands are legally owned by the company. The existing estates are not encumbered by any customary land rights. The company has constructed trenches, wooden pegs and gates to differentiate the land boundaries. No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported during the time of audit.	Comply
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	The estate lands are legally owned by the company. The existing estates are not encumbered by any customary land rights. The company has constructed trenches, wooden pegs and gates to differentiate the land boundaries. No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported during the time of audit.	Comply
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	Identified and established as Social Impact Register; Social Aspect Serial # SR 001 – SR 056. Identification was based on assessment and Social Audit Consultation with internal and external stakeholders. Aspect being assessed its impact as per procedure of Evaluation of Impact Significant which were calculated its significance rating based on Frequency, Consequences and Likelihood parameters. Identified significant social impact was taken action with established <i>Cadangan Penambahbaikan Sosial bagi Ladang Basir Ismail 2019</i> ; Date: 15/9/2019; Prepared by: MR; Sample:	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - Aspect Serial # LBI02; Category: Welfare; Impact expected: Negative; Issue: Double paid & wrong credited salary; Action: Reimbursement and reconciliation of salary payment - Aspect Serial # LBI05; Category: Safety; Impact expected: Positive; Issue: Provision of free PPE to workers; Action: Periodical issuance of PPE to workers 	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>System established based on documented SPO Grievance Procedure Program; Dated: 4/9/2018 as Kulim Grievance Procedure Plans and Grievance Policy (Polisi Kilanan dated 1/5/2018) to handle complaints from internal and external stakeholders. There's also Specific grievance mechanism which respects anonymity and protects complainants as requested established with appointed Panel Aduan Wanita; 07/11/2016 among woman employees to receive the grievance if any for Sedenak complex.</p>	Comply
4.4.2.2	<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>The Enquiry Register and Housing Complaint Logbook was established and implemented in the mill and estates to record any complaints from the stakeholders. Records shown the management has taken action to rectify the complaints and updated the actions taken in the form and logbook. The complainant has acknowledged on the complaint form after the issue has been resolved by the management in Sedenak Palm Oil Mill & Estates.</p>	Comply
4.4.2.3	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.</p>	<p>The Enquiry Register and Housing Complaint Logbook were being used to record any request, complaints and grievances from the stakeholders.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	There was no any complaints recorded since last audit except for housing damages which were resolved within timeframe.	
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	Interview conducted with the stakeholders confirmed that they are understood about the complaint procedure.	Comply
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 -	The Enquiry Register and Housing Complaint Logbook were being used to record any request, complaints and grievances from the stakeholders. There was no any complaints recorded since last audit except for housing damages which were resolved within timeframe.	Comply
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 -	Contributions made based on consultation as per SPO Corporate Social responsibility programs – Kulim Corporate Social Responsibility. It was sighted in Integrated Annual Report 2018 “Strengthening Core Competences”, among the program is as below: - Persatuan Bola Sepak Negeri Johor - Raja Zarith Sofiah Wildlife Defenders Challenge 2018. - PINTAR foundation. - Yayasan Johor Corporation	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<p>Apart from that, the contribution for community also been implemented within each unit. Sighted sampled as below:</p> <ul style="list-style-type: none"> - Ulu Tiram Estate: Hari Keusahawanan Sekolah 2019 at SJK(T) Ladang Ulu Tiram on 22.09.2019 (RM100) – Payment number 19000050. - Basir Ismail Estate: Sumbangan Merentas Desa SJK(T) Ladang Nam Heng on 13/09/2019 (RM100) – Payment number 19000190. - Kuala Kabong Estate: Donation for Maulider Rasul SKLKTP Bukit Batu (RM 100) on 28/02/2019. 	
Criterion 4.4.4: Employees safety and health			
4.4.4.1	<p>An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>An Occupational Safety & Health Policy had been established and implemented.</p> <p>The policy signed by the Executive Director of Kulim (Malaysia) Berhad on 01/05/2018 and displayed prominently on notice boards in Bahasa Malaysia.</p> <p>An OSH Plan had been established and Implemented.</p> <p><u>Chemical Health Risk Assessment (CHRA)</u></p> <p><u>Basir Ismail Estate</u></p> <p>CHRA conducted on 26/02/2018 – 13/08/2018 by registered assessor, Hjh Noormahani Harun (JKKP HQ/03/ASS/00/154) & Aisyah Borhan (HQ/12/ASS/00/309) of QMSPRO Sdn Bhd. Based on the CHRA, 17 findings/recommendations reported.</p>	Comply

Criterion / Indicator	Assessment Findings	Compliance
	<p><u>Kuala Kabong Estate</u></p> <p>CHRA conducted on 16/04/2018 – 13/08/2018 by registered assessor, HjH Noormahani Harun (JKKP HQ/03/ASS/00/154) & Aisyah Borhan (HQ/12/ASS/00/309) of QMSPRO Sdn Bhd. Based on the CHRA, 17 findings/recommendations reported.</p> <p><u>Ulu Tiram Estate</u></p> <p>CHRA conducted on 01/04/2018 – 13/08/2018 by registered assessor, HjH Noormahani Harun (JKKP HQ/03/ASS/00/154) & Aisyah Borhan (HQ/12/ASS/00/309) of QMSPRO Sdn Bhd. Based on the CHRA, 17 findings/recommendations reported.</p>	
<p>4.4.4.2 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 	<ul style="list-style-type: none"> a) The occupational safety & health policy was communicated and implemented through daily toolbox meetings/briefings and trainings. The briefing includes among others to priorities safety, execute work safely, adherence to all safety rules and regulations and to target for zero accident. The policy communicated to the staff and workers. <p>On-site supervisors and estates assistant managers ensure the implementation of it.</p> <ul style="list-style-type: none"> b) A Hazard Identification Risk Assessment and Risk Control (HIRARC) document for the estates operations available. <p>Risk assessment carried on activities such as spraying, fertilizer, harvesting, pruning and other activities.</p> <p><u>Basir Ismail Estate</u></p> <p>The latest annual review conducted on 09/12/2018.</p>	<p>Comply</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
<p>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 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust 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>	<p><u>Kuala Kabong Estate</u> The latest annual review conducted on 18/02/2019.</p> <p><u>Ulu Tiram Estate</u> The latest annual review conducted on 18/04/2019. Improvement control measures taken for the diesel storage which includes fire extinguisher and SOP based on the MSDS.</p> <p>c) Awareness training program was established and workers involved with chemical handling trained. Chemicals arranged and segregated accordingly in the chemical store.</p> <p>The CCDS/SDS for chemicals available at point of use. In addition to specific training courses, safety briefings given during muster to reinforce awareness, such as correct wearing of PPE.</p> <p>d) During the audit, noted that all employees provided with and were wearing appropriate personal protective equipment (PPE). Records were available of PPE issued to individual workers, including signatures to confirm receipt. PPE issued based on CHRA assessor's recommendation, HIRARC and SOPs.</p> <p>e) The management had established Standard Operating Procedure for handling of chemicals, Doc SDM / WI / 9 Rev 0 dated 01.07.2017 to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
	<p>Chemicals were handled as per the requirements in SDS/CSDS, CHRA, HIRARC and SOP (Doc SDM / WI / 9 Rev 0 dated 01.07.2017).</p> <p><u>Basir Ismail Estate</u></p> <p>Medical Surveillance conducted on 14/07/2019 by Dr Muhammad Sayuthi Bin Zakaria (HQ/17/DOC/00/00053) from Klinik FALCK Bestari. 65 workers sent for the medical check-up. However, the test result is still in-progress.</p> <p><u>Kuala Kabong Estate</u></p> <p>Medical Surveillance conducted on 14/07/2019 by Dr Muhammad Sayuthi Bin Zakaria (HQ/17/DOC/00/00053) from Klinik FALCK Bestari. 23 workers sent for the medical check-up. The test result came back normal except for 1 worker needed Medical removal Protection Program due to occupational dermatitis.</p> <p><u>Ulu Tiram Estate</u></p> <p>Medical Surveillance conducted on 08/07/2019 by Dr Muhammad Sayuthi Bin Zakaria (HQ/17/DOC/00/00053) from Klinik FALCK Bestari. 2 workers sent for the medical check-up. However, the test result is still in-progress.</p> <p>g) OSH meeting conducted quarterly and meeting minutes was available. These meetings were to conduct regular two-way communication with their employees.</p> <p><u>Basir Ismail Estate</u></p> <p>Sighted records for OSH meeting minutes dated 21/08/2019, 21/05/2019 and 27/02/2019.</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
	<p><u>Kuala Kabong Estate</u> Sighted records for OSH meeting minutes dated 20/08/2019, 27/06/2019 and 12/02/2019.</p> <p><u>Ulu Tiram Estate</u> Sighted records for OSH meeting minutes dated 19/09/2019, 17/05/2019 and 22/02/2019.</p> <p>i) The estate had employees trained in First Aid present at all estates operation worksites. First Aid equipment was available at each worksite. All items/contents in the first aid box found adequate and not expired.</p> <p>j) Records of all accidents kept and reviewed periodically at OSH meetings. Records on Lost Time Accident (LTA) metrics maintained and based on JKPP 6, 7 & 8.</p> <p><u>Basir Ismail Estate</u> The JKPP 8 sent to DOSH on 31/01/2019 showed that in 2018 there were 10 accident cases (3 major accident & 7 minor accident) JKPP 6 submitted on 28/03/2019 (accident on 11/11/2018), 28/03/2019 (accident on 11/11/2018) and 27/03/2019 (accident on 25/12/2018).</p> <p><u>Kuala Kabong Estate</u> The JKPP 8 sent to DOSH on 09/01/2019 showed that in 2018 no accident cases reported. JKPP 6 submitted on 19/11/2018 (accident on 16/11/2018).</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p><u>Ulu Tiram Estate</u></p> <p>The JKPP 8 sent to DOSH on 15/01/2019 showed that in 2018 there were 1 accident case.</p> <p>JKPP 6 submitted on 16/11/2018 (accident on 11/11/2018).</p>	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<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 has implemented Kulim Sustainability Handbook dated 1/9/2018 and Guidelines for General Workers. People Policy dated 1/1/2008 has been developed and the management is committed to support non-discrimination in any form. Sighted latest was done on 01/08/2019 attended by 94 people in Sedenak POM, 25/09/2019 attended by 129 people in Ulu Tiram Estate, 12/09/2019 attended by 282 people in Basir Ismail Estate and 28/01/2019 attended by 128 people in Kuala Kabong Estate. Policy also available publicly and displayed within office area of all operating units.</p>	Comply
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>- Major compliance -</p>	<p>Kulim (M) Berhad has implemented Kulim Sustainability Handbook dated 1/9/2018 and Guidelines for General Workers. People Policy dated 1/1/2008 has been developed and the management is committed to support non-discrimination in any form. Sighted latest was done on 01/08/2019 attended by 94 people in Sedenak POM, 25/09/2019 attended by 129 people in Ulu Tiram Estate, 12/09/2019 attended by 282 people in Basir Ismail Estate and 28/01/2019 attended by 128 people in Kuala Kabong Estate. Policy also available publicly and displayed within office area of all operating units.</p>	Comply

Criterion / Indicator	Assessment Findings	Compliance
<p>4.4.5.3 Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>There were employment contracts for workers. Pay and conditions are documented and are above the Minimum Wage Order 2018. Sampled of employment contracts confirmed that terms and conditions are clearly outlined and have been signed by the worker. The daily rate of RM 42.31 for the workers was stated in the contract according to Minimum Wage Order 2018 as per sampled of the payslips for checkroll workers as following:</p> <p>Basir Ismail:</p> <ul style="list-style-type: none"> - Employee ID # 603257; Gang # G23; Post: General Worker - Employee ID # 603293; Gang # G21; Post: General Worker - Employee ID # 603122; Gang # H04; Post: Harvester - Employee ID # 603229; Gang # H02-C; Post: Harvester <p>Kuala Kabong:</p> <ul style="list-style-type: none"> - Employee ID # 604843; Gang # G21; Post: Watchman - Employee ID # 604834; Gang # H02; Post: Harvester - Employee ID # 604849; Gang # G26; Post: General Worker - Employee ID # 604782; Gang # G21; Post: General Worker <p>Ulu Tiram:</p> <ul style="list-style-type: none"> - Employee ID # 603257; Gang # M24; Post: Mandore - Employee ID # 601496; Gang # H02; Post: Harvester - Employee ID # 601110; Gang # G21; Post: General Worker - Employee ID # 601288; Gang # H01; Post: Harvester <p>All the sampled workers have achieved Minimum Wage Order 2018 and were paid accordingly if work on rest day and overtimes.</p>	<p>Comply</p>

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.4	<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>The contractors have signed on the contract agreement with the terms that they must comply with legal requirements on the wages for their workers. It was clearly stated that all contractors' workers shall achieved Minimum Wage Order 2018 in the agreements for contractor as below:</p> <ul style="list-style-type: none"> - Perniagaan Md Sangidi - Az Iman Resources Sdn Bhd <p>The sampled payslip shown they have complied with the requirements. The contractors' workers also signed on the employment contract where basic salary, annual leave and public holiday entitlement, termination of service and etc was clearly outlined in the contract.</p>	Comply
4.4.5.5	<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>All the direct employment workers will be registered in the Masterfile Prooflist and Labour Registers where personal details such as name, nationality, date of employed, job offered, salary and date of birth was stated in the list.</p> <p>The details for the contractors' workers are registered in the Workers Registration Form in all estates within Sedenak Palm Oil Mill complex.</p>	Comply
4.4.5.6	<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>Employment contracts for checkroll workers were acknowledged and kept a copy by the workers verified through interviewed with the workers. The contract was in the language that understood by the workers. The terms and conditions were clearly stated in the contract such as salary, annual leaves and public holiday entitlement, rate of</p>	Comply

		<p>work on rest day and overtime. Sampled of employment contracts as following:</p> <p>Basir Ismail:</p> <ul style="list-style-type: none"> - Employee ID # 603257; Gang # G23; Post: General Worker; Date joined: 23/1/2019; Nationality: Malaysian - Employee ID # 603293; Gang # G21; Post: General Worker; Date joined: 21/6/2019; Nationality: Bangladesh - Employee ID # 603122; Gang # H04; Post: Harvester; Date joined: 18/9/2017; Nationality: Indonesian - Employee ID # 603229; Gang # H02-C; Post: Harvester; Date joined: 3/10/2018; Nationality: Indonesian <p>Kuala Kabong:</p> <ul style="list-style-type: none"> - Employee ID # 604843; Gang # G21; Post: Watchman; Date joined: 16/6/2019; Nationality: Malaysian - Employee ID # 604834; Gang # H02; Post: Harvester; Date joined: 26/4/2019; Nationality: Indonesian - Employee ID # 604849; Gang # G26; Post: General Worker; Date joined: 24/7/2019; Nationality: Indonesian - Employee ID # 604782; Gang # G21; Post: General Worker; Date joined: 13/8/2018; Nationality: Indonesian <p>Ulu Tiram:</p> <ul style="list-style-type: none"> - Employee ID # 603257; Gang # M24; Post: Mandore; Date joined: 3/6/2018; Nationality: Malaysian - Employee ID # 601496; Gang # H02; Post: Harvester; Date joined: 13/4/2017; Nationality: Indonesian - Employee ID # 601110; Gang # G21; Post: General Worker; Date joined: 16/3/2009; Nationality: Malaysian 	
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MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		- Employee ID # 601288; Gang # H01; Post: Harvester; Date joined: 23/5/2013; Nationality: Indonesian	
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance -	The estate management has maintained Field & General Workers Daily Attendance Record and Bunches Record to record the attendance, tonnage, overtime and etc for individual checkroll workers.	Comply
4.4.5.8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement. - Major compliance -	The working hour and break time has been clearly stated in the employment contract. Besides, the attendance record was available and able to trace through Field & General Workers Daily Attendance Record.	Comply
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 -	Documented payslip was distributed to individual workers on the day of payment. Wages and overtime were paid according to the "Field & General Workers Daily Attendance. Total hours of overtime and daily attendance has recorded in the checkroll book. The daily rate of RM 42.31 for the workers was stated in the contract according to Minimum Wage Order 2018 as per sampled of the payslips for checkroll workers as following: Basir Ismail: - Employee ID # 603257; Gang # G23; Post: General Worker - Employee ID # 603293; Gang # G21; Post: General Worker - Employee ID # 603122; Gang # H04; Post: Harvester - Employee ID # 603229; Gang # H02-C; Post: Harvester	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Kuala Kabong:</p> <ul style="list-style-type: none"> - Employee ID # 604843; Gang # G21; Post: Watchman - Employee ID # 604834; Gang # H02; Post: Harvester - Employee ID # 604849; Gang # G26; Post: General Worker - Employee ID # 604782; Gang # G21; Post: General Worker <p>Ulu Tiram:</p> <ul style="list-style-type: none"> - Employee ID # 603257; Gang # M24; Post: Mandore - Employee ID # 601496; Gang # H02; Post: Harvester - Employee ID # 601110; Gang # G21; Post: General Worker - Employee ID # 601288; Gang # H01; Post: Harvester <p>All the sampled workers have achieved Minimum Wage Order 2018 and were paid accordingly if work on rest day and overtimes.</p>	
4.4.5.10	<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>The management provided free medical facilities to all the workers and dependents. The company also subsidized water and electricity to all employees up to certain extend of use. However accurate and timely transition of Foreign Workers Compensation Scheme contribution to mandatory Social Security Organisation contribution could be further improved by Kuala Kabong Estate. An OFI has been raised on the matter.</p>	OFI
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 in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p>	<p>Linesite inspection was carried out on weekly basis by Hospital Assistant. The record namely Laporan Perumahan Pekerja was sighted as sample at Basir Ismail Estate where latest housing inspection conducted on 22/9/2019 and last VMO visit was on 17/9/2019. Inspection records also shown there's a "Gotong-royong Perdana"</p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>conducted at Nam Heng (Basir Ismail) Estate housing area on 23/8/2019.</p> <p>Records in Ulu Tiram Estate shown in Linesite Visiting Book Report w.e.f. 1/10/2017 indicated the latest inspection was conducted on 26/9/2019 by EHA.</p>	
4.4.5.12	<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>Policy to prevent sexual and all other forms of harassment and violence has been updated as Kulim (Malaysia) Berhad Sexual Harassment Policy; Signed by Executive Director; Dated: 1/5/2018. Policy has been communicated in latest meetings as per records of followings:</p> <p>Sedenak Mill: Carta Organisasi WOW 2010-Minit Mesyuarat WOW 03/2019; Date: 09/08/2019, 02/019 meeting on 07/05/2019, 01/19 meeting on 11/09/2019; Minit Mesyuarat WOW No. 2/2019.</p> <p>Ulu Tiram Estate: Mesyuarat Ahli Jawatankuasa 2/19 on 14/06/2019 & 25/01/2019; sambutan hari raya UTE (03/07/2019), sambutan hari raya WOW kompleks Sedenak (28/06/2019).</p> <p>Basir Ismail Estate: Minit Mesyuarat WOW Dated: 11/09/2019 and 10/02/2019.</p> <p>Kuala Kabong Estate: Minit Mesyuarat WOW 6/2019 Kulim (Malaysia) Berhad Ladang Kuala Kabong Dated: 22/08/2019, 21/06/2019, 08/04/2019.</p>	Comply
4.4.5.13	<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</p>	<p>Kulim (M) Berhad has implemented Guidelines for General Workers where they respect the rights of the workers to join any association that recognized by the company. The guideline has distributed to each of the workers. Besides, the company has established Kulim Sustainability Handbook where under Core Labour Standards, the</p>	Comply

**MSPO Public Summary Report
Revision 0 (Aug 2017)**

Criterion / Indicator	Assessment Findings	Compliance
<p>industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	<p>workers has been given rights to join or form trade union and to bargain collectively. SPO core labour values – Kulim Core Labour Value Plans.</p> <p>Meeting with Union representatives was conducted on periodical basis at all operating units. In general, the meetings outcome highlighted the action plan to monitor the issues raised during the meeting was developed. The action plan was updated accordingly if any issue has been resolved. Sampled minutes of meetings sighted as following:</p> <p>Sedenak Mill: Mesyuarat Bersama Wakil NUPW/AMESU 01/2019; Date: 02/05/2019</p> <p>Ulu Tiram Estate: Mesyuarat Bersama Dengan Majikan; Date: 24/07/2019.</p> <p>Basir Ismail Estate: Mesyuarat Antara Majikan, Wakil Pekerja dan Wakil Union 01/2019; Date: 14/02/2019.</p> <p>Kuala Kabong Estate: Mesyuarat Bersama Wakil NUPW 1/2019 on 25/09/2019.</p>	
<p>4.4.5.14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children 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>Kulim (M) Berhad has implemented Guidelines for General Workers and Kulim Sustainability Handbook where they will not employe Child Labour according to Children and Young Persons (Employment) Act 1966. Records of employee particulars sighted at all operating units shown no child labour been employed. There were trainings entitled 'No Child Labour Policy' conducted. Sighted latest was done on 01/08/2019 attended by 94 people in Sedenak POM, 25/09/2019 attended by 129 people in Ulu Tiram Estate, 12/09/2019 attended by 282 people in Basir Ismail Estate and 28/01/2019 attended by 128</p>	<p>Comply</p>

Criterion / Indicator		Assessment Findings	Compliance																		
		people in Kuala Kabong Estate. Through document reviewed found that all the workers were above 18 years old.																			
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>- Major compliance -</p>	<p>The training program included all aspects of RSPO Principles and Criteria, RSPO Supply Chain and MSPO standards.</p> <p>The records included the title of training, name and signature of the attendees, name of the trainer, time and venue.</p> <p><u>Basir Ismail Estate</u></p> <table border="1"> <thead> <tr> <th>Date of training</th> <th>Trainings</th> <th>No. of Participants</th> </tr> </thead> <tbody> <tr> <td>23/09/2019</td> <td>Use of PPE Training</td> <td>9</td> </tr> <tr> <td>25/09/2019</td> <td>Pesticide Application Training</td> <td>5</td> </tr> <tr> <td>15/08/2019</td> <td>Water Sampling Training</td> <td>2</td> </tr> <tr> <td>12/08/2019</td> <td>Fogging Application Training</td> <td>1</td> </tr> <tr> <td>10/02/2019</td> <td>ISCC/RSPO/MSPO/OSH Awareness</td> <td>9</td> </tr> </tbody> </table> <p><u>Kuala Kabong Estate</u></p>	Date of training	Trainings	No. of Participants	23/09/2019	Use of PPE Training	9	25/09/2019	Pesticide Application Training	5	15/08/2019	Water Sampling Training	2	12/08/2019	Fogging Application Training	1	10/02/2019	ISCC/RSPO/MSPO/OSH Awareness	9	Comply
Date of training	Trainings	No. of Participants																			
23/09/2019	Use of PPE Training	9																			
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12/08/2019	Fogging Application Training	1																			
10/02/2019	ISCC/RSPO/MSPO/OSH Awareness	9																			

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings			Compliance
		Date of training	Trainings	No. of Participants	
		01/10/2019	Biodiversity Training	11	
		26/09/2019	Fire Fighting Training at Peat Land	18	
		15/09/2019	Safety at Workplace	7	
		07/09/2019	MB & Tractor Training	15	
		22/08/2019	Waste Cleaning Land Fill	2	
		<u>Ulu Tiram Estate</u>			
		Date of training	Trainings	No. of Participants	
		26/09/2019	Manuring/Fertilizer Training	1	
		25/09/2019	First Aid and CPR Training	7	
		23/09/2019	Schedule Waste Training and PCD	1	
		15/09/2019	Chemical Handling Training	4	
		10/09/2019	Diesel & Lubricant Store Safety	2	

Criterion / Indicator		Assessment Findings	Compliance
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 of individual employees identified prior to the planning and implementation of the training programs. This was in order to provide the specific skill and competency required to all employees based on their job description.</p> <p><u>Basir Ismail Estate</u></p> <p>Sighted the Training Program 2019, Doc no: SQD/SMS/3.14-F1 dated 01/07/2019 is available.</p> <p><u>Kuala Kabong Estate</u></p> <p>Sighted the Training Program 2019, Doc no: SQD/SMS/3.14-F1 dated 01/01/2019 is available.</p> <p><u>Ulu Tiram Estate</u></p> <p>Sighted the Training Program 2019, Doc no: SQD/SMS/3.14-F1 dated 01/01/2019 is available.</p>	Comply
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>It was evident that from the training programs & records of all trainings are planned and implemented to ensure that all employees are well trained in their job function and responsibility.</p>	Comply
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			

Criterion / Indicator		Assessment Findings	Compliance
4.5.1.1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented. - Major compliance -	The Environmental policy dated 01/05/2018 signed by Kulim (M) Bhd Executive Director. The policy has emphasis commitment towards protecting the environment and conserving biodiversity through sustainable development.	Comply
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. - Major compliance -	The Environment Management Plan 2019 has included all pertinent environmental receptors and in lined with company's policy and legal requirement as per EQA 1974. Documented Environmental Risk Assessment Form (Form No: EPA-LBI-2018; Activity code: ER005; Rev. 1/2019) available. Register dated 30/07/2019 verified. Aspects and impacts analysis of all operations during normal/abnormal/emergency situation identified.	Comply
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 -	The Environmental Management Plan 2019 available. Significant environmental issues identified: - Buffer zone - Chemical handling - Domestic waste - Scheduled waste - Zero burning The estates Assistant Manager appointed to monitor the overall implementation of the management plan.	Comply
4.5.1.4	A programme to promote the positive impacts should be	<u>Basir Ismail Estate</u>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	<p>included in the continual improvement plan.</p> <p>- Minor compliance -</p>	<p>Program to promote positive impacts on environment was verified example such as Harvesting – HCV area on 29/04/2019, Spraying – HCV/Buffer zone area on 24/01/2019 and Waste Cleaning & Landfill on 16/07/2019.</p> <p><u>Kuala Kabong Estate</u></p> <p>Program to promote positive impacts on environment was verified example such as Circle & Selective Spraying Training on 08/05/2019, Waster Management Training on 29/06/2019 and Waste Cleaning of Land Fill on 22/08/2019.</p> <p><u>Ulu Tiram Estate</u></p> <p>Program to promote positive impacts on environment was verified example such as Triple rinsing and chemical mixing training on 15/09/2019, Muster - Buffer zone briefing on 17/05/2019 and Oil spillage training on 06/02/2019.</p>	
4.5.1.5	<p>An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives.</p> <p>- Major compliance -</p>	<p>Training program available and updated on a yearly basis or revised as per the management requirement.</p> <p>Included in this program are subject related to environment e.g environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training.</p>	Comply
4.5.1.6	<p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p>- Major compliance -</p>	<p><u>Basir Ismail Estate</u></p> <p>Latest environmental management meeting conducted on 21/08/2019.</p> <p><u>Kuala Kabong Estate</u></p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance						
		<p>Latest environmental management meeting conducted on 03/09/2019. <u>Ulu Tiram Estate</u></p> <p>Latest environmental management meeting conducted on 19/09/2019. This meeting discuss regarding to their concerns about environmental quality. Among the topics covered were buffer zone, HCV area and RTE species.</p>							
Criterion 4.5.2: Efficiency of energy use and use of renewable energy									
4.5.2.1	<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>The record of diesel usage was available for all the estates.</p> <p>All electrical power at the visited estates supplied through national electricity grid.</p> <p>Diesel at estates consumed by farm tractor. The tractors servicing period monitored to ensure its operating efficiency, thus less consumption of diesel fuel.</p> <p>Similarly, planting of beneficial plants reduce the usage of fuel (and chemical) by motorize spray.</p>	Comply						
4.5.2.2	<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>Kulim (M) Berhad - Sedenak complex estates maintained records of energy usage, which is compiled on monthly basis for monitoring.</p> <p>The use of the fossil fuel against the FFB production monitored.</p> <p>For example;</p> <table border="1" data-bbox="1048 1310 1870 1374"> <thead> <tr> <th>Estate</th> <th>Year</th> <th>Diesel/ mt FFB</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Estate	Year	Diesel/ mt FFB				Comply
Estate	Year	Diesel/ mt FFB							

Criterion / Indicator		Assessment Findings			Compliance
		Basir Ismail Estate	2018	1.12 litre/mt	
			2019 to-date	1.45 litre/mt	
		Kuala Kabong Estate	2018	1.80 litre/mt	
			2019 to-date	1.30 litre/mt	
		Ulu Tiram Estate	2018	0.79 litre/mt	
			2019 to-date	0.91 litre/mt	
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	There is no potential of renewable energy usage at the visited estates.			Comply
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 -	All waste and pollution identified and documented in the Waste & Pollution Management Plan 2019 made on the Regional level. a) Details of waste generated from the estates/mill activities among others as shown below;			Comply
		No	Type of waste	Location	
		1	Domestic waste rubbish	Line sites, Office complex	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings			Compliance
		2	Industrial waste-fertilizer bags	Empty bags store	
		3	Disposed containers, equipment contaminated with chemicals, pesticides, SW	Scheduled waste store	
4.5.3.2	<p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p>- Major compliance -</p>	<p>The waste and pollution management plan was available.</p> <p>Waste been identified and monitoring by estate such as Domestic waste. Collection/disposal min 2x-3x /week internally.</p> <p><u>Basir Ismail Estate</u></p> <p>The record of collection was available latest is on 28/09/2019.</p> <p><u>Kuala Kabong Estate</u></p> <p>The record of collection was available latest is on 29/09/2019.</p> <p><u>Ulu Tiram Estate</u></p> <p>The record of collection was available latest is on 30/09/2019.</p>			Comply
4.5.3.3	<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 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.</p> <p>The operational control procedures provide guidelines as follows ;</p> <p>a) Management of class 2 (and higher) chemical containers</p>			OFI

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>b) Management of fertilizer bags</p> <p><u>Basir Ismail Estate</u></p> <p>Latest disposal referred consignment dated 10 May 2019 by Kualiti Alam Sdn Bhd (License no: 003319; validity 01/05/2019 – 30/04/2020) for SW 102, SW 305, SW 404, SW 408 and SW 410.</p> <p><u>Kuala Kabong Estate</u></p> <p>Latest disposal referred consignment dated 21/07/2019 by Kualiti Alam Sdn Bhd (License no: 003319; validity 01/05/2019 – 30/04/2020) for SW 305, SW 307, SW 404 and SW 410.</p> <p><u>Ulu Tiram Estate</u></p> <p>Latest disposal referred consignment dated 27/09/2019 at Kualiti Alam Sdn Bhd (License no: 003319; validity 01/05/2019 – 30/04/2020) for SW 102, SW 109, SW 110, SW 305, SW 307, SW 404, SW 408, SW 409, SW 410 and SW 501.</p> <p>However, consistency in the handling of used chemical containers could be further improved by all estates. An OFI has been raised on the matter.</p>	
4.5.3.4	<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>Empty pesticide container was been triple rinsing and dispose at G – Planters Sdn Bhd.</p> <p><u>Basir Ismail Estate</u></p> <p>Latest record disposal dated 28/06/2019 with total 702 pieces have been dispose.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p><u>Kuala Kabong Estate</u> Latest record disposal dated 01/10/2019 with total 115 pieces have been dispose.</p> <p><u>Ulu Tiram Estate</u> Empty pesticide container was been triple rinsing and dispose at Kualit Alam Sdn Bhd (Kemudahan Pengangkutan). Latest record disposal dated 27/09/2019 with total 0.0221 metric tonne have been dispose.</p>	
4.5.3.5	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p>- Minor compliance -</p>	<p>Domestic waste disposal through the collection and disposal to the estate’s landfill. Collection 2 to 3 times a week.</p> <p><u>Basir Ismail Estate</u> Landfill situated in field no P97 L3 (opened on 28/08/2019).</p> <p><u>Kuala Kabong Estate</u> Landfill situated in field no P99/3 (opened on 02/10/2019).</p> <p><u>Ulu Tiram Estate</u> Landfill situated in field no P86 (opened on 29/09/2019).</p>	Comply
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.	The assessment of GHG, scheduled waste and solid waste was available under aspect and impact assessment.	Comply

Criterion / Indicator		Assessment Findings				Compliance																										
	- Major compliance -	<p>The assessment of all polluting activities defined in the Kulim Estates – Pollution & Emission Management Plan reviewed on 01/08/2019.</p> <p>Details as provided therein among others as given below:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Emission</th> <th>Source</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dark smoke</td> <td>Running vehicles</td> <td>Daily</td> </tr> <tr> <td rowspan="2">2</td> <td rowspan="2">Noise</td> <td>Diesel engine</td> <td>Operational hours</td> </tr> <tr> <td>Running vehicles</td> <td>Daily</td> </tr> <tr> <td rowspan="2">3</td> <td rowspan="2">Air pollution</td> <td>Diesel engine</td> <td>Operational hours</td> </tr> <tr> <td>Running vehicles</td> <td>Operational hours</td> </tr> <tr> <td rowspan="2">4</td> <td rowspan="2">Waste water</td> <td>PCD</td> <td>Scheduled inspection</td> </tr> <tr> <td>Septic tank spillage</td> <td>Weekly inspection</td> </tr> </tbody> </table>				No	Emission	Source	Frequency	1	Dark smoke	Running vehicles	Daily	2	Noise	Diesel engine	Operational hours	Running vehicles	Daily	3	Air pollution	Diesel engine	Operational hours	Running vehicles	Operational hours	4	Waste water	PCD	Scheduled inspection	Septic tank spillage	Weekly inspection	
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Criterion / Indicator		Assessment Findings				Compliance																		
		5	Green house gas (GHG)	Use of fossil fuel	Daily inspection																			
				Fertilizer usage	As required monitoring																			
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	<p>The management action plan is documented under the Kulim Estates - Pollution & Emission Management Plan for 2019.</p> <p>Implementation of the management plan will be reviewed every quarter environmental meeting.</p> <p>Details of action plan for identified pollutants as shown below and is a continuation from the 4.5.4.1 above.</p> <table border="1"> <thead> <tr> <th>No</th> <th>Emission</th> <th>Action Plan</th> <th>PIC</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dark smoke</td> <td>Inspection of vehicle condition</td> <td>Exec/staff</td> </tr> <tr> <td rowspan="2">2</td> <td rowspan="2">Noise</td> <td>Scheduled maintenance</td> <td>Exec/staff</td> </tr> <tr> <td>Inspection of vehicle inspection</td> <td>Exec/staff</td> </tr> <tr> <td>3</td> <td>Air pollution</td> <td>Routine maintenance as schedule</td> <td>Exec/staff</td> </tr> </tbody> </table>				No	Emission	Action Plan	PIC	1	Dark smoke	Inspection of vehicle condition	Exec/staff	2	Noise	Scheduled maintenance	Exec/staff	Inspection of vehicle inspection	Exec/staff	3	Air pollution	Routine maintenance as schedule	Exec/staff	Comply
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Criterion / Indicator		Assessment Findings				Compliance
				Inspection of vehicle condition	Exec/staff	
		4	Waste water	Inspection of PCD for functional	Exec/staff/foreman	
				Adherence to SW guidelines		
				Weekly line site inspection		
				Appropriate action on spillage		
Criterion 4.5.5: Natural water resources						
4.5.5.1	<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, 	<p>The Water Management Plan for the estates established.</p> <p>Focus areas are:</p> <ul style="list-style-type: none"> - Buffer Zone management – No spraying and manuring - Carry out water analysis - Follow SOPs to avoid water pollution by schedule waste - Rain water harvesting - Obtain water from other estates during shortage/draughts. - Monitor domestic water consumption - Educate workers to conserve water - Monitor leakages and periodic maintenance of piping/equipment - Keep drains clean and to have bunds to conserve/retain water 				OFI

Criterion / Indicator	Assessment Findings	Compliance
<p>maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>	<p>Water course and wetlands are protected including maintaining and restoring appropriate riparian buffer zones. The guidelines detailed in the SOP No 12: Protection of River Reserves (Riparian & Buffer Zone).</p> <p>The estates visited monitors the water entering small stream through water sampling for Nitrate Nitrogen and Phosphate. This was done in months when fertilisers were applied.</p> <p>Water analysis was done by UTCL Laboratory in Kota Tinggi, Johor.</p> <p><u>Basir Ismail Estate</u></p> <p>Report No: WI/1909/1218-1221 dated 19/09/2019 of test results of samples from inlet and outlet points verified.</p> <p><u>Kuala Kabong Estate</u></p> <p>Report No: WI/1908/1083-1086 dated 20/08/2019 of test results of samples from inlet and outlet points verified.</p> <p><u>Ulu Tiram Estate</u></p> <p>Report No: WI/1909/1239-1241 dated 19/09/2019 of test results of samples from inlet and outlet points verified.</p> <p>However, the analysis of outgoing water samples by estates could be further improved its monitoring of analysis results for parameters that might negatively impacted the natural waterways. An OFI has been raised on the matter.</p>	
<p>4.5.5.2 No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p>	<p>At time of visit no bunds, weirs and dams observed across waterways passing through the estates.</p>	<p>Comply</p>

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -		
4.5.5.3	Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles). - Minor compliance -	During the site visit, observed that water harvesting practised. Surface run of waters directed into field drains, conservation terraces and moisture pits.	Comply
Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value			
4.5.6.1	Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover: a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities. - Major compliance -	Rapid Biodiversity Assessment of 15 Oil Palm Plantations of Kulim (M) Bhd conducted by A.J.F.M. Dekker assessment carried out between September 2007 and January 2008. The report has identified the list of natural habitats that is possible present in the operating units. The report details the findings of a rapid appraisal of the biodiversity in the estates and addresses the RSPO P&C relevant to biodiversity conservation and HCV. Therein being provided details relating to the following; a) General biodiversity issues b) Watercourses and drainage c) Habitats natural and man-made d) Wildlife e) Ponds and reservoirs f) Wetlands /watercourses	Comply

Criterion / Indicator		Assessment Findings	Compliance																			
		<p>g) Legal aspects h) Immediate and long-term effect.</p> <p><u>Basir Ismail Estate</u> Rapid Biodiversity Assessment conducted on 04/09/2007.</p> <table border="1"> <thead> <tr> <th colspan="3">High Conservation Value</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Vegetation</td> <td>Within estate</td> <td>Tiny spots of mangrove vegetation near the golf club area of Pulau Tanjung Lena.</td> </tr> <tr> <td>Outside estate</td> <td>Wet mangroves in southeast corner. All around Pulau Tanjung Lena, connecting to southeast corner of estate proper.</td> </tr> <tr> <td rowspan="2">Wildlife</td> <td>Within estate</td> <td>None</td> </tr> <tr> <td>Outside estate</td> <td>None</td> </tr> </tbody> </table> <p><u>Kuala Kabong Estate</u> Rapid Biodiversity Assessment conducted on 22/09/2007.</p> <table border="1"> <thead> <tr> <th colspan="3">High Conservation Value</th> </tr> </thead> <tbody> <tr> <td>Vegetation</td> <td>Within estate</td> <td>None</td> </tr> </tbody> </table>	High Conservation Value			Vegetation	Within estate	Tiny spots of mangrove vegetation near the golf club area of Pulau Tanjung Lena.	Outside estate	Wet mangroves in southeast corner. All around Pulau Tanjung Lena, connecting to southeast corner of estate proper.	Wildlife	Within estate	None	Outside estate	None	High Conservation Value			Vegetation	Within estate	None	
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MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings			Compliance
			Outside estate	None	
		Wildlife	Within estate	None	
			Outside estate	None	
		<u>Ulu Tiram Estate</u>			
		Rapid Biodiversity Assessment conducted on 30/04/2016.			
		High Conservation Value			
		Vegetation	Within estate	None	
			Outside estate	None	
		Wildlife	Within estate	Wild boar and plantain squirrel.	
			Outside estate	None	
4.5.6.2	<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 resolve human-wildlife conflicts.</p>	<p>No RTE recorded.</p> <p>Evidence to continuously prevent and discourage illegal or hunting, fishing or collecting activities maintained and implemented.</p> <p>a) Signage as well as routine patrolling activities were utilized as part of creating awareness among employees and maintain HCVs.</p> <p>b) The estates established a Biodiversity Improvement Plan 2019 such as briefing/training to workers on protection of river buffers for all</p>			Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	existing and designated natural watercourses to all employees, contractors and suppliers that encroachment and hunting are not allowed.	
4.5.6.3	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required. - Major compliance -	The Biodiversity Improvement Plan 2019 dated 01/01/2019 had identified the plan. Amongst all, the plan consist of the following: <ul style="list-style-type: none"> - To continue educating the workers regarding RTE. Workers interviewed confirmed that they are aware of no hunting permitted in and within the estate. - Regular educating the employees via morning muster briefing about the need to protect the RTE species. - Appropriate disciplinary measures will be taken if found violated. - Information pertaining RTE and relevant CU policies displayed at the display boards. - Training in relation to the RTE/Biodiversity organized in the following sessions. 	Comply
Criterion 4.5.7: Zero burning practices			
4.5.7.1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice. - Major compliance -	There is no land preparation by burning. Kulim Sustainability Handbook (People-Planet-Profit) described on Environmental policy including Pollution management - Zero Burning dated January 2008. Management complied with the Malaysian environmental law –EQA and Regulations 1974.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	No use of fire for waste disposal and for preparing land for oil palm cultivation or replanting practiced by Kulim (Malaysia) Berhad estates. Furthermore, previous crop were not highly diseased and there was no significant risk of disease spread or continuation into the next crop.	Comply
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. - Major compliance -	No use of fire for waste disposal and for preparing land for oil palm cultivation or replanting practised by Kulim (Malaysia) Berhad estates.	Comply
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	All previous oil palms were felled, chipped, shredded, windrowed and left to decompose.	Comply
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. - Major compliance -	In Kulim (Malaysia) Berhad SOPs for plantations/estates were documented in: <ul style="list-style-type: none"> - Kulim (Malaysia) Berhad – Agricultural Manual – 01.07.2013 - Work Instructions – 01.04.2018 - Buku Panduan Anggota Perkerja Perladangan – 01.09.2018 - Panduan Kerja Selamat (SOP) 01.05.2009 	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<p>The SOPs confirmed that all activities in the estates from seedlings in nursery to planting in the fields have been included. The Agricultural Manual had chapters A to K.</p> <p>The chapters covered topic as follows:</p> <ul style="list-style-type: none"> A. Replanting. B. Roads, Drains, Bridges, Culverts & Fences. C. Construction of Estate Buildings D. Manuring E. Harvesting F. Pruning and Ablation G. Soil Conservation H. Justification of Chemical Use I. Weeds Management J. Integrated Pest management K. Plant Diseases <p>Standard operating procedures had been consistently implemented and monitored.</p> <p>On the estate’s SOPs were consistently implemented and monitored by on-site visits, inspections and discussions with relevant personnel and by conducting audits such as Internal Audits, RSPO Audits and visits by RC, PI and Agronomists and by Periodic reporting – monthly Production Statement, Labour Statement, FFB Grading, etc.</p>	
4.6.1.2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent	Topographic Maps provided showed that the terrain was as follows:	Comply

Criterion / Indicator		Assessment Findings			Compliance
contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. - Major compliance -	Terrain (Degree)	% in Basir Ismail Estate	% in Ulu Tiram Estate		
	Rata (0 – 2°)	17.91	2.57		
	Beralum (2° – 6°)	58.32	6.23		
	Berombak (6° -12°)	22.66	60.44		
	Berbukit (12° - 20°)	1.08	1.12		
	Sangat Berbukit (20° - 25°)	0.03	29.64		
	Total	100.00	100.00		
	Kuala Kabong soil map provided showed that the soil series was as follows:				
Series		Percent			
Gambut Dalam		78.18			
Siri Batang Merbau		4.2			
Siri Gajah Mati		10.59			
Siri Rengam		6.82			

Criterion / Indicator		Assessment Findings		Compliance
		Tanah Telah diganggu	0.21	
		Total	100	
4.6.1.3	A visual identification or reference system shall be established for each field. - Major compliance -	All fields were marked and identified. Information like field no, year planting and total hectare shown in all markers. Stone boundary markers placed at field boundaries observed.		Comply
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 -	The estates had documented annual business plan (budgets) for 2019 and projections up to 2024. The business plans were prepared as guidance for future planning. The budget contains monthly budget per operating units including FFB, CPO and PK. Component of operating expenditure includes Administration, harvesting & collection, field upkeep, transportation, road and bridges, labour overhead, EVIT (running accounts for engines, vehicles, implements & tractors. Inclusive in the business plan is also Capital Expenditure (CAPEX) includes building-general, tractors and agricultural implement, office equipment and others as per the annual budget for 2019 for estates sighted and verified.		Comply
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be	Kulim estates had a long-range replanting program from 2019 and projected up to the year 2044.		Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	<p>established and review annually, where applicable every 3-5 years.</p> <p>- Major compliance -</p>	<p>For Basir Ismail Estate, the next replanting program will be in 2021 (Field P97, 322.31 ha).</p> <p>For Kuala Kabong Estate, no replanting program available.</p> <p>For Ulu Tiram Estate, no replanting program available.</p>	
4.6.2.3	<p>The business or management plan may contain:</p> <ul style="list-style-type: none"> a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production: cost per tonne of FFB d) Price forecast e) Financial indicators: cost benefit, discounted cash flow, return on investment <p>- Major compliance -</p>	<p>This requirement i.e crop material, crop projection, yield, production cost, are provided in the business management plan as shown in item 4.6.2.1 above.</p>	Comply
4.6.2.4	<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 effectively implemented and achievements of the goals and objectives regularly monitored, periodically reviewed and documented by performance monitoring.</p> <p>The Kulim estates performance recorded in the monthly progress reports. Details on the actual vs budget, i.e crop production, fixed and direct cost shown therein.</p> <p>The management also provided variance report on the performance and reviewed on a monthly basis.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	The pricing mechanism was clearly stated in the contract or purchase order made for the products and other services acquired by the company.	Comply
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Fair, legal and transparent sampled of contract agreement that signed by the contractors as per following: Basir Ismail Estate sample contractor agreement: <ul style="list-style-type: none"> - Contract # KMB/LBI4/2017; Scope: Loading and Transporting of Fresh Fruit Bunch (FFB) From Field of Ladang Basir Ismail, Sungai Tiram To Sedenak Palm Oil Mill, Kulai And Sindora Palm Oil Mill, Kluang, Johor; Contract Period: 1/1/2018 – 31/12/2020 - Contract # EPA/LBI2/2014; Scope: Loading and Transporting of Fresh Fruit Bunches (FFB) from Field P09, P10 an P11 to Ramp at Ladang Basir Ismail; Contract Period: 15/2/2014 – 14/2/2020 Basir Ismail Estate sample contractor agreement: <ul style="list-style-type: none"> - Contract # KMB/LKK1/2017; Scope: Loading and Transporting of FFB From Fields at Ladang Kuala Kabong and from Ramp to Sedenak Palm Oil Mill, Kulai, Johor; Contract Period: 1/10/2017 – 30/9/2020 - Contract # KMB/LKK2/2017; Scope: Hiring of JCB at Ladang Kuala Kabong; Contract Period: 1/1/2018 – 31/12/2018 Ulu Tiram Estate sample contractor agreement:	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - Contract # KMB/UTE2/2017; Scope: Loading and Transporting of FFB From Ramp Fields at Ladang Ulu Tiram to Sedenak Palm Oil Mill, Kulai, and Sindora Palm Oil Mill, Kluang, Johor; Contract Period: 30/6/2019 – 30/6/2020 - Contract # UTE 07/2019; Scope: Harvesting FFB/Pruning and Loose Fruit; Contract Period: 1/1/2019 – 31/12/2019 <p>Payments were made timely as per agreed terms between both parties.</p>	
Criterion 4.6.4: Contractor			
4.6.4.1	<p>Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.</p> <p>- Major compliance -</p>	<p>The contract agreement contained clauses stated that the contractors have to comply with MSPO/ RSPO requirements for sampled agreements as following:</p> <p>Basir Ismail Estate sample contractor agreement:</p> <ul style="list-style-type: none"> - Contract # KMB/LBI4/2017; Scope: Loading and Transporting of Fresh Fruit Bunch (FFB) From Field of Ladang Basir Ismail, Sungai Tiram To Sedenak Palm Oil Mill, Kulai And Sindora Palm Oil Mill, Kluang, Johor; Contract Period: 1/1/2018 – 31/12/2020 - Contract # EPA/LBI2/2014; Scope: Loading and Transporting of Fresh Fruit Bunches (FFB) from Field P09, P10 an P11 to Ramp at Ladang Basir Ismail; Contract Period: 15/2/2014 – 14/2/2020 <p>Basir Ismail Estate sample contractor agreement:</p> <ul style="list-style-type: none"> - Contract # KMB/LKK1/2017; Scope: Loading and Transporting of FFB From Fields at Ladang Kuala Kabong and from Ramp to 	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Sedenak Palm Oil Mill, Kulai, Johor; Contract Period: 1/10/2017 – 30/9/2020</p> <ul style="list-style-type: none"> - Contract # KMB/LKK2/2017; Scope: Hiring of JCB at Ladang Kuala Kabong; Contract Period: 1/1/2018 – 31/12/2018 <p>Ulu Tiram Estate sample contractor agreement:</p> <ul style="list-style-type: none"> - Contract # KMB/UTE2/2017; Scope: Loading and Transporting of FFB From Ramp Fields at Ladang Ulu Tiram to Sedenak Palm Oil Mill, Kulai, and Sindora Palm Oil Mill, Kluang, Johor; Contract Period: 30/6/2019 – 30/6/2020 - Contract # UTE 07/2019; Scope: Harvesting FFB/Pruning and Loose Fruit; Contract Period: 1/1/2019 – 31/12/2019 	
4.6.4.2	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p>- Major compliance -</p>	<p>The contractors have signed on the contract agreement prior to provide services. Seen the contract agreement and details as refer to Criterion 4.6.4.1 above.</p>	Comply
4.6.4.3	<p>The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.</p> <p>- Minor compliance -</p>	<p>Kulim (Malaysia) Berhad has agreed for BSI auditors to verify the assessment through a physical inspection if required.</p>	Comply
4.6.4.4	<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>- Major compliance -</p>	<p>The contractor will submit the invoice for that particular month for all the works done to the estate management and payment will be made by head office accordingly.</p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
4.7 Principle 7: Development of new planting		
Sedenak Palm Oil Mill and Supply Base Estates - No new planting.		

MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) 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 -	MSPO Policy dated 1/5/2018 Signed by Executive Director, Mr. Zulkifly Zakariah has been established and implemented. Records on policy communication sighted with latest policy awareness & refresher course on ISO, RSPO, MSPO, ISCC, Halal & OSH; Date: 1/8/2019 was conducted in Sedenak complex.	Comply
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	Comply
Criterion 4.1.2 – Internal Audit			

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
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 -	Internal audit planned and implemented based on the written procedure of Sustainable Management System, Internal Audit Doc. # SQD/SMS/5.0; Issue # 1; Date: 1/7/2018 as the Internal Audit Procedure where the MSPO audit shall be conducted as per Internal Audit Process which covers internal audit schedule (plan), audit report, non-conformance report, correction and corrective action, review and closing the NCR.	Comply
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. - Major compliance -	As per SOP, the management has conducted the Internal Audit at least once within 12 months (before the expiry of the certificate). Internal audit Non-conformance Report and Internal Audit checklist dated 26/8/2019 sighted for Sedenak POM and available during the audit.	Comply
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 26/8/2019.	Comply
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 -	Management review was last conducted on 26/9/2019. The meeting was chaired by Senor Mill Manager and attended by mill management team. Frequency of meeting is on annual basis where previous meeting was conducted on 28/9/2018. Based on the minutes of meeting (Meeting 01/2019), the following agendas were adequately recorded:	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> • Results of internal audits covering RSPO Supply Chain Certification Standard • Customer feedback. • Status of preventive and corrective actions. • Follow-up actions from management reviews. • Analysis of data, FFB Quality, Production Performance, External provider's performance, product conformity • Changes that could affect the management system. • Recommendations for improvement (human resource, equipment and workplace planning) <p>Discussion about the improvement of the effectiveness of the management system and its processes, and any resource needs were found to be included in the meeting minute.</p>	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.</p> <p>- Major compliance -</p>	<p>The latest Continual Improvement Plan for FY 2019 enlisting few action plans for continuous improvement projects. Continual improvement action plan established based on consideration of main social and environmental impact, workers welfare, waste management occupational health and safety and operation improvement.</p>	Comply
4.1.4.2	<p>The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p> <p>- Major compliance -</p>	<p>The 2019 OPEX budget has include training budget and operations improvement including environmental improvement, worker welfare, OHS etc. Interview with workers confirmed trainings are provided by company on regular basis.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
		<p>New technologies introduced;</p> <ul style="list-style-type: none"> - Clean emission system to comply with EQ (Clean Air) Regulation 2014 – Installation of Electrostatic Precipitator (ESP) expected completion November 2019 - Improved online black smoke monitoring system (CEMS) - To improve the BOD level for Pollution Control Device (PCD) & storm drain to meet the EQA 1977 (2nd Schedule) – Installation of POME Tertiary Treatment Plant (Polishing Plant) expected completion December 2019 - CSR with public educational institution - Implementation of OSH Code of Practice 	
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	<p>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.</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 tool box, meeting with representatives, inspections, suggestion boxes, memo, stakeholder meeting and etc.</p>	Comply

Criterion / Indicator	Assessment Findings	Compliance
<p>4.2.1.2 The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>There's an SPO Transparency Program under Kulim Malaysia Berhad. The procedure is to ensure that documents if to be release and made publicly available are readily available. The Corporate Dept. will ensure that the following documents are available if requested and they do not impinge on confidentiality and will not cause detrimental sustainability or social outcomes.</p> <p>Among documents made available for viewing include the following:</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>Comply</p>

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>The same Communication Procedure V2.0 dated November 2009 has been established. 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. There's also a Grievance Policy signed by company's Executive Director dated 1/5/2018 as part of the consultation and communication procedures implementation.</p> <p>Sampled communications records sighted available including the following:</p> <ul style="list-style-type: none"> - DOE Johor Field Citation; JAS/ATOP1/08/2015; Citation date: 21/4/2019; Mill response date: 17/5/2019 - DOSH Johor Inspection Visit Record Book; Latest inspection and comment dated 8/9/2019 – response action plan in-progress <p>Records of other stakeholders' enquiry/communication also maintained in the Enquiry Register Book. Last enquiry recorded was dated in 17/9/2018.</p>	Comply
4.2.2.2	<p>The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i>.</p> <p>- Minor compliance -</p>	<p>The person having overall responsibility for and authority over the implementation for RSPO, MSPO and ISCC Certification Program is the Head of each operating unit as per appointment letter SQD/ADMIN/017/19; Dated 22/9/2019. For Sedenak Mill, the Senior Mill Manager is Haji Kamaroulzaman Thith. Additionally, the</p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		Mill Manager appointed the Assistant Manager, Mr. Mohd. Hafiz Saron as the Social Person-In-Charge as per letter dated 1/1/2019.	
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 registered and maintained its stakeholder information in the List of Stakeholders file consist of internal and various external stakeholders categories among Authorities, Local Government Agencies, Communities, FFB Suppliers, Contractors, Hardware Suppliers, Services Providers, Transporters, Buyers and etc.</p> <p>Recent latest stakeholder consultation meeting was conducted on 3/9/2019 at the nearby Legend Golf Resort, Sedenak. Invitation letters to relevant stakeholders were sent on 28/8//2019 with a total attendance of 45 internal and external stakeholders. Sighted the feedbacks from stakeholders recorded in the minutes of meeting and some included in the social management action plan.</p> <p>However, timely maintenance of records for communications and action taken in response to feedbacks/requests/enquiries from stakeholders could be further improve by the Sedenak Mill and relevant department involved. An OFI has been raised on the matter.</p>	OFI
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 shall establish a standard operation procedure for traceability.</p> <p>- Major compliance -</p>	The written procedure available is Sustainable Management System; Traceability; Doc. # SQD/SMS/1.2; Issue # 1; Date: 28/2/2019 for the implementation of traceability requirements.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system. - Major compliance -	The mill management conducted regular inspections via daily checking of various operation and production documents and records including the weighbridge tickets, daily production and stock movement records and etc. Additionally, annual internal audit was conducted by HQ Sustainability and Quality Department (SQD) personnel to ensure compliance with established traceability system. Latest internal audit was conducted on 26/8/2019.	Comply
4.2.3.3	The management shall identified and assign suitable employees to implement and maintain traceability system. - Minor compliance -	The person having overall responsibility for and authority over the implementation for RSPO, MSPO and ISCC Certification Program is the Head of each operating unit as per appointment letter SQD/ADMIN/017/19; Dated 22/9/2019. For Sedenak Mill, the Senior Mill Manager is Haji Kamaroulzaman Thith. Specifically for traceability implementation, identified employees including assistant managers, weighbridge operator, grading supervisor, lab supervisor and security.	Comply
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 Todate FFB Received dated 28/9/2019 for FFB received from own certified, group certified and non-certified source sighted available. Other than own supplying estates (Sedenak, Ulu Tiram, Basir Ismail & Kuala Kabong), external suppliers including the sample sighted as following: <ul style="list-style-type: none"> - Kebun Sedenak - Peladang Kulai - Guan Leng - Ree Fong October 2018 – August 2019: Total FFB received: 379,767.51 mt	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Total FFB processed: 379,767.51 mt Total CPO produced: 79,355.83 mt Total PK produced: 20,867.96 mt Total CPO despatched: 59,870.98 mt Total PK despatched: 1,055.72 mt</p> <p>Sample movement records sighted available as following:</p> <ul style="list-style-type: none"> - Sample internal certified FFB received - Supplier: Basir Ismail Estate; W/bridge ticket # 382250; Date: 27/9/2019; DO # 087794; Nett weight: 41,920kg; Vehicle # JMU 8236 - Sample CPO dispatch: Dispatch (Weighbridge ticket) # C27583; Contract # MPO 19051; DO # 1306; Net weight: 41.94 mt; Transport: JKF 6937; Date: 6/8/2019 - Sample PK dispatch: Dispatch (Weighbridge ticket) # K07743; Contract # MPK 19002; CO # 037821; Net weight: 39.33 mt; Transport: JQQ 9636; Date: 30/4/2019 	
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	<p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p>- Major compliance -</p>	<p>Sedenak POM continued to comply with legal requirements.</p> <p>Compliance to each applicable laws and regulations is monitored by the operating units and SQD sustainability team.</p> <p>a) MPOB license 500058304000 valid from 01/01/2019 to 31/12/2019.</p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>b) DOE license No 004532 dated 26/06/2018 valid until (validity period 01/07/2019 - 30/06/2020) for 90mt/hr and method of POME discharge is land application with BOD final discharge limit <5000mg/l.</p> <p>c) KPDNKK for diesel under Serial no: J/JOH 000061 valid 16/01/2019 – 15/01/2020.</p> <p>d) Weighbridge calibration B1477880 dated 25/02/2019 refer Sticker: 2.1K-Q011735 – 0192691 (JJB-ATK 002888).</p> <p>e) SPAN under License SPAN/EKS/(PT)/800-4/2/14 valid 13/03/2017 – 12/03/2020.</p> <p>f) Water abstraction for River license: 08/A/KJ/051; File no: BAKAJ/334/300/05/02/08/1; Year: 2019; Maximum: 2000m3; Valid until 31/12/2019.</p> <p>g) CePPOME competent person – Mohd Saiful Bin Mansor (790324-05-5227).</p> <p>h) CePSWaM competent person - Mohd Saiful Bin Mansor (790324-05-5227).</p>	
4.3.1.2	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p>- Major compliance -</p>	<p>Kulim Group Compliance Framework dated 05/08/2019 for reporting period 01/05/2019 – 30/06/2019 for Sedenak Complex was made available for review.</p>	Comply
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>The following law and acts incorporated in Kulim Group Compliance Framework dated 05/08/2019:</p> <p>a) Employee Social Security Act 1969 (Act 4);</p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>b) Employees Social Security Act (Amendment of First Schedule) (No. 2) Order 2018;</p> <p>c) Employees Social Security (Exemption of Foreign Workers)(Revocation) Notification 2018;</p>	
4.3.1.4	<p>The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.</p> <p>- Minor compliance -</p>	<p>Sighted letter dated 27/06/2018 for the appointment of as the Person Responsible for Compliance (PRC) for updating changes in laws and compliance monitoring.</p> <p>For Sedenak Complex, the person in charge is the Executive Regional Controller (RC). Refer to appointment letter, ref: (15)RMC/COM/GM/18/10 dated 27/06/2018.</p> <p>Tracking system available to identify changes in the relevant regulations through head office under Risk Management and Compliance Department and site representative. Tracking system on any changes in the law been well implemented.</p>	Comply
Criterion 4.3.2 – Lands use rights			
4.3.2.1	<p>The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p>	<p>Sedenak Palm Oil Mill situated within Sedenak Estate land area under title No. 10; Ownership changed since the year 1922. The Summary of Area Statements for Commercial Survey of Sedenak Estate dated 30/1/2018 shown the mill occupied a total of 86.60 ha area of Sedenak Estate.</p>	Comply
4.3.2.2	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land.</p>	<p>Historical records of land title legal ownership shown the land title belongs to the Sultanate of Johor and transferred to the Johor State Government and subsequently to Kulim Malaysia Berhad in 1992.</p>	Comply

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	Mill situated within Sedenak Estate with perimeter fencing as its boundary of area.	Comply
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 (FPIC). - Minor compliance -	There is no land dispute in estates under Sedenak Palm Oil Mill Certification Units at the time of audit. The estate management provided documents showing legal ownership, history of land tenure and the actual use of the land of individual land titles area as in indicator 4.3.2.2 above.	Comply
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. The existing estates are not encumbered by any customary land rights. The company has constructed trenches, wooden pegs and gates to differentiate the land boundaries. No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported during the time of audit.	Comply
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. The existing estates are not encumbered by any customary land rights. The company has constructed trenches, wooden pegs and gates to differentiate the land boundaries. No issues related to loss of legal	Comply

Criterion / Indicator		Assessment Findings	Compliance
		customary rights with indigenous peoples, local communities and other stakeholders reported during the time of audit.	
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. The existing estates are not encumbered by any customary land rights. The company has constructed trenches, wooden pegs and gates to differentiate the land boundaries. No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported during the time of audit.	Comply
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 mitigate the negative impacts and promote the positive ones. - Minor compliance -	Identified and established as Social Impact Register; Social Aspect Serial # SR 001 – SR 056. Identification was based on assessment and Social Audit Consultation with internal and external stakeholders. Aspect being assessed its impact as per procedure of Evaluation of Impact Significant which were calculated its significance rating based on Frequency, Consequences and Likelihood parameters. Identified significant social impact was taken action with established <i>Cadangan Penambahbaikan Sosial bagi Kilang Sawit Sedenak 2019</i> ; Date: 15/9/2019; Prepared by: MR; Sample: <ul style="list-style-type: none"> - Aspect Serial # LBI02; Category: Welfare; Impact expected: Negative; Issue: Double paid & wrong credited salary; Action: Reimbursement and reconciliation of salary payment 	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		- Aspect Serial # LBI05; Category: Safety; Impact expected: Positive; Issue: Provision of free PPE to workers; Action: Periodical issuance of PPE to workers	
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 -	System established based on documented SPO Grievance Procedure Program; Dated: 4/9/2018 as Kulim Grievance Procedure Plans and Grievance Policy (Polisi Kilanan dated 1/5/2018) to handle complaints from internal and external stakeholders. There's also Specific grievance mechanism which respects anonymity and protects complainants as requested established with appointed Panel Aduan Wanita; 07/11/2016 among woman employees to receive the grievance if any for Sedenak complex.	Comply
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 Enquiry Register and Housing Complaint Logbook was established and implemented in the mill and estates to record any complaints from the stakeholders. Records shown the management has taken action to rectify the complaints and updated the actions taken in the form and logbook. The complainant has acknowledged on the complaint form after the issue has been resolved by the management in Sedenak Palm Oil Mill & Estates.	Comply
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints. - Minor compliance -	The Enquiry Register and Housing Complaint Logbook were being used to record any request, complaints and grievances from the stakeholders. There was no any complaints recorded since last audit except for housing damages which were resolved within timeframe.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.4	<p>Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.</p> <p>- Minor compliance -</p>	<p>Interview conducted with the stakeholders confirmed that they are understood about the complaint procedure.</p>	Comply
4.4.2.5	<p>Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.</p> <p>- Major compliance -</p>	<p>The Enquiry Register and Housing Complaint Logbook were being used to record any request, complaints and grievances from the stakeholders.</p> <p>There's also DOSH visit book and DOE field citation records maintained by the mill for action taken on all feedbacks by both authorities.</p>	Comply
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	<p>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.</p> <p>- Minor compliance -</p>	<p>Contributions made based on consultation as per SPO Corporate Social responsibility programs – Kulim Corporate Social Responsibility. It was sighted in Integrated Annual Report 2018 "Strengthening Core Competences", among the program is as below:</p> <ul style="list-style-type: none"> - Persatuan Bola Sepak Negeri Johor - Raja Zarith Sofiah Wildlife Defenders Challenge 2018. - PINTAR foundation. - Yayasan Johor Corporation 	Comply
Criterion 4.4.4: Employees safety and health			

Criterion / Indicator	Assessment Findings	Compliance
<p>4.4.4.1 An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>An Occupational Safety & Health Policy had been established and implemented. The policy signed by the Executive Director of Kulim (Malaysia) Berhad on 01/05/2018 and displayed prominently on notice boards in Bahasa Malaysia.</p> <p>An OSH Plan had been established and Implemented.</p> <p><u>Baseline & Annual Audiometric Testing</u></p> <p>Audiometric testing report and employee audiogram testing dated 19/05/2019 by En. Edaris Bin Ahmad (Senior Technician) and supervised by Dr. Mohd Rizal Bin Abd Azis (OHD HQ/15/DOC/00/395) was verified. Total 33 employees tested were 26 employees with normal hearing and 7 employees with hearing impairment.</p> <p><u>Periodic Local Exhaust Ventilation Examination</u></p> <p>LEV inspection and testing (report ref#: HQ/17/JHII/00/00004-2019/037) was conducted on 10/06/2019 by registered assessor JKPP HIE/HQ/17/JHII/00/00004). The LEV systems installed met the minimum required face velocity and duct transport velocity along the ducting and hoods.</p> <p>Monthly inspection and testing by the Mill management was also conducted and records verified by auditors.</p> <p><u>Chemical Health Risk Assessment (CHRA)</u></p> <p>CHRA conducted on 17/04/2018 – 13/08/2018 by registered assessor, Hjh. Noormahani Harun (JKPP HQ/03/ASS/00/154) of</p>	<p>Comply</p>

Criterion / Indicator		Assessment Findings	Compliance
		<p>QMSPRO Sdn Bhd. Based on the CHRA, 16 findings/recommendations reported.</p> <p>A separate CHRA for SEDPOM Biogas Plant was conducted on 10/12/2018 – 13/12/2018 by registered assessor, Hjh. Noormahani Harun (JKKP HQ/03/ASS/00/154) of QMSPRO Sdn Bhd.</p> <p>Based on the CHRA, 02 findings/recommendations (technical control), 08 findings/recommendations (organizational control), 02 findings/recommendations (accidental emission control) and 03 findings/recommendations (specific) reported.</p> <p><u>Personal Chemical Exposure Monitoring</u></p> <p>Records showed that the personal chemical exposure monitoring conducted on 14.08.2018 by Yeow Liang Ming (HQ/11/JHI/00/164) of Amcen Lab Sdn Bhd. The results showed that all personal chemical exposure levels of n-hexane in the Laboratory detected to be BELOW the permissible exposure level limit as per DOSH requirement.</p>	
4.4.4.2	<p>The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> a) A safety and health policy, which is communicated and implemented. b) The risk of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill: <ul style="list-style-type: none"> i. All employees involved are adequately trained on safe working practices; 	<ul style="list-style-type: none"> a) The occupational safety and health policy was communicated and implemented through daily toolbox meetings/briefings and trainings. The briefing includes among others to prioritise safety, execute work safely, adherence to all safety rules & regulations and to target for zero accident. The policy been communicated to the staff and workers. On site supervisors and mill assistant managers ensure the implementation of it. b) A Hazard Identification Risk Assessment and Risk Control (HIRARC) document for mill operations made available. Risk assessment carried on activities such as sterilization press 	Comply

Criterion / Indicator	Assessment Findings	Compliance
<ul style="list-style-type: none"> ii. All precautions attached to products should 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 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements. g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept and the concerns of employees and any remedial actions taken shall be recorded. h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees. i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite. 	<p>operation, oil clarification process, nut & kernel plant operation, boiler operation, office, etc.</p> <p>The latest annual review done in August 2019.</p> <p>c) Awareness training program was established and workers involved with chemical handling trained.</p> <p>Chemicals arranged and segregated accordingly in the chemical store. The CCDS/SDS for chemicals available at point of use. In addition to specific training courses, safety briefings given during muster to reinforce awareness, such as correct wearing of PPE.</p> <p>d) During the audit, noted that all employees provided with and were wearing appropriate personal protective equipment (PPE). Records were available of PPE issued to individual workers, including signatures to confirm receipt. PPE issued based on CHRA assessor's recommendation, HIRARC and SOPs.</p> <p>In the mill, pictorial signage of PPE use displayed.</p> <p>e) The management had established Standard Operating Procedure for handling of chemicals, Doc SDM / WI / 9 Rev 0 dated 01.07.2017 to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>Chemicals were handled as per the requirements in SDS/CSDS, CHRA, HIRARC and SOP (Doc SDM / WI / 9 Rev 0 dated 01.07.2017).</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
<p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>f) The management had identified and assigned the Senior Mill Manager as the person responsible for workers' safety and health.</p> <p>The OSH committee Chairman – Tuan Hj Kamaroulzaman Bin Thith (appointment letter dated 22/09/2019).</p> <p>Some appointment letters for other OSH committee members dated 03/05/2019, 26/06/2019, 31/03/2019, 25/03/2019 and 17/01/2019 were sighted</p> <p>g) Records showed that in 2019 OSH committee meetings conducted on 18/09/2019, 27/06/2019, 29/03/2019 and 27/12/2018. These meetings were to conduct regular two-way communication with their employees.</p> <p>h) Accident and emergency procedures and flow charts had been established for:</p> <ul style="list-style-type: none"> - Biogas plant emergencies - CPO/POME/Diesel/Chemical Spillage/ Effluent Treatment Pond Bund Rapture - Accident/Fire/Boiler Tube Rapture. <p>Established during interviews, that accident and emergency procedures clearly understood by all employees.</p> <p>i) The mill had employees trained in First Aid present at all mill operations worksites. First Aid equipment was available at each worksite</p> <p>j) Records of all accidents kept and reviewed periodically at OSH meetings.</p>	

Criterion / Indicator		Assessment Findings	Compliance
		<p>The JKPP 8 sent to DOSH on 28/01/2019 showed that in 2018 there were 4 accident cases with a loss 25 workdays.</p> <p>JKPP 6 for accidents that took place on 10/12/2018, on 06/06/2018 and on 06/03/2018 sent to DOSH sighted.</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 has implemented Kulim Sustainability Handbook dated 1/9/2018 and Guidelines for General Workers. People Policy dated 1/1/2008 has been developed and the management is committed to support non-discrimination in any form. Sighted latest was done on 01/08/2019 attended by 94 people in Sedenak POM, 25/09/2019 attended by 129 people in Ulu Tiram Estate, 12/09/2019 attended by 282 people in Basir Ismail Estate and 28/01/2019 attended by 128 people in Kuala Kabong Estate. Policy also available publicly and displayed within office area of all operating units.</p>	Comply
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>- Major compliance -</p>	<p>Kulim (M) Berhad has implemented Kulim Sustainability Handbook dated 1/9/2018 and Guidelines for General Workers. People Policy dated 1/1/2008 has been developed and the management is committed to support non-discrimination in any form. Sighted latest was done on 01/08/2019 attended by 94 people in Sedenak POM, 25/09/2019 attended by 129 people in Ulu Tiram Estate, 12/09/2019 attended by 282 people in Basir Ismail Estate and 28/01/2019 attended by 128 people in Kuala Kabong Estate. Policy also available publicly and displayed within office area of all operating units.</p>	Comply

Criterion / Indicator	Assessment Findings	Compliance
<p>4.4.5.3 Management shall ensure that employees’ pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>There were employment contracts for workers. Pay and conditions are documented and are above the Minimum Wage Order 2018. Sampled of employment contracts confirmed that terms and conditions are clearly outlined and have been signed by the worker. The daily rate of RM 42.31 for the workers was stated in the contract according to Minimum Wage Order 2018 as per sampled of the payslips for checkroll workers as following:</p> <ul style="list-style-type: none"> - Employee ID # 615356; Gang # G21; Post: General Worker; Date joined: 6/10/2010; Nationality: Malaysian - Employee ID # 615518; Gang # G21; Post: General Worker; Date joined: 17/10/2012; Nationality: Indonesian - Employee ID # 650979; Gang # 62; Post: Security Guard; Date joined: 1/11/2011; Nationality: Malaysian - Employee ID # 615611; Gang # G21; Post: General Worker; Date joined: 16/1/2019; Nationality: Indonesian 	<p>Comply</p>
<p>4.4.5.4 Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>The contractors have signed on the contract agreement with the terms that they must comply with legal requirements on the wages for their workers. It was clearly stated that all contractors’ workers shall achieved Minimum Wage Order 2018 in the agreements for contractor as below:</p> <ul style="list-style-type: none"> - Pengangkutan Olimpik Sdn. Bhd. (CPO Transporter) - Palmplus Technology Sdn. Bhd. (Effluent Pond Bund Repair) <p>The sampled payslip shown they have complied with the requirements. The contractors’ workers also signed on the employment contract where basic salary, annual leave and public</p>	<p>Comply</p>

Criterion / Indicator		Assessment Findings	Compliance
		holiday entitlement, termination of service and etc was clearly outlined in the contract.	
4.4.5.5	<p>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.</p> <p>- Major compliance -</p>	<p>All the direct employment workers will be registered in the Masterfile Prooflist and Labour Registers where personal details such as name, nationality, date of employed, job offered, salary and date of birth was stated in the list.</p> <p>The details for the contractors' workers are registered in the Workers Registration Form in all estates within Sedenak Palm Oil Mill complex.</p>	Comply
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>Employment contracts for checkroll workers were acknowledged and kept a copy by the workers verified through interviewed with the workers. The contract was in the language that understood by the workers. The terms and conditions were clearly stated in the contract such as salary, annual leaves and public holiday entitlement, rate of work on rest day and overtime. Sampled of employment contracts as following:</p> <ul style="list-style-type: none"> - Employee ID # 615356; Gang # G21; Post: General Worker; Date joined: 6/10/2010; Nationality: Malaysian - Employee ID # 615518; Gang # G21; Post: General Worker; Date joined: 17/10/2012; Nationality: Indonesian - Employee ID # 650979; Gang # 62; Post: Security Guard; Date joined: 1/11/2011; Nationality: Malaysian - Employee ID # 615611; Gang # G21; Post: General Worker; Date joined: 16/1/2019; Nationality: Indonesian 	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers. - Major compliance -	The mill maintained the thumb print records of attendance of all workers that makes working hours and overtime transparent for both the employees and employers	Comply
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 thumb print records of attendance of all workers maintained by the mill for checkroll process indicated working hours and breaks of the individual worker comply with legal regulations and collective agreements. Records of attendance (thumb print) and process including payslip confirmed that the mutually agreed overtime meet applicable legal requirements.	Comply
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 -	Documented payslip was distributed to individual workers on the day of payment. The daily rate of RM 42.31 for the workers was stated in the contract according to Minimum Wage Order 2018 as per sampled of the payslips for checkroll workers as following: <ul style="list-style-type: none"> - Employee ID # 615356; Gang # G21; Post: General Worker - Employee ID # 615518; Gang # G21; Post: General Worker - Employee ID # 650979; Gang # 62; Post: Security Guard - Employee ID # 615611; Gang # G21; Post: General Worker 	Comply
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings. - Minor compliance -	The management provided free medical facilities to all the workers and dependents. The company also subsidized water and electricity to all employees up to certain extend of use.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities. - Major compliance -	Kulim (M) Berhad has provided free housing and medical assistance to all the workers. Water and electricity was provided with subsidize rate as mentioned in the employment contract and JTK permit of salary deduction as per applicable legal requirement. Government school was found in the compound of Sedenak complex. Linesite inspection was conducted on weekly basis by Hospital Assistant and twice a month together with VMO. Domestic water supplies were 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.	Comply
4.4.5.12	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	Policy to prevent sexual and all other forms of harassment and violence has been updated as Kulim (Malaysia) Berhad Sexual Harassment Policy; Signed by Executive Director; Dated: 1/5/2018. Policy has been communicated in latest meetings as per records of followings: Sedenak Mill: Carta Organisasi WOW 2010-Minit Mesyuarat WOW 03/2019; Date: 09/08/2019, 02/019 meeting on 07/05/2019, 01/19 meeting on 11/09/2019; Minit Mesyuarat WOW No. 2/2019. Ulu Tiram Estate: Mesyuarat Ahli Jawatankuasa 2/19 on 14/06/2019 & 25/01/2019; sambutan hari raya UTE (03/07/2019), sambutan hari raya WOW kompleks Sedenak (28/06/2019). Basir Ismail Estate: Minit Mesyuarat WOW Dated: 11/09/2019 and 10/02/2019. Kuala Kabong Estate: Minit Mesyuarat WOW 6/2019 Kulim (Malaysia) Berhad Ladang Kuala Kabong Dated: 22/08/2019, 21/06/2019, 08/04/2019.	Comply

Criterion / Indicator	Assessment Findings	Compliance
<p>4.4.5.13 The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.</p> <p>- Major compliance -</p>	<p>Kulim (M) Berhad has implemented Guidelines for General Workers where they respect the rights of the workers to join any association that recognized by the company. The guideline has distributed to each of the workers. Besides, the company has established Kulim Sustainability Handbook where under Core Labour Standards, the workers has been given rights to join or form trade union and to bargain collectively. SPO core labour values – Kulim Core Labour Value Plans.</p> <p>Meeting with Union representatives was conducted on periodical basis at all operating units. In general, the meetings outcome highlighted the action plan to monitor the issues raised during the meeting was developed. The action plan was updated accordingly if any issue has been resolved. Sampled minutes of meetings sighted as following:</p> <p>Sedenak Mill: Mesyuarat Bersama Wakil NUPW/AMESU 01/2019; Date: 02/05/2019</p> <p>Ulu Tiram Estate: Mesyuarat Bersama Dengan Majikan; Date: 24/07/2019.</p> <p>Basir Ismail Estate: Mesyuarat Antara Majikan, Wakil Pekerja dan Wakil Union 01/2019; Date: 14/02/2019.</p> <p>Kuala Kabong Estate: Mesyuarat Bersama Wakil NUPW 1/2019 on 25/09/2019.</p>	<p>Comply</p>
<p>4.4.5.14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p>	<p>Kulim (M) Berhad has implemented Guidelines for General Workers and Kulim Sustainability Handbook where they will not employ Child Labour according to Children and Young Persons</p>	<p>Comply</p>

Criterion / Indicator		Assessment Findings	Compliance						
	- Major compliance -	(Employment) Act 1966. Records of employee particulars sighted at all operating units shown no child labour been employed. There were trainings entitled 'No Child Labour Policy' conducted. Sighted latest was done on 01/08/2019 attended by 94 people in Sedenak POM, 25/09/2019 attended by 129 people in Ulu Tiram Estate, 12/09/2019 attended by 282 people in Basir Ismail Estate and 28/01/2019 attended by 128 people in Kuala Kabong Estate. Through document reviewed found that all the workers were above 18 years old.							
Criterion 4.4.6: Training and competency									
4.4.6.1	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training. - Major compliance -	<p>An Annual Training Program 2019 sighted. Records showed that all employees appropriately trained.</p> <p>Regular assessment of training conducted to ensure understanding among the employees.</p> <p>The training program included all aspects of RSPO Principles and Criteria, RSPO Supply Chain and MSPO standards.</p> <p>The records included the title of training, name and signature of the attendees, name of the trainer, time and venue.</p> <p>Some of the trainings verified were:</p> <table border="1"> <thead> <tr> <th>Date of training</th> <th>Trainings</th> <th>No. of Participants</th> </tr> </thead> <tbody> <tr> <td>25/09/2019</td> <td>First Aid Training</td> <td>12</td> </tr> </tbody> </table>	Date of training	Trainings	No. of Participants	25/09/2019	First Aid Training	12	Comply
Date of training	Trainings	No. of Participants							
25/09/2019	First Aid Training	12							

Criterion / Indicator		Assessment Findings			Compliance
		01/08/2019	Policy awareness & refreshment course on ISO, RSPO, MSPO, ISCC, HALAL & OSH	94	
		07/08/2019	Safety awareness in the Biogas station	4	
		31/07/2019	Water treatment JAR test training	5	
		28/07/2019	Emergency response and Fire drill	92	
		28/07/2019	Schedule waste management training & purchasing procedure	4	
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 of individual employees identified prior to the planning and implementation of the training programs. This was in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>The training matrix Annual Training Program 2019 sighted.</p>			Comply
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>- Minor compliance -</p>	<p>It was evident that from the training matrix for 2019 and training records for 2019 that all trainings planned and implemented to ensure that all employees trained in their job function and responsibility.</p>			Comply
<p>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</p>					

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	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. - Major compliance -	The Environmental policy dated 01/05/2018 signed by Kulim (M) Bhd, Executive Director. The policy has emphasis commitment towards protecting the environment and conserving biodiversity through sustainable development. The new revision has incorporated adaptation of DOE’s guided self-regulation approach for continual improvement.	Comply
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations - Major compliance -	The environment management plan dated 01/01/2019 has included all pertinent environmental receptors and in lined with company’s policy and legal requirement as per EQA 1974. Aspects and impacts analysis of all operations during normal/abnormal/emergency situation identified.	Comply
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored. - Major compliance -	Environmental management plan for 2019 (Pollution & Emission) available. Significant environmental issues identified: 1. Emission of dark smoke 2. Emission of noise 3. Emission of dust/ashes particle 4. Emission of air pollutant	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>5. POME</p> <p>6. Waste water (cleaning - production area, lubricant store, workshop, wash down, line site)</p> <p>Assistant mill engineer, Burhannudin Annuar appointed to monitor the overall implementation of the management plan.</p>	
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>Programs to promote positive impacts on environment was verified via CAPEX for 2019 towards compliance with:</p> <p>i) New 50 ton/hr boiler with air pollution control system – to comply with Clean Air Regulation 2014</p> <p>ii) Biological Scrubber and Polishing Plant – to comply with BOD 100 ppm</p>	Comply
4.5.1.5	<p>An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives.</p> <p>- Major compliance -</p>	<p>An annual training program 2019 is available and updated on a yearly basis or revised as per the management requirement.</p> <p>Included in this program are subject related to environment e.g environmental, safety & health policy, scheduled waste management, environmental responsibility, HCV & Biodiversity training.</p>	Comply
4.5.1.6	<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) is setup to comply with the DOE requirement on Guidance Self-Regulation (GSR).</p> <p>The 10th Environmental Regulatory Compliance Monitoring Committee (ERCMC) carried out on 27/08/2019 planned on quarterly basis.</p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		For EPMC, the latest meeting conducted on 05/09/2019. The meeting is to review environmental performance within Kulim's Group POM.	
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 -	The monitoring recorded in environment performance indicator- electricity generated by steam turbine tabulated for the financial year 2019. It is calculated as electricity generated from turbine that produces power for the mill entire complex operation unit in kwh/mt FFB. A monthly record on energy consumption for both renewable and non-renewable sources maintained documented. It is monitored to optimise use of renewable energy. The data is compiled for comparison and control for future improvement with aim of gradual reduction particularly diesel.	Comply
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 -	The mill records the following data and tabulated the ratio against the FFB processed and CPO produced to determine the efficiency of their operations; the diesel used (non-renewable) for the mill operation fibre/shell used (renewable). In this relation, the following data sighted and verified. To-date August 2019 : FFB processed (245,148.94MT), Steam turbine (4,495,000kWh).	Comply
4.5.2.3	The use of renewable energy should be applied where possible.	The fibre and shell used in the boiler for fuel recycled in the process system. Surplus quantity of shell/fibre delivered to estates for multi	Comply

Criterion / Indicator		Assessment Findings	Compliance												
	- Minor compliance -	<p>purposes or sold to outside buyers. EFB used in the estates for mulching.</p> <p>Details of renewable energy fibre/shell used in the mill shown in 4.5.2.2 above.</p> <p>The long term planning for biogas implementation reviewed. The recovered biogas will be used for energy generation (e.g. steam & electricity)</p>													
Criterion 4.5.3: Waste management and disposal															
4.5.3.1	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance -</p>	<p>All waste and pollution identified and documented in the Waste & Pollution Management Plan 2019 made on the Regional level.</p> <p>The Waste & Pollution Management Plan reviewed on 01/08/2019.</p> <p>a) Details of waste generated from Sedenak POM activities among others as shown below:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Type of waste</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Domestic waste rubbish</td> <td>Line sites, office complex</td> </tr> <tr> <td>2</td> <td>Industrial waste-fertilizer bags Empty bags</td> <td>Store</td> </tr> <tr> <td>3</td> <td>Scrap metal</td> <td>Workshop</td> </tr> </tbody> </table>	No	Type of waste	Location	1	Domestic waste rubbish	Line sites, office complex	2	Industrial waste-fertilizer bags Empty bags	Store	3	Scrap metal	Workshop	Comply
No	Type of waste	Location													
1	Domestic waste rubbish	Line sites, office complex													
2	Industrial waste-fertilizer bags Empty bags	Store													
3	Scrap metal	Workshop													

Criterion / Indicator		Assessment Findings		Compliance		
		4	SW 404 Clinical waste	Clinic		
		5	SW rags, plastics, filters	Workshop		
		6	Spent lubricant & hydraulic oil	Workshop		
		7	Disposed containers, equipment contaminated with chemicals, pesticides, SW	Scheduled waste store		
		8	Sewage waste	Workers/staff toilets/office		
		b) The pollution identified from Sedenak POM activities:				
		No	Emission	Source		
		1	Dark smoke	Mill stack – boiler		
				Running vehicles		
		2	Noise	Diesel engines		
3	Dust particles	Shredded EFB				
		Boiler ashes				

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings			Compliance								
		4	Air pollutant	Boiler combustion Diesel engine Running vehicles									
		5	POME	Mill process									
		6	Waste Water	PCD									
				Septic tank spillage									
		<p>The source of mill pollution generated from the mill is the smoke from the boiler. It is monitored from the stack emission during the entire operations.</p> <p>These reports reviewed by the mill and submitted to DOE. There was no major issue.</p>											
4.5.3.2	<p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p> <p>a) Identifying and monitoring sources of waste and pollution.</p> <p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p>- Major compliance -</p>	<p>There are procedures and guidelines in the disposal of wastes and pollutants guided by SQD Head Office level to minimise pollution on the routine operation.</p> <p>a) Sedenak POM</p> <table border="1"> <thead> <tr> <th>No</th> <th>Type of waste</th> <th>Description</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Domestic waste</td> <td>Rubbish</td> <td>Line sites, office, workshop, store</td> </tr> </tbody> </table>			No	Type of waste	Description	Location	1	Domestic waste	Rubbish	Line sites, office, workshop, store	OFI
No	Type of waste	Description	Location										
1	Domestic waste	Rubbish	Line sites, office, workshop, store										

Criterion / Indicator		Assessment Findings				Compliance			
		2	Industrial Waste	Scrap metal	Workshop				
				POME	ETP				
		3	Sewage waste	Sewage	Workers/housing toilets/office				
		4	Scheduled Waste	SW 404 Clinical waste	Clinic				
				SW rags, plastics	Workshop				
				Spent lubricant & hydraulic oil	Workshop				
				Disposed containers, bags, equipment contaminated with chemicals	SW store				
				No	Type of waste		Description	Action	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings			Compliance	
		1	Domestic waste	Rubbish	Collection/disposal min 2x-3x /week internally. Establish landfill/ collection SOP Establish collection schedule & PIC Create awareness on hygiene Monitoring of line site	
		2	Industrial Waste	Scrap metal	Inventory maintained, tender at zone level for sale to licensed contractor.	
				POME	Daily monitoring of application at designated field P00.	
		3	Sewage waste	Sewage	To monitor during housing inspection and residents' complaints. Engagement with licensed contractor for sewage management.	
4	Scheduled Waste	SW 404 Clinical waste	Inventory maintained.			

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings		Compliance
			Storage in sharp bin in clinic. Disposal to Kualiti Alam Sdn Bhd.	
			SW rags, plastics, filters Inventory maintained. Storage in scheduled waste store. Disposal to licensed contractor.	
			Spent lubricant & hydraulic oil Collection by licensed vendor. Inventory maintained.	
			Disposed containers, bags, equipment contaminated with chemicals, SW Inventory maintained. Storage in SW store. All containers are labelled. Empty containers collected by authorized vendor.	
		b) Sedenak POM (additional type of waste peculiar to the mill processing)		

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings			Compliance
		No	Type of waste	Action	
		1	POME	Application at designated field specified by Agronomist.	
		2	EFB	Application at designated field specified by Agronomist.	
		3	Fibre/shell	Utilization as fuel in the boiler. Surplus fibre used in compost production & shell sold externally	
		4	Boiler Ash	Placed in area far from water source to prevent water pollution.	
		However, waste management plan could be further improved for pollution prevention and control by the mill. An OFI has been raised on the matter.			
4.5.3.3	The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under 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	The SOP on Scheduled Waste disposal is established and implemented. The standard operation procedure for the mill operations are available which is prepared on Group basis. There are levels of the documentation identified as follows; a) Level 1 Integrated Management Manual			Comply

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	b) Level 2 standard operating procedure/SPO OHS c) Level 3 work instruction d) Level 4 records. Amendments are made should there be requirement to suit the local issues/situation.	
4.5.3.4	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse. - Minor compliance -	Domestic waste disposal for the Sedenak POM through the collection and disposal to Sedenak estates landfill. The estate manages the same landfill for Sedenak POM. Collection 2 to 3 times a week.	Comply
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, particulate and soot emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	The identified source for air emission was from boiler. Current monitoring was through online boiler smoke density and alarm and six-monthly boiler and stack monitoring of dust particulate. On top of the air emission monitoring, ambient air monitoring is required to be carried out on quarterly basis. Sample of reports verified: <u>Boiler no.3</u> 2nd half of 2019 Date of reporting: 15/07/2019 Reference report: PAC-AE-190711	Comply

**MSPO Public Summary Report
Revision 0 (Aug 2017)**

Criterion / Indicator	Assessment Findings	Compliance
	<p>Particulate Matter (Dust): 410 mg/Nm³, dry,@12%CO₂ Carbon monoxide (CO): 1389 mg/Nm³, dry,@12%CO₂ The opacity of dark smoke emitted had exceeded the limits of EQ (Clean Air) Regulations 2014). <u>Boiler no. 3</u> 1st half of 2019 Date of reporting: 17/01/2019 Reference report: PAC-AE-190113 Particulate Matter (Dust): 215 mg/Nm³, dry,@12%CO₂ Carbon monoxide (CO): 10474 mg/Nm³, dry,@12%CO₂ The opacity of dark smoke emitted had exceeded the limits of EQ (Clean Air) Regulations 2014). Sighted the application for license infringement from 05/06/2019 to 31/12/2019 to DOE dated 28/05/2019 and acknowledgement received by DOE on 02/06/2019. Approval ref: ASJ(B)31/152/000/054 Jld.15(04) received on 25/08/2019; Infringement license# 005336 (ref: JPLP/PUB/19/005336) validity period 05/06/2019 – 05/06/2020. <u>Ambient air monitoring</u> 3rd quarter: 15-16/07/2019, report ref: PAC-AA-190712 Point A1: 29 PM₁₀ (PM less than 10 micron)</p>	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Point A2: 47 PM10 (PM less than 10 micron) 2nd quarter: 08-09/04/2019, report ref: PAC-AA-190407</p> <p>Point A1: 21 PM10 (PM less than 10 micron) Point A2: 23 PM10 (PM less than 10 micron) 1st quarter: 16-17/01/2019, report ref: PAC-AA-190114/190115</p> <p>Point A1: 11 PM10 (PM less than 10 micron) Point A2: 17 PM10 (PM less than 10 micron)</p> <p>Based on the above results, concentrations of particulate matter with the size of less than 10 micron (PM10) were complied with the limit of the New Malaysia Ambient Air Quality Standard, Interim Target 2 (IT-2) 2018.</p>	
4.5.4.2	<p>An action plan to reduce identified significant pollutants and emissions shall be established and implemented.</p> <p>- Major compliance -</p>	<p>The management action plan documented under Environmental Management Plan (Emission and Pollution) for 2019.</p> <p>Implementation of management plan will be reviewed every quarter during EPMC meeting.</p>	Comply
4.5.4.3	<p>Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations.</p> <p>- Major compliance -</p>	<p>The POME treated with open anaerobic pond. Based on license, final discharge method is through land application and composting. BOD limit is 5000 mg/.</p> <p>Monthly monitoring on the final discharge conducted.</p> <p>Palm Oil Mill Effluent (POME) treated through anaerobic pond treatment system where the licensed limit for final discharge BOD is 5000mg/l for latest compliance schedule.</p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Regular monitoring conducted by the mill by taking the sample of wastewater in final discharge point and water at the upstream and downstream of the river.</p> <p>(Sample: UTCL Laboratory - Refer to the latest analysis dated 16/08/2019, report ref: WI/1908/1025-1028, BOD5 upstream = 6 mg/l, downstream = <6 mg/l & domestic water = 6 mg/l).</p> <p>Effluent final discharge analysis monitored on monthly basis by accredited 3rd party UTCL Laboratory.</p> <p>Refer to the latest analysis dated 30/08/2019, report ref: EI/1908/0751-0754. Final discharge BOD is 535 mg/l and comply with the limit stipulated in mill’s compliance schedule of 5000 mg/l.</p> <p>An action plan was develop while pending the completion of polishing plant (target completion date: Dec 2019).</p> <p>On the performance monitoring, environmental reporting is submitted via online portal Online Environmental Reporting @ OER. Sighted the latest quarterly return (Apr – June 2019) dated 10/07/2019.</p>	
Criterion 4.5.5: Natural water resources			
4.5.5.1	<p>The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:</p> <p>a) Assessment of water usage and sources.</p>	<p>The mill water management plan has been established with the recent review made on 01/08/2019.</p> <p>Among others the plan therein has emphasized;</p> <p>a) rain water harvesting for cleaning purposes,</p>	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance														
<p>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</p> <p>c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>- Major compliance -</p>	<p>b) water from the reservoir for the mill operations</p> <p>c) water from pond and treated for human consumption</p> <p>d) continual training for workers on water efficiency consumption,</p> <p>e) de-silting of water reservoir to retain the reservoir optimal capacity.</p> <p>f) The action plan in event of draught/water pollution and</p> <p>The estates similarly possessed the following water management plan.</p> <p>Among others containing the following initiatives.</p> <table border="1" data-bbox="1088 850 1868 1289"> <thead> <tr> <th>No</th> <th>Source</th> <th>Activity</th> <th>Threat</th> <th>Action Plan</th> </tr> </thead> <tbody> <tr> <td>1</td> <td rowspan="2">Reservoir/ pond/ SAJ/Rain</td> <td>Chemical mixing</td> <td>Pollution Draught Wastage</td> <td>Enforcement of buffer zone as non-spraying activities</td> </tr> <tr> <td>2</td> <td>General upkeep</td> <td>Pollution Draught Wastage</td> <td>Follow WI & SOP to avoid water pollution. Follow SW SOP to avoid pollution caused from SW</td> </tr> </tbody> </table>	No	Source	Activity	Threat	Action Plan	1	Reservoir/ pond/ SAJ/Rain	Chemical mixing	Pollution Draught Wastage	Enforcement of buffer zone as non-spraying activities	2	General upkeep	Pollution Draught Wastage	Follow WI & SOP to avoid water pollution. Follow SW SOP to avoid pollution caused from SW	
No	Source	Activity	Threat	Action Plan												
1	Reservoir/ pond/ SAJ/Rain	Chemical mixing	Pollution Draught Wastage	Enforcement of buffer zone as non-spraying activities												
2		General upkeep	Pollution Draught Wastage	Follow WI & SOP to avoid water pollution. Follow SW SOP to avoid pollution caused from SW												

**MSPO Public Summary Report
Revision 0 (Aug 2017)**

Criterion / Indicator		Assessment Findings			Compliance	
			Line site	Pollution Draught Wastage	Every house supplied with containers. To schedule water supply to avoid wastage. Awareness on water usage efficiency. Outsource from neighboring estates.	
			Drain upkeep	Interrupt ion water flow at drainage system.	Periodic desilting Building of sand bags at specific points to contain water (weirs)	
				Water pollution	Prohibit workers from activities at water source Drinking water analysis. Monitor condition of septic tank. Adhere	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings				Compliance								
					SW management procedure to avoid pollution caused by SW.									
4.5.5.2	<p>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.</p> <p>- Major compliance -</p>	<p>Based on the effluent final discharge analysis, all the parameters complied with the Analysis was done once and every month and submitted to the authority on quarterly basis.</p> <p>The following parameters (BOD, TSS, Ammonical Nitrogen, Total Nitrogen, Oil & Grease, pH, COD, Total Suspended Solids) are checked by UTCL Laboratory</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Apr 2019</th> <th>May 2019</th> <th>June 2019</th> </tr> </thead> <tbody> <tr> <td>BOD3 (mg/l)</td> <td>325</td> <td>196</td> <td>255</td> </tr> </tbody> </table>				Month	Apr 2019	May 2019	June 2019	BOD3 (mg/l)	325	196	255	Comply
Month	Apr 2019	May 2019	June 2019											
BOD3 (mg/l)	325	196	255											
4.6 Principle 6: Best Practices														
Criterion 4.6.1: Mill Management														
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>Mill Operation Manual includes mill SOP and work instruction as a guidance document for mill operation.</p>				Comply								

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>Implementation of the SOP being monitored consistently through regular visit and audit by Safety (KSTS) and Sustainability Department team.</p> <p>Any gap identified will be reported and rectification will be done management team for improvement.</p>	
4.6.1.2	<p>All palm oil mills shall implement best practices.</p> <p>- Major compliance -</p>	<p>Plantation Inspectorate make regular visit to evaluate the performance of the mill and estates.</p> <p>General Manager visits the estates on quarterly basis to review estate performance against Kulim Sustainability standard.</p> <p>Latest Plantation Inspectorate visit was on 08/08/2019 (MI's report 4/2019). Rating given was good at 81% of overall performance.</p>	Comply
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	<p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p>- Major compliance -</p>	<p>Sedenak POM has projected the 5 years crop projection inclusive of budget (OPEX and CAPEX) from FY2021 to FY2025 and verified at site.</p> <p>The projection covers cop intake from own estate, from outside purchase (smallholders), total intake, processing cost and extraction rate (OER & KER).</p>	Comply
Criterion 4.6.3: Transparent and fair price dealing			



MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
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>The pricing mechanism was clearly stated in the contract or purchase order made for the products and other services acquired by the company.</p> <p>FFB pricing calculation mechanism based on MPOB declaration of spot month average prices of CPO and Palm Kernel for Peninsular Malaysia. The calculation formula is as following:</p> <p>FFB Price per M/tonne = (A-B-G) C + D (E) – F; where:</p> <p>A: MPOB’s CPO average price for Peninsular Malaysia B: MPOB cess and Duty, Windfall Tax and any other cess C: OER (Oil Extraction Rate) D: MPOB’s Palm Kernel average price for Peninsular Malaysia E: KER (Kernel Extraction Rate) F: Processing fee G: CPO transport charge at RM 24 per mt CPO</p>	Comply
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>Fair, legal and transparent sampled of contract agreement that signed by the vendors as per following:</p> <ul style="list-style-type: none"> - Supplier: Az Iman Resources Sdn. Bhd.; Date: 1/12/2018; MPOB License # 610583015000; Validity: 1/5/2019 – 30/4/2020 - Supplier: Perniagaan Md. Sangidi; Date: 1/12/2018; MPOB License # 506462015000; Validity: 1/4/2019 – 31/3/2020 	Comply

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		- Supplier: Kebun Sedenak Sdn. Bhd.; Date: 1/12/2018; MPOB License # 502868202000; Validity: 1/7/2019 – 30/6/2020	
Criterion 4.6.4: Contractor			
4.6.4.1	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	The contract agreement contained clauses stated that the contractors have to comply with MSPO/ RSPO requirements for sampled agreements as following: - CPO Transporter: Contract # MPSB/CPO 1/2016 (OLIMPIK); Variation Order: 01/2018 (Extension of contract period); Contractor: Pengangkutan Olimpik Sdn. Bhd.; Date: 25/2/2018; Scope: Transport of CPO from Mahamurni Plantations Sdn. Bhd. Group Mills to various refineries; Validity: 28/2/2018 – 29/2/2020 - Effluent Pond Bund Repair (Anaerobic # 9): Contract Ref. # MPSB/C1/35/37(2019); Contractor: Palmplus Technology Sdn. Bhd.; Agreement date: 24/7/2019; Commencement date: 7/8/2019; Completion date: 6/10/2019	Comply
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	The contractors have signed on the contract agreement prior to provide services. Seen the contract agreement and details as refer to Criterion 4.6.4.1 above.	Comply
4.6.4.3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. - Minor compliance -	Kulim (Malaysia) Berhad has agreed for BSI auditors to verify the assessment through a physical inspection if required.	Comply

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 (Malaysia) Berhad Sedenak Palm Oil Mill and Supply Base complies with the MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations, MSPO MS 2530-4:2013 – General Principles for Palm Oil Mills and Organized Smallholder. It is recommended that the certification of Kulim (Malaysia) Berhad Sedenak Palm Oil Mill and Supply Base is approved.</p>	
Acknowledgement of Assessment Findings	Report Prepared by
<p>Name: Salasah Elias</p>	<p>Name: Hafriazhar Mohd. Mokhtar</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>Signature:</p> 
<p>Date: 10/2/2020</p>	<p>Date: 5/2/2020</p>

Appendix A: Assessment Plan

Date	Time	Subjects	HMM	DF
Saturday 28/9/2019	PM	Audit team travel to JB & Check-in @ Mutiara Hotel	✓	-
Sunday 29/9/2019	08:30 – 17:30	Sedenak Palm Oil Mill RSPO Supply Chain	✓	-
	PM	Audit team travel to JB & Check-in @ Mutiara Hotel	-	✓
Monday 30/9/2019	08:30 – 09:00	Opening Meeting (Sedenak Palm Oil Mill) <ul style="list-style-type: none"> • Presentation by Kulim Sedenak • Presentation by BSI Lead Auditor - introduction of team member and assessment agenda • Confirmation of assessment scope and finalizing audit scope 	✓	✓
	09:00 – 12:30	Sedenak Palm Oil Mill Mill Assessment: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment. Laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	✓	✓
	12:30 – 13:30	Lunch break		
	14:30 – 16:00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	✓	-
	13:30 – 16:30	Sedenak Palm Oil Mill Document Review (MS2530 Part 4 & 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, P6 : Best practices	✓	✓
	16:30 – 17:00	Interim closing meeting	✓	✓
	Tuesday 1/10/2019	08:30- 12:30	Basir Ismail Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	✓
12:30 – 13:30		Lunch break	✓	✓
13:30 – 16:30		Basir Ismail Estate Document review (MS:2530 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	✓	✓
16:30 – 17:00		Interim closing meeting	✓	✓
Wednesday 2/10/2019	08:30- 12:30	Kuala Kabong Estate	✓	✓

MSPO Public Summary Report
Revision 0 (Aug 2017)

Date	Time	Subjects	HMM	DF
		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 break	✓	✓
	13:30 – 16:30	Kuala Kabong Estate Document review (MS:2530 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	✓	✓
	16:30 – 17:00	Interim closing meeting	✓	✓
Thursday 3/10/2019	08:30-12:30	Ulu Tiram Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	✓	✓
	12:30 – 13:30	Lunch break	✓	✓
	13:30 – 16:30	Ulu Tiram Estate Document review (MS:2530 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	✓	✓
	16:30 – 17:00	Closing meeting	✓	✓
Friday 4/10/2019	AM	Audit team travel back to KL	✓	✓

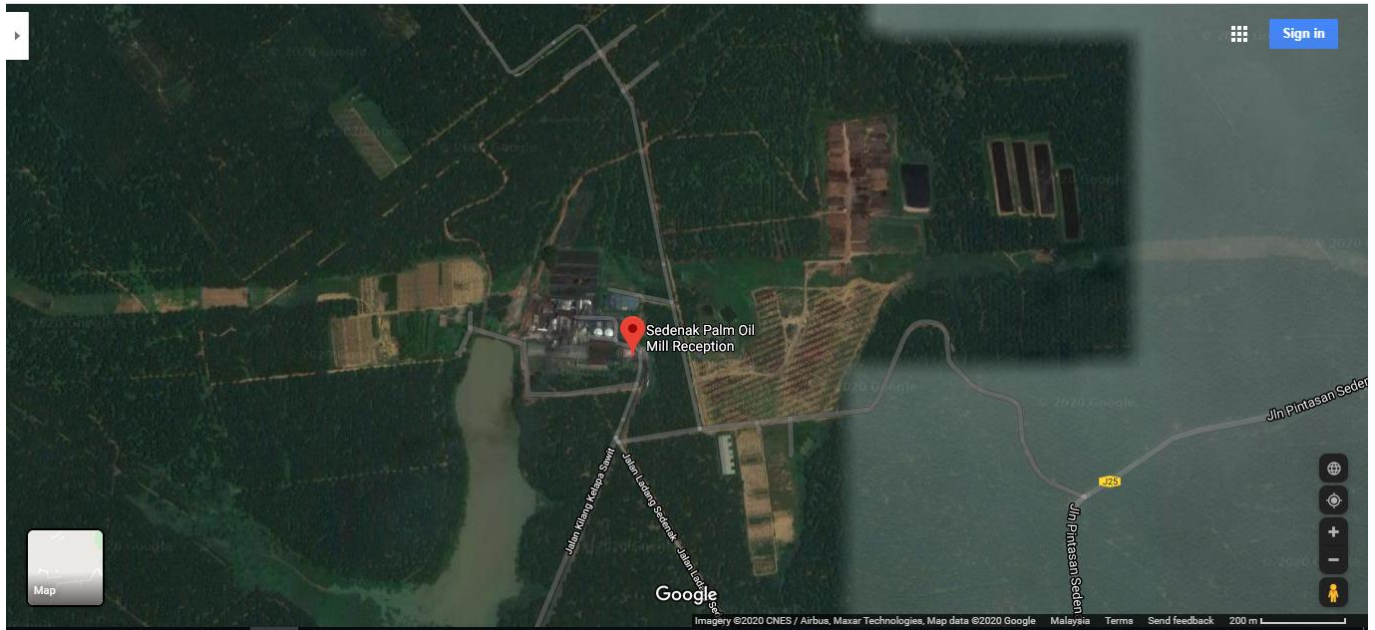
Appendix B: List of Stakeholders Contacted

1. Field workers
2. Mill workers
3. NUPW representative
4. Gender committee
5. General workers
6. Contractor's workers
7. Local village (MPKK Kampung Melayu Sedenak)
8. Neighbour estate (Kebun Sedenak Sdn Bhd)
9. Contractor (Punitha Enterprise)
10. Schools (SK Nam Heng, SJK(T) Ladang Sedenak)

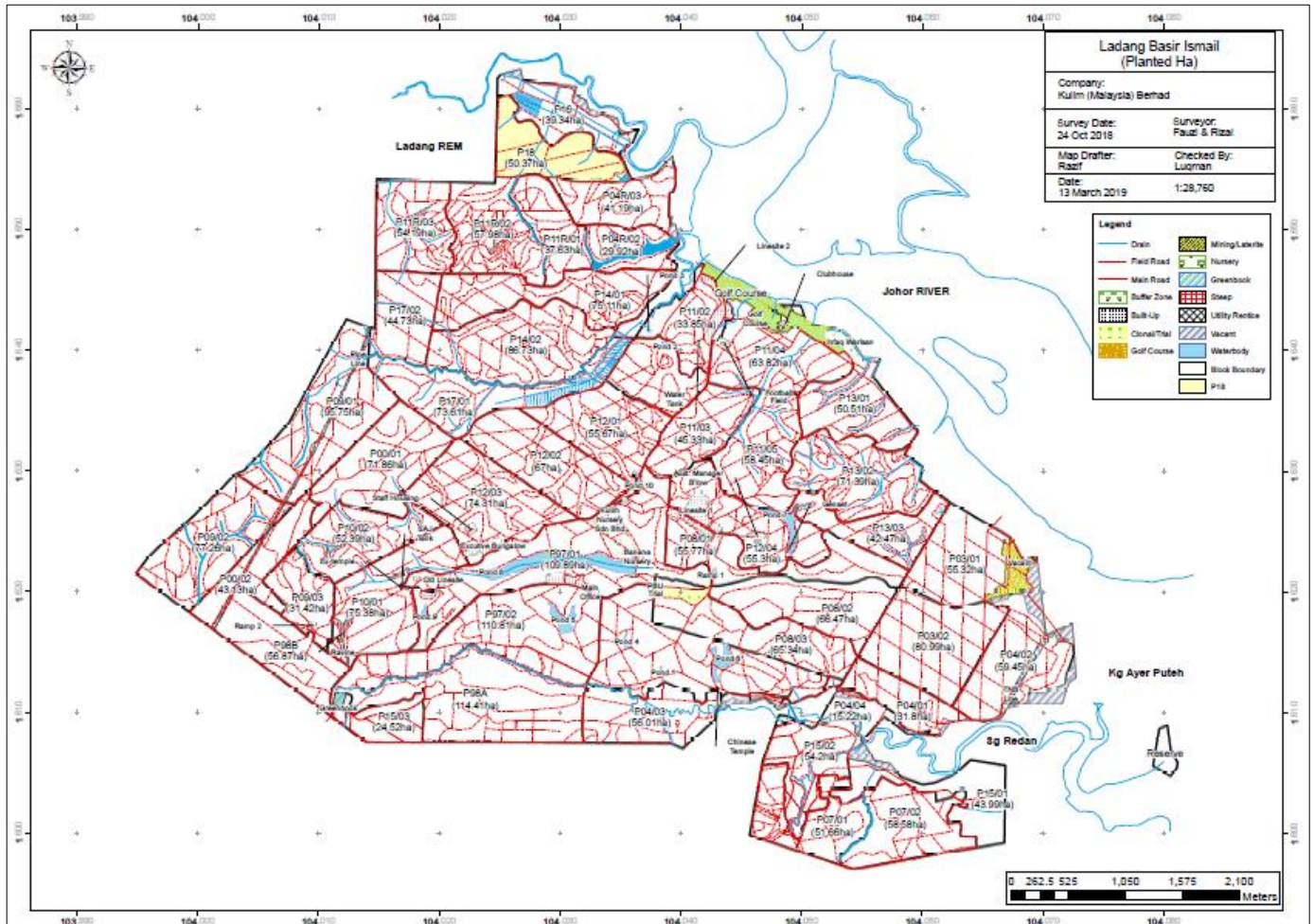
MSP0 Public Summary Report
Revision 0 (Aug 2017)**Appendix C: Smallholder Member Details**

No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	Nil	N/A	N/A	N/A
TOTAL			N/A	N/A

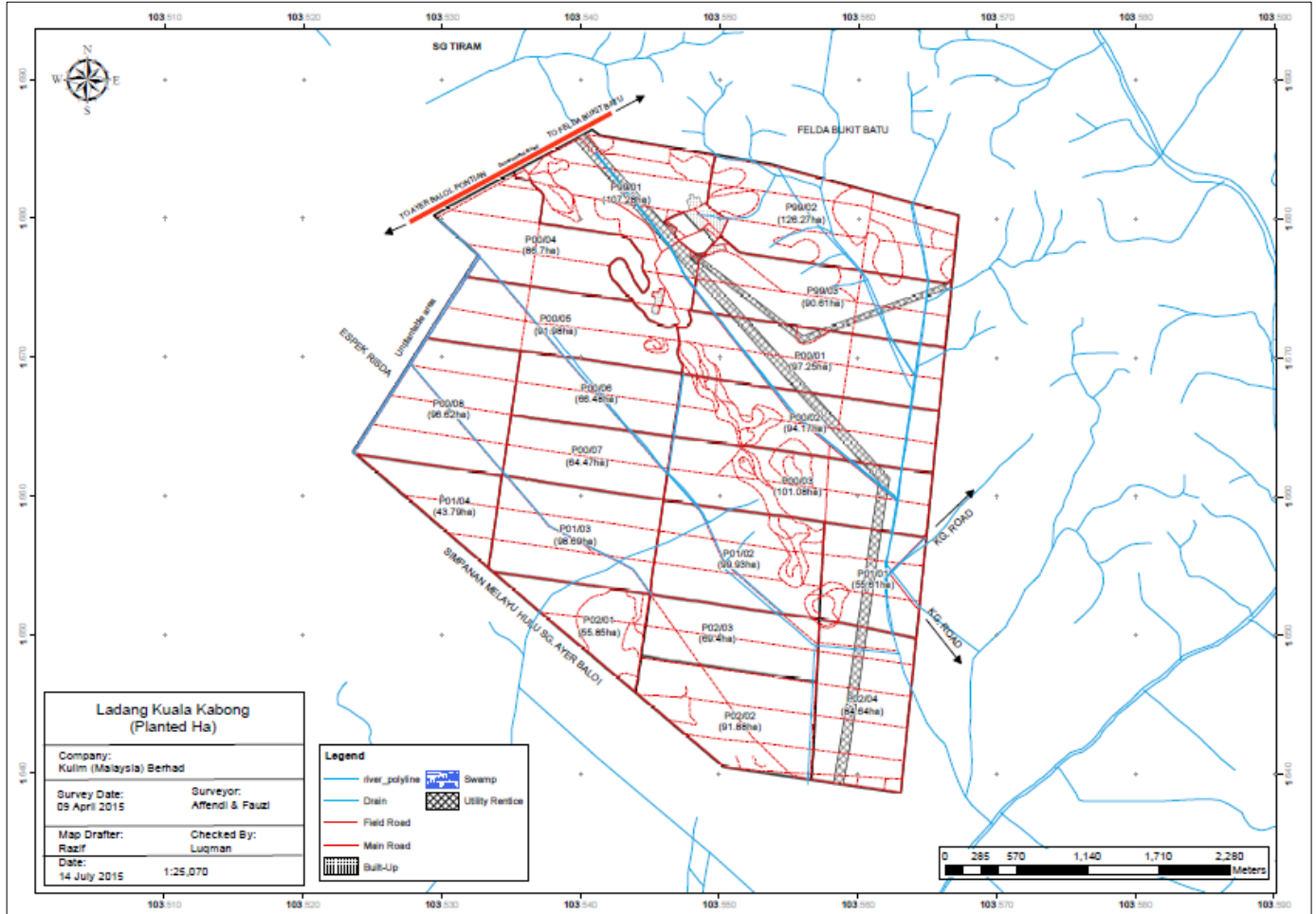
Appendix D: Sedenak Palm Oil Mill & Supply Base Location



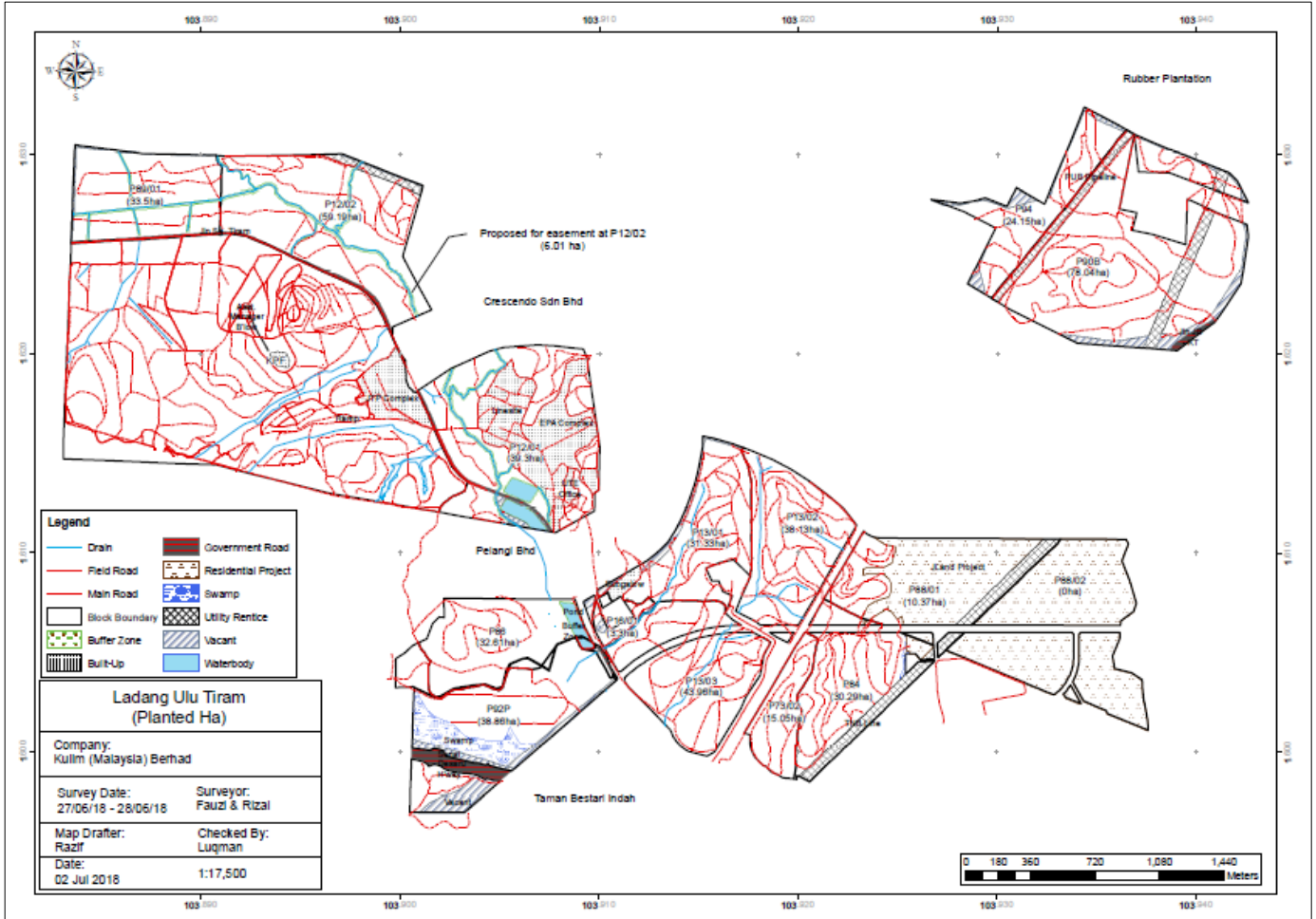
Appendix E: Basir Ismail Estate Field Map



Appendix F: Kuala Kabong Estate Field Map



Appendix G: Ulu Tiram Estate Field Map



Appendix H: 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