

**RSPO PRINCIPLE AND CRITERIA  
4<sup>TH</sup> ANNUAL SURVEILLANCE ASSESSMENT (ASA4\_1)  
Public Summary Report**

<b>Kulim (Malaysia) Berhad</b>
Head Office: Kulim (Malaysia) Berhad K.B 705 80990 Johor Bahru Johor, Malaysia
<b>Sedenak Palm Oil Mill and Supply Base</b> K.B. 721 80990 Kulai Johor Bahru Johor, Malaysia

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## Section 1: Scope of the Certification Assessment

1. Company Details			
<b>RSPO Membership Number</b>	1-0080-09-000-00	<b>Date</b>	Member since: 15 June 2009
<b>Company Name</b>	Kulim (Malaysia) Berhad		
<b>Address</b>	Head Office : K.B 705, 80990 Johor Bahru, Johor, Malaysia		
<b>Mill Address</b>	Certification Unit : Sedenak Palm Oil Mill, K.B. 721, 80990 Kulai, Johor, Malaysia		
<b>Subsidiary of (if applicable)</b>	Johor Corporation		
<b>Contact Name</b>	Mrs Salasah Elias		
<b>Website</b>	<a href="http://www.kulim.com.my">www.kulim.com.my</a>	<b>E-mail</b>	<a href="mailto:salrasah@kulim.com.my">salrasah@kulim.com.my</a>
<b>Telephone</b>	+607 8611611	<b>Facsimile</b>	+607 8631084

2. Certification Information			
<b>Certificate Number</b>	RSPO 537873	<b>Original Certification Date</b>	23/01/2009
		<b>Expiry Date</b>	22/01/2019
<b>Scope of Certification</b>	Production of Palm Oil and Palm Kernel from Sedenak Palm Oil Mill and Supply Base (Sedenak, Ulu Tiram, Kuala Kabong and Basir Ismail Estate)		
Other Certifications			
<b>Certificate Number</b>	<b>Standard(s)</b>	<b>Certificate Issued by</b>	<b>Expiry Date</b>
EU-ISCC-Cert-DE119-60172022	ISCC EU	ASG CERT	12/03/2019
A77597	MS 1500:2009	JAKIM	30/06/2019
AR1803	ISO 9001:2008	SIRIM QAS International Sdn Bhd	14/09/2018

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3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
Sedenak Palm Oil Mill (90 mt/hr)	Kulai, Johor, Malaysia	103° 32' 21.97" E	1° 43' 47.41" N
Sedenak Estate	Kulai, Johor, Malaysia	103° 31' 36.24" E	1° 42' 48.79" N
Ulu Tiram Estate	Ulu Tiram, Johor, Malaysia	103° 47' 26.40" E	1° 37' 28.02" N
Kuala Kabong Estate	Kulai, Johor, Malaysia	103° 26' 0.87" E	1° 41' 20.10" N
Basir Ismail Estate	Kota Tinggi, Johor, Malaysia	103° 54' 52.07" E	1° 37' 47.84" N

4. Description of Supply Base							
Estate	Mature (ha)	Immature (ha)	Infras & Other (ha)	HCV (ha)	Total Planted (ha)	Total Hectarage	% of Planted
Sedenak Estate	2,467.53	0.00	381.86	26.39	2,467.53	2,875.78	85.8
Ulu Tiram Estate	502.70	4.00	7.48	23.11	506.70	537.29	94.3
Kuala Kabong Estate	1,622.70	0.00	101.39	12.01	1,622.70	1,736.10	93.4
Basir Ismail Estate	2,651.60	162.05	329.58	50.69	2,813.65	3,193.92	88.1
Total	7,244.53	166.05	820.31	112.20	7,410.58	8,343.09	88.8

Note: Infras = infrastructure

\*Total title and planted area reduce due to Rengam Estate is no longer under Sedenak POM supply base. Total planted area for Ulu Tiram Estate increase due to conversion of crop (coffee to OP : 4 ha)

\*Total planted area reduce due to re-survey by Kulim's Land Development and surrendered for property development.

5. Plantings & Cycle								
Estate	Age (Years)					Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Estimated (Nov 2016 – Oct 2017)	Actual (Oct 2016 – Sept 2017)	Forecast (Oct 2017 – Sept 2018)
Sedenak Estate	0.00	0.00	1,165.28	1,059.21	243.04	59,802	59,337.68	56,449
Ulu Tiram Estate	4.00	118.01	0.00	384.69	0.00	8,845	10,673.86	9,282
Kuala Kabong Estate	0.00	0.00	1622.70	0.00	0.00	32,861	30,904.24	31,472
Basir Ismail Estate	162.05	161.84	2,439.39	50.37	0.00	54,617	58,052.05	56,341
Total	166.05	279.85	5,227.37	1,494.27	243.04	156,125	158,967.83	153,544

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<b>6. Certified Tonnage of FFB (Own Certified Scope)</b>			
Estate	Tonnage / year		
	Estimated (Nov 2016 – Oct 2017)	Actual (Oct 2016 – Sept 2017)	Forecast (Oct 2017 – Sept 2018)
Sedenak Estate	59,802	59,337.68	56,449
Ulu Tiram Estate	8,845	10,673.86	9,282
Kuala Kabong Estate	32,861	30,904.24	31,472
Basir Ismail Estate	54,617	58,052.05	56,341
Total	156,125	158,967.83	153,544

<b>7. Non-Certified Tonnage of FFB (outside supplier – excluded from certificate) if applicable</b>			
Independent FFB Supplier	Tonnage / year		
	Estimated (Nov 2016 – Oct 2017)	Actual (Oct 2016 – Sept 2017)	Forecast (Oct 2017 – Sept 2018)
Outside crop	264,506	231,250.25	312,703

<b>8. Certified Tonnage</b>									
Sedenak Palm Oil Mill	Estimated (Nov 2016 – Oct 2017)			Actual (Oct 2016 – Sept 2017)			Forecast (Oct 2017 – Sept 2018)		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Own Estate	156,125	42,418.07	11,178.69	158,967.83	46,435.50	12,079.27	153,544	30,693.45	7,984.28
*Others	47,124			73,325.77			-		
**Volume Extension		4,218.00	994.00						
Total	203,249	46,636.81	12,173.18	232,293.6	46,435.50	12,079.27	153,544	30,693.45	7,984.28

\*Others – certified group estates and outgrower (Sindora Certification Unit, RPSO 612392, valid until 22/1/2019, Genting Plantation RPSO 653474, valid until 25/3/2020)

\*\*Volume Extension (Oct 2017)

\*Forecast OER: 19.99% , KER: 5.2%

## Section 2: Assessment Process

### Certification Body:

BSI Services Malaysia Sdn Bhd,  
(ASI Accreditation Number: RSPO-ACC-19)  
Unit 3, Level 10, Tower A  
The Vertical Business Suites, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel +603 2242 4211 Fax +603 2242 4218  
Nicholas Cheong: [Nicholas.Cheong@bsigroup.com](mailto:Nicholas.Cheong@bsigroup.com)  
[www.bsigroup.com](http://www.bsigroup.com)

BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is ASI Accredited (RSPO-ACC-19) to conduct RSPO assessment since 31/10/2014 with accredited office located at Kuala Lumpur, Malaysia. BSI is accredited for RSPO Supply Chain Certification Systems (SCCS) and Principles & Criteria for Sustainable Palm Oil Production (P&C, Single Site & Group) certification Worldwide.

### Assessment Methodology, Programme, Site Visits

This on-site 4<sup>th</sup> Annual Surveillance Assessment was conducted from 23-25 October 2017. The audit programme is included as Appendix D. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates (Sedenak Estate & Ulu Tiram Estate). A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

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

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

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

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Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.

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

This report was internally reviewed by Internal Certification Reviewer.

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

<b>1. Assessment Program</b>					
<b>Name (Mill / Supply Base)</b>	<b>Year 1 (Recertification)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 3)</b>	<b>Year 5 (ASA 4)</b>
Sedenak Palm Oil Mill	√	√	√	√	√
Sedenak Estate					√
Ulu Tiram Estate		√ * together with Sungai Papan Estate			√
Kuala Kabong Estate	√			√	
Basir Ismail Estate	√			√	
Rengam Estate			√		

*\* Rengam Estate is now under Tereh Palm Oil Mill supply base*

**Tentative Date of Next Visit:** October 15, 2018 – October 17, 2018

**Total No. of Mandays:** 9 mandays

**BSI Assessment Team:**

**Mohamed Hidhir Zainal Abidin – Lead Auditor**

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

**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

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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.

### **Hu Ning Shing- Team Member**

She holds Bachelor Degree in Science majoring in Applied Chemistry, graduated from University of Malaya on 2011. She has 5 years working experience in rubber and palm oil industry. She also has the experiences as auditor for several standards including ISO 9001, MSPO and RSPO in his previous certification body. She completed the ISO 9001 Lead Auditor Course on 2016, Endorsed RSPO P&C Lead Auditor Course in 2012 and Endorsed RSPO SCCS Lead Auditor Course in 2015. She had been involved in RSPO auditing since November 2015 in more than various companies in Malaysia. During this assessment, she assessed on the aspects of social. She is fluent in Bahasa Malaysia and English languages.

## Section 3: Assessment Findings

### 3.1 Details of audit results

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

- Kulim (Malaysia) Berhad Time Bound Plan
- RSPO P&C MY-NIWG 2014 Checklist
- RSPO Supply Chain Certification Checklist November 2014

### 3.2 Progress against Time Bound Plan

Kulim (Malaysia) Berhad divestment from New Britain (NBPOL) was completed on 26 February 2016. Tunjuk Laut Palm Oil Mill and Supply Base but since October 2013 this has been leased to third party operator (Awan Timur Resources) and Kulim (Malaysia) Berhad no longer manages the operations. Siang Estate previously supplies FFB to Siang Palm Oil Mill which was previously certified under Johor Corporation and now managed by third party. It is not within Kulim (Malaysia) Berhad's management control. Siang Estate is now under Pasir Panjang Palm Oil Mill supply base and certified under Pasir Panjang POM certification unit.

Kulim (Malaysia) Berhad has 100% ownership in Mahamurni Plantations Sdn Bhd. Mahamurni Plantations Sdn Bhd have 3 palm oil mills i.e.: Sedenak Palm Oil Mill, Palong Cocoa Palm Oil Mill, and Pasir Panjang Palm Oil Mill. Mahamurni Plantations Sdn Bhd also has 9 estates: Sedenak Estate, Sungai Papan which supply to certified Sedenak Palm Oil Mill; Mungka Estate, Kemedak Estate, Palong Estate, Ladang UMAC which supply to certified Palong Cocoa Palm Oil Mill; Rengam Estate supply to certified Sindora Palm Oil Mill. Pasir Panjang Estate will supply to Pasir Panjang Palm Oil Mill, which was certified in March 2017. Kulim (Malaysia) Berhad has 100% ownership in Kulim Plantations (Malaysia) Sdn Bhd. Kulim Plantations (Malaysia) Sdn Bhd has Tereh Palm Oil Mill and 2 estates i.e. Tereh Utara Estate and Tereh Selatan Estate which supply to certified Tereh Palm Oil Mill. Kulim (Malaysia) Berhad has 100% ownership in Selai Sdn Bhd. Selai Sdn Bhd has Selai Estate and Enggang Estate, both supply to certified Tereh Palm Oil Mill. Kulim (Malaysia) Berhad has 100% ownership in Sindora Berhad. Sindora Berhad has Sindora Estate, supply to certified Sindora Palm Oil Mill and Sungai Tawing Estate, supply to certified Tereh Palm Oil Mill. Kulim (Malaysia) Berhad has 94.49% ownership in Kumpulan Bertam Plantations Berhad. Kumpulan Bertam Plantations Berhad has Sepang Loi Estate supply to certified Palong Cocoa Palm Oil Mill. Kulim (Malaysia) Berhad itself has 7 estates: Basir Ismail Estate, Ulu Tiram Estate, Kuala Kabong Estate supply to certified Sedenak Palm Oil Mill; Sungai Sembrong Estate and Mutiara Estate supply to certified Tereh Palm Oil Mill; REM Estate will supply certified Sindora Palm Oil



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Mill; Labis Bahru Estate supply to certified Palong Cocoa Palm Oil Mill. BSi concludes that Kulim has completed all of the commitments of its Time Bound Plan that relate to company owned and managed Palm Oil Mills and Estates. During this annual surveillance assessment;

1. There is no any other isolated lapse in Time Bound Plan.
2. No systematic failures to proceed with implementation of the Time Bound Plan since first certified.
3. No changes in the Time bound Plan for Kulim (M) Berhad as to date

At the time of preparation of this Report, BSI is not aware of any new issues involving:

- a. Any unresolved significant land disputes;
- b. Any replacement of primary forest or loss of HCVs;
- c. Any labour disputes that are not being resolved through an agreed process;
- d. Any evidence of noncompliance with any law at any of the landholdings. BSI considers that Kulim (Malaysia) Berhad complies with the RSPO requirements for Partial Certification rules.

Time Bound Plan		
Requirement	Remarks	Compliance
<b>Summary of the Time Bound Plan</b>		
Does the plan include all subsidiaries, estates and mills?	<p><u>Malaysia</u> The time bond plan includes all OUs in Malaysia, The Kulim OUs have 32 units and 6 units successfully certified for 2017.</p> <p><u>Indonesia (PT WIN and AMARA)</u> For the Indonesia plantation have in preparation to undergo the RSPO Certification process is in progress. Now under rehabilitation for two years.</p>	Yes

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<p>Is the time bound plan challenging?</p> <ul style="list-style-type: none"> <li>• Age of plantations.</li> <li>• Location.</li> <li>• POM development</li> <li>• Infrastructure.</li> <li>• Compliance with applicable law.</li> </ul>	<p>Kulim (Malaysia) Berhad has in 2015 continued to operate in a dynamic and volatile environment, characterised by abundant of supplies and lower price of CPO globally. Being one of the lowest price for the commodity, this much affected to the plantation margins. The industry was also impacted by growing strength of US Dollar adding the downward pressure of the price The divestment from New Britain (NBPOL) was completed on 26 February 2016, operationally at the year ended as at October 2017, Kulim have plantation operations in Peninsular Malaysia and Indonesia for a total of 50 999 ha in Malaysia and 40,646 ha of land in Indonesia. The planting of new palm is ongoing albeit at a slower pace, Kulim have some 307 ha been planted.  Age profile ranging from 0 – 23 years of age. The group remains committed to improving the age profile, during which a total of 1155 ha been replanted. Average age profile has improved to 11.72 years. The group has acquired Pasir Panjang Palm Oil Mill through Mahamurni Plantation Sdn Bhd in March 2015 and successfully RSPO Certified in 2017</p>	<p>Yes</p>
<p>Have there been any changes since the last audit? Are they justified?</p>	<p>No changes since the last audit</p>	<p>Yes</p>
<p>If there have been changes, what circumstances have occurred?</p>	<p>KULIM is now corporatized under Johor Corporation but at the same time both are still a members of RSPO.</p>	<p>Yes</p>
<p>Have there been any stakeholder comments?</p>	<p>So far there no comments received.</p>	<p>Yes</p>
<p>Have there been any newly acquired subsidiaries?</p>	<p>In Indonesia, Kulim is currently involve in Kalimantan Tengah (PT WIN) for planted area of 307 ha. For PT RAJ and PT TPR were officially acquired in June 2016. Currently the area is still under rehabilitation for 2 - 3 years.</p>	<p>Yes</p>

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Have there been any isolated lapses in implementation of the plan?	There is no isolated lapse in Time Bound Plan except for smallholder proposed certification program that halted due to unstable supply to our mill.	Yes
<b>Un-Certified Units or Holdings</b>		
Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	RSPO internal audit assessment for all certified units been conducted and the report had been submitted to all unit for improvement plan	Yes
No replacement after dates defined in NIs Criterion 7.3: <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	So far no new planting that replaced primary forest.	Yes
Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	No new planting activities within uncertified unit.	Yes
Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	No land conflict	Yes
Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No labour dispute	Yes
Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	RSPO internal audit assessment for all certified units been conducted and the report had been submitted to all unit for improvement plan.	Yes

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Any Legal non- compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	No legal non compliance	Yes
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**3.3 Details of findings**

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

During the 4<sup>th</sup> Annual Surveillance Assessment there were three (3) major and 2 minor nonconformities raised. The Sedenak Palm Oil Mill Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified for its effectiveness and closed accordingly.

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1547124-201709-M1	<p><b>Requirements:</b> <b>Indicator 6.5.1</b> Documentation of pay and conditions shall be available</p> <p><b>Evidence of Nonconformity:</b> Sedenak Estate: Sampled of harvesters' payslip and cross checked with harvesting interval book, checkroll book and bunch counter's master chit and distribution list found that the number of days of harvesters who worked on rest day were not properly documented and were not paid as below: a. Employee No.: 615116 (SE) b. Employee No.: 615109 (SE) c. Employee No.: 615115 (SE) d. Employee No.: 614990 (SE) e. Employee No.: 614977 (SE)</p> <p>In the checkroll book found that Gang H09 E and H09 F were not working on rest day. However, in the harvesting interval book found that they worked on 17/9/2017 and 23/9/2017. Verified with the bunch counter (Employee No.: 615154 and 615099) for the gang confirmed that they worked on rest day without formal instruction from management. Document checked on the bunch counters' payslip and harvester found that there were some differences where the bunch counters were paid double rate of its daily rate whereas harvesters were paid on normal rate for their piece per rate.</p> <p>Ulu Tiram Estate: Interviewed with bunch counter, mandore and harvesters found that they worked on 2 rest days on September 2017. Document trailed on the harvesting interval book, master chit and payslip. In the harvesting interval book shown that Gang H01 were</p>	Major

	<p>worked on 17/9/2017 for field P90B and 23/9/2017 for field P84. However, there was no master chit for the respective days and in the payslip shown that no work on rest day by the respective workers. Sampled of workers as below: Employee No.: 601370, Employee No.: 601399 , Employee No.: 601442, Employee No.: 601469, Employee No.: 601472, Employee No.: 601484, Employee No.: 601453, Employee No.: 601461 , Employee No.: 601465, Employee No.: 601485, Employee No.: 601489, Employee No.: 601512, Employee No.: 601452 Employee No.: 601297</p> <p>No documented evidence by the management for the offered work on rest day and it was contradicting with the interview with the workers during time of audit</p> <p><b>Statement of Nonconformity:</b> There was no proper documented evidence shown that the workers were worked on rest day offered by the management</p> <p><b>Correction:</b> 1. Company will issue out circular on offering work during weekly day of rest. 2. The estate management shall communicate the information to all workers during Muster, acknowledged by all workers and record to be kept in file</p> <p><b>Corrective Actions:</b> 1. Estate management shall advise and brief the workers earlier should there' any need for work on weekly day of rest. 2. The communication will be informed and communicated through morning muster and recorded in the Muster Training Book 3. All authorized work on rest day shall be done through the Form Authorisation of Overtime/Work on rest Day/ Public Holiday which will be mutually agreed and signed by both employer and employee(s). 4. Plantation Operation Department (POD to brief/ communicate the implementation guideline to all Regional Coordinator and estates' manager. Major NC close out verification: i) Briefing to workers during muster dated 24/11/17 (Sedenak Estate) and 17/11/17 (Ulu Tiram Estate) verified. ii) Memorandum for working on weekly day of rest dated 11/12/17 by GM, Estate Operation Department. iii) Agency Circular #5/2017 by dated 11/12/17 from Head of Plantation Division regarding working on weekly day of rest. iv) Management decision (extract of meeting notes) - working on rest day (resolution dated 4 December 2017) iv) Authorization of work on rest day implementation Sedenak Estate - Man day analysis December 2017 @ Muster chit dated 2/12/17 for harvester gang H01F - Authorization form dated 2/12/17 for harvester gang H01F - Harvester Crop Summary - December 2017, specific date 2/12/17 for harvester gang H01F Ulu Tiram Estate - Man day analysis December 2017 @ Muster chit dated 9/12/17 for harvester gang H01. - Authorization form dated 9/12/17 for harvester gang H01. - Harvester Crop Summary - December 2017, specific date 9/12/17 for harvester gang H01 Corrective action taken has been effectively implemented, thus the major NC is closed on 17/12/17. Continuous implementation will be further verified in the next assessment.</p> <p><b>Assessment Conclusion:</b> i) Briefing to workers during muster dated 24/11/17 (Sedenak Estate) and 17/11/17 (Ulu Tiram Estate) verified. ii) Memorandum for working on weekly day of rest dated 11/12/17 by GM, Estate Operation Department.</p>	
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	<p>iii) Agency Circular #5/2017 by dated 11/12/17 from Head of Plantation Division regarding working on weekly day of rest.  iv) Management decision (extract of meeting notes) - working on rest day (resolution dated 4 December 2017)  iv) Authorization of work on rest day implementation</p> <p>Sedenak Estate  - Man day analysis December 2017 @ Muster chit dated 2/12/17 for harvester gang H01F  - Authorization form dated 2/12/17 for harvester gang H01F  - Harvester Crop Summary - December 2017, specific date 2/12/17 for harvester gang H01F</p> <p>Ulu Tiram Estate  - Man day analysis December 2017 @ Muster chit dated 9/12/17 for harvester gang H01.  - Authorization form dated 9/12/17 for harvester gang H01.  - Harvester Crop Summary - December 2017, specific date 9/12/17 for harvester gang H01</p> <p>Corrective action taken has been effectively implemented, thus the major NC is closed on 17/12/17. Continuous implementation will be further verified in the next assessment.</p>	
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Non-Conformity		
NCR #	Description	Category (Major / Minor)
1547124-201709-M2	<p><b>Requirements:</b>  <b>Indicator 6.12.3</b>  Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented</p> <p><b>Evidence of Nonconformity:</b>  Kulim (Malaysia) Berhad has developed Kulim Sustainability Handbook and policies which included the following aspects: The company will treat their people with respect, dignity and fairness stated in People Policy and will not engage in nor support discrimination in any form stated in Rights of Employee Policy. The company will puts high priority on employees’ trainings and educations stated in the Handbook and provide induction training stated in the Procedure of Receiving New Foreign Workers at Operating Unit. The company will provide housing and basic amenities according to the minimum statutory requirements stated in Handbook. However, there was no specific policy and procedures stated no contract of substitution was practice in the company</p> <p><b>Statement of Nonconformity:</b>  Specific policy and procedures stated that the company has practice of no contract of substitution was not available.</p> <p><b>Correction:</b>  SD, EOD &amp; HRD to come out with draft policy for consideration and management approval.</p>	Major

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	<p><b>Corrective Actions:</b></p> <ol style="list-style-type: none"> <li>Briefing on new established policy to respective interested party i.e. estate and mill management.</li> <li>Approved Policy and Procedures will be published and communicated to all operating units.</li> </ol> <p>Major NC close out verification:</p> <ol style="list-style-type: none"> <li>KULIM (MALAYSIA) BERHAD "Buku Panduan Pekerja-pekerja Buruh Am Di bawah Pengurusan Kulim (Malaysia) Berhad / EPA Management Sdn Bhd" (Revsied date : November 2017) has include a clause on contract substitution under section G, "Pekerja Bukan Warga Negara".</li> <li>Timeline for "Buku Panduan Pekerja Buruh Am 2017/2018 by HCMD. Roll out programme will be on February and March 2018.</li> </ol> <p>Corrective action taken has been effectively implemented, thus the major NC is closed on 17/12/17. Continuous implementation will be further verified in the next assessment.</p>	
	<p><b>Assessment Conclusion:</b></p> <ol style="list-style-type: none"> <li>KULIM (MALAYSIA) BERHAD "Buku Panduan Pekerja-pekerja Buruh Am Di bawah Pengurusan Kulim (Malaysia) Berhad / EPA Management Sdn Bhd" (Revsied date : November 2017) has include a clause on contract substitution under section G, "Pekerja Bukan Warga Negara".</li> <li>Timeline for "Buku Panduan Pekerja Buruh Am 2017/2018 by HCMD. Roll out programme will be on February and March 2018.</li> </ol> <p>Corrective action taken has been effectively implemented, thus the major NC is closed on 17/12/17. Continuous implementation will be further verified in the next assessment.</p>	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1547124-201709-M3	<p><b>Requirements:</b> <b>Indicator 7.1.1</b> An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented</p>	Major
	<p><b>Evidence of Nonconformity:</b> SEIA was not carried out with the participatory of affected stakeholders on the conversion of coffee plantation to oil palm plot P16/01</p>	
	<p><b>Statement of Nonconformity:</b> SEIA was not available for the conversion of coffee plantation to oil palm plot P16/01</p>	
	<p><b>Correction:</b> Estate to conduct the meeting and to brief the relevant stakeholders involves, on the conversion of the area. Preliminary SEIA interview to be conducted.</p>	
	<p><b>Corrective Actions:</b> Refresher briefing on RSPO Principles &amp; Criteria emphasizing P7 requirement to be conducted to all OUs Major NC close out verification: i) Stakeholder attendance dated 30/11/17 and 13/12/17 verified. Relevant parties consulted for the SEIA. ii) SEIA report</p>	

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	<p>and improvement plan dated 30/11/17 were verified. iii) Timeline for MSPO and RSPO for 2018 was verified. Briefing on RSPO P7 will be done in January and February 2018. Corrective action taken has been effectively implemented, thus the major NC is closed on 17/12/17. Continuous implementation will be further verified in the next assessment.</p> <p><b>Assessment Conclusion:</b>            i) Stakeholder attendance dated 30/11/17 and 13/12/17 verified. Relevant parties consulted for the SEIA.            ii) SEIA report and improvement plan dated 30/11/17 were verified.            iii) Timeline for MSPO and RSPO for 2018 was verified. Briefing on RSPO P7 will be done in January and February 2018.</p> <p>Corrective action taken has been effectively implemented, thus the major NC is closed on 17/12/17. Continuous implementation will be further verified in the next assessment.</p>	
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Non-Conformity		
NCR #	Description	Category (Major / Minor)
1547124-201709-N1	<p><b>Requirements:</b>  <b>Indicator 5.2.4</b>            Where a management plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> <li>• The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>• Outcomes of monitoring shall be fed back into the management plan.</li> </ul> <p><b>Evidence of Nonconformity:</b>            Sedenak Estate            Observed at P01/06 near to water sampling point, cultivated guatemala grass was cleared inside demarcated buffer zone area potentially during maintenance and upkeep activity.            Ulu Tiram Estate            At P89/01 near to water sampling point (Sg Tiram), soil erosion observed at river buffer zone area. Result of monitoring (patrolling and sighting) at was not fed back into the management plan.</p> <p><b>Statement of Nonconformity:</b>            Outcomes of the monitoring and management plan was not effectively monitored</p> <p><b>Correction:</b>            Estate to install appropriate demarcation and signage at buffer zone area. The estate has to work out and measure the area back to retract and review its buffer zone demarcation along the concerned area. Estate to hold an awareness briefing to its management team on HCV maintenance and upkeep of Buffer zone and preventive and/or immediate action plan should any issue arise.</p> <p><b>Corrective Actions:</b>            Estate will conducted awareness briefing to all their stakeholder to explain about buffer zone and its purpose and maintenance program. Further coordination and discussion with Jabatan Parit &amp; Saliran (JPS) are to be arranged in order to discuss and take on appropriate preventive action of the erosion issues</p> <p><b>Assessment Conclusion:</b></p>	Minor



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	Corrective action plan is accepted. Effectiveness of corrective action taken will be further verified in the next assessment.	
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Non-Conformity		
NCR #	Description	Category (Major / Minor)
1547124-201709-N2	<b>Requirements:</b> <b>Indicator 7.1.2</b> Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts	Minor
	<b>Evidence of Nonconformity:</b> SEIA management plan new conversion plot P16/01 was not developed and implemented to avoid or mitigate identified potential negative impacts	
	<b>Statement of Nonconformity:</b> SEIA management plan for new conversion plot P16/01 was not available.	
	<b>Correction:</b> Estate to conduct the meeting and to brief the relevant stakeholders involves, on the conversion of the area. Preliminary SEIA interview to be conducted. Potential improvement plan for ant negative and or positive impacts to be identified and to establish SEIA management plan for respective area	
	<b>Corrective Actions:</b> Refresher briefing on RSPO Principles & Criteria emphasizing P7 requirement to be conducted to all OUs	
	<b>Assessment Conclusion:</b> Corrective action plan is accepted. Effectiveness of corrective action taken will be further verified in the next assessment.	

Observation	
OBS #	Description
Nil	Nil

Positive Findings	
PF #	Description
1	Mill and estates maintain good relationship with the stakeholders. Positive feedbacks given by the stakeholders (villages, contractors, adjacent estates etc) based on stakeholder consultation session.
2	Budget allocation for CAPEX toward environmental compliance; EQA 1974, Clean Air Regulation 2014 emission limit and new control system (ESP installation)

<b>Issues raised by Stakeholders</b>	
<p>Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss Sedenak Palm Oil Mill Certification Unit's environmental and social performance, legal and any known dispute issues.</p> <p>Meetings were conducted with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and later was verified with the management team. These have been incorporated into the assessment findings.</p> <p>Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.</p>	
IS #	Description
1	<p><b>Issues:</b> Contractors and suppliers – They were briefed on the RSPO requirements and have good understanding on RSPO. They signed a contract agreement prior to work. Payment was made promptly according to the agreement or the invoice terms.</p> <p><b>Management Responses:</b> The management will ensure that the Head Office make payment promptly to all their contractors.</p> <p><b>Audit Team Findings:</b> No further issue.</p>
2	<p><b>Issues:</b> WOW Representatives – No issue of sexual harassment or violence been reported so far. The committees have organized a lot of activities such as cooking event, exercise activity and etc that involved all the women. They also understood on the procedure if they found any case happened.</p> <p><b>Management Responses:</b> The management will continue to monitor and ensure no case of sexual harassment been reported.</p> <p><b>Audit Team Findings:</b> Through interviewed with other female workers found that no case of sexual harassment or violence been reported.</p>
3	<p><b>Issues:</b> FFB Suppliers – They have signed the contract agreement with the management and the mechanism of calculation of price was briefed to them. Pricing was paid according to the MPOB price. Payment was made promptly without any delay. Issues that they raised during stakeholder meeting with FFB suppliers were resolved.</p> <p><b>Audit Team Findings:</b> The management will continue to ensure payment was made promptly</p> <p><b>Audit Team Findings:</b> No other issue.</p>
4	<p><b>Issues:</b> NUPW representatives and Workers' Representatives – The pay and condition was according to MAPA/NUPW agreement and Employment Act 1955. All the workers were achieved Minimum Wage Order 2016 if they worked for 26 days per month. They are paid double rate if work on rest day and triple if work on public holiday. They were satisfied with the housing and other facilities provided by the management.</p>

	<p><b>Management Responses:</b> The management will continue to comply with the legal requirements.</p> <p><b>Audit Team Findings:</b> Document reviewed on the payslip found that the workers were paid double rate and triple rate for mill workers who worked on rest day and public holiday accordingly.</p>
5	<p><b>Issues:</b> Representatives for local communities (Kg Melayu Sedenak and Kg Baru Sedenak) – They have good relationship with the management. No encroachment of land by the company occurred. They are invited to the stakeholder meetings organized by the company. Opportunity of employment for local people was offered by the company.</p> <p><b>Management Responses:</b> The management will continue to maintain good relationship with the local communities.</p> <p><b>Audit Team Findings:</b> No other issue.</p>

### 3.3.1 Status of Nonconformities Previously Identified and Observations

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1408821M1	<p><b>Requirements:</b> <b>Indicator 2.1.1</b> Evidence of compliance with legal requirements</p> <p><b>Evidence of Nonconformity:</b> The general exhaust ventilation system at the Sedenak Palm Oil Mill (SPOM) was not examined and tested by a registered Hygiene Technician. USECHH 2000 Regulation 17 - Engineering control equipment, stipulated that any engineering control equipment has to be inspected at an interval not longer than one (01) month and has to be examined and tested by Hygiene Technician at an interval not longer than twelve (12) months</p> <p><b>Statement of Nonconformity:</b> No inspection and approval by a registered hygiene technician for the general exhaust ventilation system. Legal compliance review was not effectively implemented.</p> <p><b>Correction:</b> Mill to engage registered Hygiene Technician grade 11 to carry out the inspection as per USECHH 2000 Part 5 Regulation 17 on Engineering control equipment as to verify the suitability of current GEV. The letter of appointment and inspection schedule to be submitted to SSD.</p> <p><b>Corrective Action:</b> Mill management (Engineering Dept.) to initiate the list of monitoring of ALL related inspection to all the mills in accordance to OSHA 1994, FMA and DOE (EQA) and other relevant regulations</p> <p><b>Assessment Conclusion:</b> ASA1_4 verification: Sedenak POM - LEV inspection and testing (report ref #: HIE 127/171-3/2(210) – 2017/031 was conducted on 05/10/2017 by registered assessor JKPP HIE 127/171-3/2(210). The LEV systems installed met the minimum required face velocity and</p>	Major

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	duct transport velocity along the ducting and hoods. The corrective action is continuously implemented, thus the Major NC is remain closed.	
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Non-Conformity		
NCR #	Description	Catgory (Major / Minor)
1408821M2	<p><b>Requirements:</b>  <b>Indicator 5.2.2</b>            Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan</p> <p><b>Evidence of Nonconformity:</b>            Basir Ismail Estate            It was noted that 2 hotspot areas @ HCV (RBA, HSR_09 &amp; HSR_08) field P11R/02 which previously under REM Estate was not included in the management plan for further monitoring.</p> <p><b>Statement of Nonconformity:</b>            HCV management plan was not effectively implemented</p> <p><b>Correction:</b>            All HCV monitoring should be done twice monthly and to be recorded in HCV monitoring book. LBI to communicate/conduct HCV awareness/training with regards to the inclusion of new HCV area to all employees.</p> <p><b>Corrective Action:</b>            LBI to set immediate action plan accordingly and also monitor the long term management strategies for the area HCV map of LBI to be updated and submitted to SSD.</p> <p><b>Assessment Conclusion:</b>            Management plan established has incorporated all identified hotspots within the estates. Biodiversity management plan was reviewed and updated for 2017 at all visited estates. The corrective action is continuously implemented, thus the Major NC is remain closed.</p>	Major

Non-Conformity		
NCR #	Description	Catgory (Major / Minor)
1408821M3	<p><b>Requirements:</b>  <b>Indicator 5.3.3</b>            i) A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.            ii) Kulim Plantation Sustainability Waste and Pollution Management Plan dated January 2016</p> <p><b>Evidence of Nonconformity:</b>            Kuala Kabong Estate:</p>	Major

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	<p>Clinical waste was not handling as per waste management plan where evidence shown waste was self-transported to another group estate. This indicator was escalated into major nonconformity since minor nonconformity has been raised in previous year audit on similar issue.</p> <p><b>Statement of Nonconformity:</b> Waste management plan was not effectively implemented</p> <p><b>Correction:</b> Estate to arranged for a competent/licensed SW Collector to collect the clinical waste</p> <p><b>Corrective Action:</b> Estate management to monitor the disposal of clinical waste by the appointed collector. All relevant records will be kept</p> <p><b>Assessment Conclusion:</b> Sedenak Estate Records of medical waste SW404 disposal (serial#0176105) shown latest disposal was done on 10/10/2017 through Kualiti Alam Sdn Bhd. Sighted letter to DOE dated 20/10/2017, Consignment note serial #0176105 and Delivery order dated 10/10/2017. Sighted also an email dated 10/08/2017 from Kulim (Malaysia) Berhad to inform all the estates on the appointment of Kualiti Alam Alam Sdn Bhd to collection all SW404 (Clinical Waste).</p> <p>Ulu Tiram Estate Records of medical waste SW404 disposal (serial#0176086) shown latest disposal was done on 12/10/2017 through Kualiti Alam Sdn Bhd. Sighted DO dated 12/10/2017. Sighted the Scheduled Waste Transportation and Treatment Agreement (for Clinical Waste Only) from Kualiti Alam Sdn Bhd; contract #200582 dated 03/05/2017. The corrective action is continuously implemented, thus the Major NC is remain closed.</p>	
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Non-Conformity		
NCR #	Description	Category (Major / Minor)
1408821M4	<p><b>Requirements:</b> <b>Indicator 6.9.2</b> A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p><b>Evidence of Nonconformity:</b> Evidence sighted in paragraph 6. (vii) of workers Work Contract Agreement shown contradicting implementation and communication of policy to protect the reproductive rights of all, especially women.</p> <p><b>Statement of Nonconformity:</b> Policy to protect the reproductive rights of all, especially of women, was implemented and communicated to all levels of the workforce contradictorily.</p> <p><b>Correction:</b> Review to be carried out to ensure the inclusion of reproductive right in the respective policy. Submission of improvement time line has been approved by KULIM 236 EXCO Meeting. The workers work agreement to be reviewed as to ensure no contradicting statement with reproductive right</p> <p><b>Corrective Action:</b></p>	Major

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	<p>The policy' review to be communicated to all OUs, Road show and training to be carried out to all level of employees and this will be included in the yearly training programme</p>	
	<p><b>Assessment Conclusion:</b>            ASA1_4 verification:            Kulim (Malaysia) Berhad has implemented Right of Employees Policy dated 8/1/2017 where the company recognizes and respects the rights of employees of their rights and freedoms relating to reproduction and reproductive health that will include the right to make decision concerning reproduction; free of discrimination, coercion and violence as long as it is not against the law, rules and regulations of the country. The policies was briefed to all the workers on 15/10/2017 in the mill, 1/9/2017 in Sedenak Estate and 8/2/2017 in Ulu Tiram Estate. Seen the attendance list and evident of photos for the training. Interviewed with the workers confirmed that they aware and understood of the policy.            The major non-conformance raised during the last assessment was verified and continuous implementation was found effective. Thus, the major NC is remained closed.</p>	

Observation	
OBS #	Description
	Nil

**3.3.2 Summary of the Nonconformities and Status**



CAR Ref.	CLASS	ISSUED	STATUS
CR02	Minor	24/07/2008	Closed on 21/01/2010
CR03	Minor	27/07/2008	Closed on 21/01/2010
CR08	Minor	10/12/2013	Closed on 25/01/2014
CR09	Major	11/12/2013	Closed on 25/01/2014
1123523M1	Major	12/11/2014	Closed on 10/01/2015
1123523M2	Major	12/11/2014	Closed on 10/01/2015
1220178N1 – 5.3.3	Minor	12/11/2014	Escalated to major on 2/12/2016
1408821M1 - 2.1.1	Major	25/11/2015	Closed on 27/1/2017
1408821M2 - 5.2.2	Major	01/12/2016	Closed on 27/1/2017
1408821M3 – 5.3.3	Major	01/12/2016	Closed on 27/1/2017
1408821M4 – 6.9.2	Major	01/12/2016	Closed on 27/1/2017
1547124-201709-M1 – 6.5.1	Major	27/10/2017	Closed on 17/12/2017
1547124-201709-M2 – 6.12.3	Major	27/10/2017	Closed on 17/12/2017
1547124-201709-M3 – 7.1.1	Major	27/10/2017	Closed on 17/12/2017
1547124-201709-N1 – 5.2.4	Minor	27/10/2017	"Open"

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1547124-201709-N2 -7.1.2	Minor	27/10/2017	"Open"
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**Assessment Conclusion and Recommendation:**

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

<b>Acknowledgement of Assessment Findings</b>	<b>Report Prepared by</b>
<b>Name:</b> Puan Salasah Elias	<b>Name:</b> Mr Mohamed Hidhir Zainal Abidin
<b>Company name:</b> Kulim (Malaysia) Berhad Sedenak Palm Oil Mill Certification Unit	<b>Company name:</b> BSI Services Malaysia Sdn Bhd
<b>Title:</b> Head of Sustainability Department	<b>Title:</b> Lead auditor
<b>Signature:</b>  Date: 15 April 2018	<b>Signature:</b>  Date: 11 <sup>th</sup> April 2018

**Appendix A: Summary of Findings**

Criterion / Indicator	Assessment Findings	Compliance	
<b>Principle 1: Commitment to Transparency</b>			
<b>Criterion 1.1:</b>			
Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.			
1.1.1	<p>There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>- Minor compliance -</p>	<p>Adequate information covering on environmental, social and legal issues which are relevant to RSPO Criteria and relevant to stakeholders is shared for effective participation and decision making. Information on environmental, social and legal issues relevant to RSPO Criteria was made available to relevant stakeholders for effective participation in decision making.</p> <p>In company website (<a href="http://www.kulim.com.my/">http://www.kulim.com.my/</a>), publicly available documents such as OSH plan, HCV documents, negotiation procedure, complaint records, sustainability handbook and report, EIA, Management Plans &amp; Continuous Improvement Plans. Other sensitive information such as land title and etc will be provided upon request.</p>	Complied
1.1.2	<p>Records of requests for information and responses shall be maintained.</p> <p>-Major compliance</p>	<p>Records such as enquiry register and record of government visit documented the visit or request from the stakeholders. Based on Annual Inspection Book of Jabatan Keselamatan &amp; Kesihatan Pekerjaan (JKKP), DOE field citation report, no negative comments or summon issued by the stakeholders.</p>	Complied
<b>Criterion 1.2:</b>			
Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.			



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Criterion / Indicator	Assessment Findings	Compliance
<p>1.2.1</p> <p>Publicly available documents shall include, but are not necessary limited to:</p> <ul style="list-style-type: none"> <li>• Land titles/user rights (Criterion 2.2);</li> <li>• Occupational health and safety plans (Criterion 4.7);</li> <li>• Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);</li> <li>• HCV documentation (Criteria 5.2 and 7.3);</li> <li>• Pollution prevention and reduction plans (Criterion 5.6);</li> <li>• Details of complaints and grievances (Criterion 6.3);</li> <li>• Negotiation procedures (Criterion 6.4);</li> <li>• Continual improvement plans (Criterion 8.1);</li> <li>• Public summary of certification assessment report;</li> <li>• Human Rights Policy (Criterion 6.13).</li> </ul> <p>- Major compliance –</p>	<p>There is a SPO Transparency Program under Kulim Malaysia Berhad. The procedure is to ensure that documents if to be release and made publicly available are readily available. The Corporate Dept will ensure that the following documents are available if requested and they do not impinge on confidentiality and will not cause detrimental sustainability or social outcoments.</p> <p>Among the documents that were made available for viewin are:</p> <ul style="list-style-type: none"> <li>• Land title (held as hard copy by the property department)</li> <li>• Health and safety plan</li> <li>• Plans and impact assessment- environmental &amp; social</li> <li>• Pollution prevention plans</li> <li>• Details of complaints and grievances</li> <li>• Negotiation procedures</li> <li>• Continuous improvement plan</li> <li>• Biodiversity plans</li> <li>• Policy documents (sustainability handbook)</li> </ul> <p>In addition to the website, the policies were also displayed at various locations at the operating units including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view</p>	<p>Complied</p>
<p><b>Criteria 1.3:</b> Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
<p>1.3.1</p> <p>There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p>-Minor compliance</p>	<p>Kulim (Malaysia) Berhad has developed Ethics Policy dated 1/1/2008 where the company will run the business with ethic and integrity. Besides, the company has implemented No Gift and Entertainment Policy dated 1/2/2015. The company will not receive any gift or entertainment for personal from any interested parties. In addition, the company also developed Corporate Integrity Policy dated 7/1/2014 where the Managing Director has pledged on behalf of all the Kulim (Malaysia) Berhad’s employees that they will not accept any corruption and will comply with the government’s act.</p> <p>All the policies were displayed at the notice board in front of office. Furthermore, the policies has been briefed to all the workers on 15/10/2017 in the mill, 19/6/2017 in the Sedenak Estate and 10/7/2017 in Ulu Tiram Estate. Seen the attendance list and evident of photos for the training.</p>	<p>Complied</p>
<p><b>Principle 2: Compliance with applicable laws and regulations</b></p>		
<p><b>Criterion 2.1:</b> There is compliance with all applicable local, national and ratified international laws and regulations.</p>		

<p>2.1.1</p>	<p>Evidence of compliance with relevant legal requirements shall be available. - Major compliance -</p>	<p><b><u>Sedenak POM</u></b></p> <ol style="list-style-type: none"> <li>1. MPOB license no.: 500058304000 (validity period 01/01/2017 – 31/12/2017) for processing capacity limit of 420,000mt.</li> <li>2. DOE License: JPKKS 002161 ref: AS(B)J31/152/000/054Jld.11(SK06) (validity period 01/07/2017 - 30/06/2018) for 90mt/hr and method of POME discharge is land application with BOD final discharge limit &lt;5000mg/l.</li> <li>3. Water Service Industry (Licensing) Regulations 2007; SPAN registration notice for class license SPAN/EKS/(PT)/800-4(1)/2/14; serial# 1&amp;2 (validity period 13/03/2017 – 12/03/2020).</li> <li>4. Competent Person Certified Environment Professional in the Treatment of Palm Oil Mill Effluent – Pond Processes (CEPPOME) serial no.: CePPOME/170952 (validity period 04/05/2017 – 04/05/2018)</li> <li>5. Competent Person Certified Environmental Professional in Scheduled Waste Management (CePSWaM) serial no: CePSWaM/171342 (validity period 17/07/2017 – 17/07/2018).</li> <li>6. BAKAJ river water abstract or divert license no.: 08/A/KJ/051 file#BAKAJ/334/300/05/02/08/01; valid until 31/12/2017; Max abstract capacity: 2000m3/day.</li> <li>7. Diesel Permit #J031012, ref KPDNKK.J-JB/26/5A/11/1057(P/D)(P10) (validity period 16/01/2017 – 15/01/2018) Quantity: 19,100 liter.</li> <li>8. Energy commission license no: 2017/00729; serial no: 20372 (validity period 07/03/2017 – 06/03/2018) for 250 kW installation capacity.</li> <li>9. Certificate of Fitness for Unfired Pressure Vessels (JKT15-Pin. 1/87 PMT-JH/17 03629) – JH PMT 11668 (valid till 18/05/2018).</li> <li>10. MPOB FFB Grader Competent Person serial#01065 &amp; #01045.</li> </ol> <p><b><u>Sedenak Estate</u></b></p> <ol style="list-style-type: none"> <li>1. MPOB license no.: 501224702000 (validity period 01/04/2017 – 31/03/2018).</li> <li>2. Diesel Permit #J035046, ref KPDNKK.J-JB/26/5A/11/248 (P/D) (P10) (validity period 31/03/2017 – 30/03/2018) Quantity: Diesel 22,730 liter and Petrol 5,460 liter.</li> <li>3. Certificate of Fitness for Unfired Pressure Vessels (JKT15-Pin. 1/87 PMT-JH/17 04673) - JH PMT 22735 (valid till 26/05/2018).</li> </ol> <p><b><u>Ulu Tiram Estate</u></b></p> <ol style="list-style-type: none"> <li>1. MPOB license no.: 501257302000 (validity period 01/04/2017 – 31/03/2018)</li> <li>2. Diesel permit serial no.: J035200 ref. KPDNKK.J-JB/26/5A/11/811 (P/D) (P9) validity period 10/10/2017 – 09/10/2018 for storage capacity of</li> </ol>	<p>Complied</p>
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Criterion / Indicator		Assessment Findings	Compliance
		14,000liter 3. Certificate of Fitness for Unfired Pressure Vessels (JKT15-Pin. 1/87 PMT-JH/17 04672) – JH PMT 22863 (valid till 26/05/2018).	
2.1.2	A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance -	All operating units maintain documented system for identifying, evaluating, reviewing and updating applicable regulations and other requirements.  Documented legal requirements register review dated 01/10/2017 was sighted.	Complied
2.1.3	A mechanism for ensuring compliance shall be implemented. - Minor compliance -	Sustainability department and appointed safety company to monitor compliance.  Evaluation of legal requirements and compliance status with legal requirement is monitored by operating units, Sustainability Team, OHS Department and Head Office Audit Department.	Complied
2.1.4	A system for tracking any changes in the law shall be implemented. - Minor compliance -	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Head Office.  On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations.	Complied
<b>Criterion 2.2:</b>			
The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.			
2.2.1	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land was made available during audit. Verified land titles and the visited estates:  <u>Sedenak Estate</u> Sample of land title checked. Freehold, land use type: agriculture. Sample of land title sighted: i) Grant# 226656, lot 1387 area: 558.0606 ha district: Kulaijaya Mukim Sedenak ii) Grant# 237961, lot 136 area: 996.003 ha district: Kulaijaya Mukim Sedenak iii) Grant# 354796, lot 817 area: 1225.3881 ha district: Kulaijaya Mukim Sedenak	Complied
2.2.2	Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance -	The legal boundaries were clearly demarcated at Sedenak Estate and Ulu Tiram Estate. At Sedenak Estate the boundary is clearly demarcated and visible during site visit at P01/06. Verified Ulu Tiram Estate, the legal boundary is clearly marked and demarcated at P90B.	Complied

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2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance -	Complied
2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. -Major compliance	Complied
2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). -Minor compliance	Complied
2.2.6	To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. -Major compliance	Complied
<b>Criterion 2.3:</b> Use of the land for oil palm does not diminish the legal rights, customary or user right of other users without their free, prior and informed consent.		
2.3.1	Maps of an appropriate scale showing the extent of recognized legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).. - Major compliance -	Complied

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Criterion / Indicator	Assessment Findings	Compliance
2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. - Minor compliance -	The estate lands are legally owned and leased by the company. The existing estates are not encumbered by any customary land rights. Interviewed with the smallholders and local villagers found that no land dispute was reported	Complied
2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. -Minor compliance	The estate lands are legally owned and leased by the company. The existing estates are not encumbered by any customary land rights. Interviewed with the smallholders and local villagers found that no land dispute was reported.	Complied
2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. -Major compliance	The estate lands are legally owned and leased by the company. The existing estates are not encumbered by any customary land rights. Interviewed with the smallholders and local villagers found that no land dispute was reported.	Complied
<b>Principle 3: Commitment to long-term economic and financial viability</b>		
<b>Criterion 3.1:</b> There is an implemented management plan that aims to achieve long-term economic and financial viability.		

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Criterion / Indicator	Assessment Findings	Compliance
3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. - Major compliance -	Sedenak Palm Oil Mill (SPOM) and supply bases have established and implemented its commitment to long term sustainability and improvements through a capital expenditure programme. Budget and 5 years management plan (projections 2017- 2021) was verified during the audit. Sedenak Palm Oil Mill and supply bases have made progress towards achieving their performance production targets for the current financial year. Sample of CAPEX for 2017: Sedenak POM i)New air pollution control system for boiler to comply with Clean Air Regulation 2014 emission standard. ii)1 unit of 50 MT/HR Water Tube Boiler.  Sedenak Estate i)Tractor J/Deere N/turbo and metal tipping trailer	Complied
3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. - Minor compliance -	A long range replanting programme available each estates. For Sedenak Estate, total of 150.10 ha will be replanted in 2018 at specific P92 (96.27 ha) and P92P (52.82 ha). This is due to tall palm due for replanting.  For Ulu Tiram Estate, no replanting programme for 2018 and most of the area under planning for properties development by Johor Corporation.	Complied
<b>Principle 4: Use of appropriate best practices by growers and millers</b>		
<b>Criterion 4.1:</b>		
Operating procedures are appropriately documented, consistently implemented and monitored.		
4.1.1 Standard Operating Procedures (SOPs) for estates and mills are documented - Major compliance -	Palm Mill holds SOP: Mill Operation Manual includes mill SOP and work instruction as a guidance document to operate the mill. Estates have a separate SOP and Estate Manual cover and land preparation, planting material, upkeep, harvesting and transport.OSH Guidelines for Estate and SOP..  For mill supply chain procedure, documented procedures (Core Process Procedure- Weighbridge Station: SDM/SOP/5.2) rev:5 dated 1/1/17 is referred to. The procedure has covered both supply chain module; Mass Balance and Identity Preserved for RSPO SCCS implementation	Complied
4.1.2 A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance -	Mill Advisor and Plantation Inspectorate make regular visit to evaluate the performance of the mill and estates. General Manager visits the estates on quarterly basis to review estate performance against Kulim Sustainability standard. Latest Plantation Inspectorate visit Sedenak estate was on 24-25 September 2017 (Report No.: SS/LS/3/2017). Plantation Inspector appraisal - 1 <sup>st</sup> : 86 2 <sup>nd</sup> : 81, 3 <sup>rd</sup> : 78. Drop from last visit. This is due to delay of replanting for P17 which rated only 72%.  Agronomy report; 1/17, date visit: 15-16 May 2017 by Agronomy Advisory and Services Department	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance -	Records of monitoring and any actions taken was maintained and available for verification. Annual internal audit report was conducted by Kulim Sustainability team and KSTS on 15/8/2017. There were 3 non-conformities (NC) raised on supply chain element, social and OHS plan. All NC was closed on 12 September 2017  Mill advisory report, MJAB/SEDPOM/5/2017 was made available during assessment. On-site visit was done on 9-10/10/2017. Mill Management in process of rectifying all comments highlighted by the mill inspectorate.	Complied
4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	Sedenak POM has continued to maintain record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Sample of contract and MPOB licence was verified:  i) Guan Leng Trading, contract dated 15/11/16 (validity 1/1/17 – 31/12/17), MPOB license: 505874315000 valid until 31/1/18  ii) Hong Hui Trading, contract dated 15/11/16 validity 1/1/17 – 31/12/17, MPOB license: 508163015000, valid 31/12/17  iii) Che Yu Trading, contract dated 15/11/16 validity 1/1/17 – 31/12/17, MPOB license: 505632515000, valid 30/9/18  No associated smallholder under Sedenak Certification Unit. All 19 FFB suppliers categorized under FFB traders.	Complied
<b>Criterion 4.2:</b>			
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.			
4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance -	Good agriculture practices which follows the group agriculture manual contains Standard Operating Procedures to ensure soil fertility is managed to a level that ensures optimal and sustained yield. The implementation of SOPs is checked during daily inspection by staff as well as by internal audits. SOP – Kulim (M) Berhad Agriculture Manual dated July 2013 verified. Content of ARM comprises of:  i) Replanting ii) Roads, Drains, Bridges, Culverts and Fences iii) Construction of Estate Buildings iv) Manuring v) Harvesting vi) Pruning and ablation vii) Soil Conservation viii) Justification of Chemical Use ix) Weeds Management x) Integrated Pest Management xi) Plant Management	Complied

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<p>4.2.2</p> <p>Records of fertiliser inputs shall be maintained.            - Minor compliance -</p>	<p>Fertilizers are applied as per agronomist recommendation. Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators.</p> <p><u>Sedenak Estate</u></p> <p>Fertilizer recommendation, dated 1/11/16 by EPA Managemnet Sdn Bhd, R&amp;D Division. Refer to report Monthly Fertilizer Requirements by Field/Blocks (for mature and immature area)</p> <p>Latest application record in August 2017</p> <p>Sample: P07 – HGFB (borate), 0.10 kg per palm completed for 90 bags x 25 kg = 2.25 mt</p> <p><u>Ulu Tiram Estate</u></p> <p>Fertilizer recommendation, dated 1/11/16 by EPA Managemnet Sdn Bhd, R&amp;D Division. Refer to report Monthly Fertilizer Requirements by Field/Blocks (for mature and immature area)</p> <p>Latest application record in August 2017</p> <p>Sample: P13/3 – CPD44 @ compound fertilizer, 1.5 kg per palm completed for 184 bags x 50 kg = 9.2 mt)</p>	<p>Complied</p>
<p>4.2.3</p> <p>There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status.            - Minor compliance -</p>	<p>Leaf and soil nutrient analysis are commonly used in the diagnosis of fertilizer requirements in oil palms. The frequency for leaf sampling must be conduct for every year while for soil analysis, the frequency for soil sampling is conducted at 5 years intervals (Leaf and Soil Sampling Notes Procedure-Kulim (M) Bhd).</p> <p><u>Sedenak Estate</u></p> <p>Foliar sampling by UTCL laboratory. Refer to LI/1708/SDK/1074-1083 dated 23/8/17. Date of sample taken 13-21/8/17, P98, P99, P00,P04, to P07. Soil Sampling, Report# Si/1708/0253-0256 dated 23/8/17.</p> <p><u>Ulu Tiram Estate</u></p> <p>Foliar sampling by UTCL laboratory. Refer to LI/1701/UTE/0018-0025 dated 14/1/17. Date of sample taken 8-12/1/17, P84, P90, P94,P12/1,P13/3.</p>	<p>Complied</p>
<p>4.2.4</p> <p>A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting.            - Minor compliance -</p>	<p>EFB and composting are used as nutrient recycling strategy for Kulim’s estates. Application and recommendation varies and depending on the area. EFB application, is recommendation at 50 mt/hr for matire palm. For example at Sedenak Estate, field P10 :115.90 ha completed programme for total of 5825.69 mt.</p> <p>For composting application, recommendation rate is at 7 mt/ha. Record of compost application checked at field P09 : 137.13 ha, completrd for 959.91 mt.</p>	<p>Complied</p>



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Criterion / Indicator		Assessment Findings	Compliance
<b>Criterion 4.3:</b> Practices minimise and control erosion and degradation of soils.			
4.3.1	Maps of any fragile soils shall be available. - Major compliance -	For Sedenak Estate, Majority soil series is under Rengam Series (21.37%) and Tai Tak Series (19.21%). Refer to Sedenak Estate Soil and Terrain Map, Johor Baru District. Ref# JP TNH 207/2/680/8(76)  Soil series map available at Ulu Tiram Estate. No other soil categorised as problematic or fragile soil. Refer to soil map prepared by Agronomy, Advisory & Services Department dated 23/7/17. Majority of soil category is under Rengam series covering 36.81 % from the total area.	Complied
4.3.2	A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance -	Based on topography map, majority of field area under Undulating (6-12°) for both Sedenak and UluTiram Estate. Slope area constructed with terrace and stop bund. Planting terraces had been constructed where slope >7°. Fields are established with cover crops such as mucunna.	Complied
4.3.3	A road maintenance programme shall be in place. - Minor compliance -	Road maintenance programme for 2017 available. The programme including road repairs and maintenance for the whole estate roads includes grading, compacting and to strengthen the road surface with crusherun. For example actual record for lateriting and paching in July 2017 at Sedenak Estate specific at field P08: 16 trip completed, P07: 16 trips completed.	Complied
4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Minor compliance -	There is no peat soil or soil categorised as problematic or fragile soil at both estates.	Complied
4.3.5	Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. - Minor compliance -	There is no peat soil or soil categorised as problematic or fragile soil at both estates.	Complied
4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance -	There is no peat soil or soil categorised as problematic or fragile soil at both estates.	Complied
<b>Criterion 4.4:</b> Practices maintain the quality and availability of surface and ground water.			

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<p>4.4.1</p> <p>An implemented water management plan shall be in place. - Minor compliance -</p>	<p>Sedenak certification unit monitored water quality of outgoing waters to identify any adverse effect from the mill and estate activities.</p> <p>There is a Water Management Plan 2017 reviewed on October 2017 both the mill and estates which has been implemented.</p> <p>The plan takes into account the efficient use of resources, ensure amongst other that the use of water did not impact on other users, avoid contamination of ground and surface water, and appropriate treatment of mill effluent.</p> <p>Frequency of water quality analysis as per water management plan:</p> <table border="1" data-bbox="660 797 1299 1290"> <thead> <tr> <th>Source</th> <th>Frequency</th> <th>Records of compliance</th> </tr> </thead> <tbody> <tr> <td>River water monitoring</td> <td>Once per every license period</td> <td>3rd party @ UTCL report</td> </tr> <tr> <td>Domestic/ drinking water</td> <td>SPAN requirement (6 monthly)</td> <td>3rd party accredited lab</td> </tr> <tr> <td>POME</td> <td>Monthly monitoring as per Compliance Schedule</td> <td>3rd party accredited lab</td> </tr> <tr> <td>Field drain/catchment /buffer zone</td> <td>After completion of manuring program</td> <td>3rd party accredited lab</td> </tr> </tbody> </table> <p><b>Sedenak POM</b> has maintained monitoring records of water usage which recorded every day and summarised on monthly basis including the monitoring of rainfall water, which has been an alternative source of water as mitigation plan during draught season.</p> <p>Rainfall average data for period from Jan to Sept 2017 recorded at 252.33mm. Rainfall average recorded for the whole year 2016 was 170.50mm.</p> <p>Rainfall data for <b>Sedenak Estate</b> period from Oct 2016 to Sept 2017 recorded at 204.46 mm.</p> <p>Rainfall data for <b>Ulu Tiram Estate</b> period from Oct 2016 Sept 2017 recorded at 175.04 mm.</p>	Source	Frequency	Records of compliance	River water monitoring	Once per every license period	3rd party @ UTCL report	Domestic/ drinking water	SPAN requirement (6 monthly)	3rd party accredited lab	POME	Monthly monitoring as per Compliance Schedule	3rd party accredited lab	Field drain/catchment /buffer zone	After completion of manuring program	3rd party accredited lab	<p>Complied</p>
Source	Frequency	Records of compliance															
River water monitoring	Once per every license period	3rd party @ UTCL report															
Domestic/ drinking water	SPAN requirement (6 monthly)	3rd party accredited lab															
POME	Monthly monitoring as per Compliance Schedule	3rd party accredited lab															
Field drain/catchment /buffer zone	After completion of manuring program	3rd party accredited lab															

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<p>4.4.2</p> <p>Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. - Major compliance -</p>	<p>Based on the company’s Agricultural Manual (Section A: Replanting, A17-Protection of Natural Water Courses, Updated on 1/7/2013), established river buffer zones as per MPOB’s guideline:</p> <ul style="list-style-type: none"> <li>i) River width &gt; 40m; river buffer = 50m</li> <li>ii) River width 20 - 40m; river buffer = 40m</li> <li>iii) River width 10 -20m; river buffer = 20m</li> <li>iv) River width 5 - 10m; river buffer = 10m</li> <li>v) River width &lt; 5m; river buffer = 5m</li> </ul> <p>Buffer zones had been maintained on both sides of rivers/streams in the estates as verified during on-site field inspection. There was no evidence of spraying around palms marked as boundary for the buffer zones. There was also no construction of bunds/ weirs/dams across the main rivers or waterways passing through the estates.</p> <p>All the estates assessed has prepared map showing riparian buffer zones and demarcated the areas prior to replanting for all the estates. Field inspection confirmed that the buffer zone beside the stream has been demarcated clearly and maintained. River water analysis was carried out to check ensure protection of water course within estates.</p> <p><b><u>Sedenak POM</u></b> Monitoring of upstream and downstream of Sayong River as per Compliance Schedule.</p> <p>Latest monitoring by UTCL Laboratory dated 26/09/2017, report ref# EI/1709/0918-0919 for sample markings EI-0918 Up Stream (clear liquid) and EI-0919 Down Stream (clear liquid).</p> <p><b><u>Sedenak Estate</u></b> Latest monitoring by UTCL Laboratory dated 05/10/2017, report ref# WI/1710/0932-0933 for sample markings WI-0932 P 01/6 and WI-0933 P 01/6.</p> <p><b><u>Ulu Tiram Estate</u></b> Latest monitoring by UTCL Laboratory dated 03/04/2017, report ref# WI/1704/0279-0280 for sample markings WI-0279 Point A P 89 and WI-0280 Point B P 12/3. Latest monitoring by UTCL Laboratory dated 03/04/2017, report ref# WI/1704/0281 for sample markings WI-0281 Point 1 P 13/1.</p>	<p>Complied</p>

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4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6). - Minor compliance -	Treatment of mill effluent carried out as per SOP and DOE license requirements with regular monitoring of discharge quality; especially Biochemical Oxygen Demand (BOD) is monitored.  The mill effluent has been analysed for BOD on monthly basis in a ISO 17025 accredited laboratory and the result found was found complied to the DOE permit of <5000mg/L.  Sampled report checked for Sept 2017 (report # EI/1709/0915-0917; dated 26/09/2017) and Aug 2017 (report #EI/1708/0838-0841; dated 28/08/2017) respectively analyse by UTCL Laboratory of Mahamurni Plantations Sdn Bhd.	Complied
4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance -	Average water consumption based on activities i.e. mill use & domestic use varies from 0.55m <sup>3</sup> – 1.00m <sup>3</sup> per tonne.  FFB processed with the average water usage of 1.55m <sup>3</sup> per tonne FFB processed for the period from Jan to Sept 2017.  This was higher than the 2017 target mill processing ratio consumption at 1.10 m <sup>3</sup> .	Complied
<b>Criterion 4.5:</b> Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.			
4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. - Major compliance -	IPM Plan includes the planting of beneficial plants and control of damage by rodents. Beneficial plants such as Cassia Cobanensis (60%), Turnera Subulata (30%), Antigonon (10%) are grown in the estates as per Kulim (M) Berhad – ARM section J – IPM.  Planting of new areas and maintenance of existing areas of beneficial plants and location maps are available. Records of rat baiting and barn owl census are available. For Sedenak Estate occupancy rate recorded at 100 % based on the latest census on October 2017. No reported infestation by other pests (bagworms and rhinoceros beetle).	Complied
4.5.2	Training of those involved in IPM implementation shall be demonstrated. - Minor compliance -	IPM training is given by the Agronomist and plantation executives with qualification in agriculture. Interview with the staff confirm their understanding of the Kulim’s IPM practices. Sample of IPM training verified at visited estate:  <b>Sedenak Estate</b> IPM training, beneficial plant cultivation : 17/8/17.	Complied
<b>Criterion 4.6:</b> Pesticides are used in ways that do not endanger health or the environment			

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4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. - Major compliance -	Justification of pesticides applied is available in the agriculture manual. Refer to agriculture manual 21/10/2015, H01: Justification of Chemical Use. The use of pesticide is specific to the target pest, weed and disease. Justification takes consideration to minimize effect on non-target species.	Complied												
4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications was maintained. Sample of Ai/Ha summary : <table border="1" data-bbox="657 763 1302 1095"> <tr> <td></td> <td>FY17/18 (updated Sept 2017)</td> </tr> <tr> <td><b>Sedenak Estate</b></td> <td><b>Ai/ha</b></td> </tr> <tr> <td>Metsulfuron Mthyl (Ally 20DF)</td> <td>0.94</td> </tr> <tr> <td>Glyphosate Isopropylamine 14%</td> <td>0.051</td> </tr> <tr> <td>Triclopyr Butoxy Ethyl Esther</td> <td>0.021</td> </tr> <tr> <td>Average</td> <td>0.152</td> </tr> </table>		FY17/18 (updated Sept 2017)	<b>Sedenak Estate</b>	<b>Ai/ha</b>	Metsulfuron Mthyl (Ally 20DF)	0.94	Glyphosate Isopropylamine 14%	0.051	Triclopyr Butoxy Ethyl Esther	0.021	Average	0.152	Complied
	FY17/18 (updated Sept 2017)													
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Average	0.152													
4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. - Major compliance -	The quantity of agrochemicals required for various field conditions are documented and justified in Kulim's Agriculture Manual. The implementation in the field is consistent with the manual. There is no prophylactic use of pesticides.	Complied												
4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance -	Kulim (M) Bhd has stopped paraquat usage since February 2015. Alternatives such as Glyphosate were used. The implementation in the field is consistent with the SOP.	Complied												
4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). - Major compliance -	Pesticide operators given training on the safe handling and application of the pesticides. Suitable personal protective equipment's and application equipment provided to the operators. All precautions attached to the products explained to operators and understood by them. This was noted during the interview with workers.	Complied												

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4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). - Major compliance -	The operating units comply with Regulation 9 of the Pesticides Act 1974 requiring balance of remaining solution to be kept under lock and key.  During visit it was noted that all the remaining pesticides are kept in the store and securely locked and comply with regulation.  Agrochemical containers recycled for premix agrochemical.	Complied
4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. - Minor compliance -	The quantity of agrochemicals required for various field conditions are documented and justified in Agriculture Manual, Section I: Weeds Management. The implementation in the field is consistent with the Agriculture Manual.	Complied
4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. - Major compliance -	No aerial spraying at all visited estates.	Complied
4.6.9 Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated, including provision of appropriate information materials (see Criterion 4.8). - Minor compliance -	There is no associated smallholder at Sedenak Certification Unit. Employees handling pesticide given knowledge and skill required to cover safe handling practices and standard operating procedures.	Complied
4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). - Minor compliance -	Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers.  Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned.  The management dispose waste material as per regulation for schedule waste and domestic waste.	Complied

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<p>4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. - Major compliance -</p>	<p><b>Sedenak POM</b> Medical surveillance carried out once a year for all chemical handlers. Last medical check-up was conducted on 07/03/2017 by DOSH Registered doctor No.: HQ/16/DOC/00/502 for 16 workers. Blood and urine test was conducted on 16 workers and 08 workers result was not normal due to occupation. Biological effect monitoring was conducted on 02 workers because was exposed to Vinyl Chloride Monomer. All 16 workers were found fit based on the medical results.</p> <p><b>Sedenak Estate</b> Medical surveillance carried out once a year for all chemical handlers (fertilizer, sprayer, mandore &amp; storekeeper). Last medical check-up was conducted on 07/03/2017 by DOSH Registered doctor No.: HQ/16/DOC/00/502 for 43 workers. Spirometry/Lung Function Test and Blood &amp; urine test was conducted on 43 workers and all were tested normal. Biological effect monitoring was conducted on 28 workers for serum cholinesterase test. All 43 workers were found fit based on the medical results.</p> <p><b>Ulu Tiram Estate</b> Medical surveillance carried out once a year for all chemical handlers (fertilizer and sprayer). Last medical check-up was conducted on 07/03/2017 by DOSH Registered doctor No.: HQ/16/DOC/00/502 for 20 workers. Spirometry/Lung Function Test and Blood &amp; urine test was conducted on 20 workers and all were tested normal. Biological effect monitoring was conducted on 10 workers for serum cholinesterase test. All 20 workers were found fit based on the medical results.</p>	<p>Complied</p>
<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance -</p>	<p>No female sprayer at Sedenak and Ulu Tiram Estate.</p>	<p>Complied</p>
<p><b>Criterion 4.7:</b> An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:</p>		

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<p>4.7.1</p> <p>A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. - Major compliance -</p>	<p>The Occupational Safety &amp; Health Policy had been established and implemented. The policy was signed by the Managing Director of Kulim (Malaysia) Berhad on 1 January 2008 and is displayed prominently on notice boards in Bahasa Malaysia.</p> <p><b><u>Baseline &amp; Annual Audiometric Testing</u></b></p> <p><b>Sedenak POM</b> - Baseline Annual audiometric testing completed on 07/05/2017; project report# R2017/0504/SEDENAK MILL by Junpec Audiometry and Safety Services Sdn Bhd. Total of 27 workers were sent for the annual testing. Baseline audiograms tested on 14 workers and Annual audiograms tested on 13 workers. Total of 08 workers with normal hearing. Total of 13 workers with hearing loss. Total of 06 with hearing impairment &amp; standard threshold shift and 02 workers with standard threshold shift.</p> <p>Retest done for 02 workers on 27/07/2017 where 01 tested normal (#019549) and 01 tested with permanent STS (#019548). The management has transferred the worker to do general work with immediate effect.</p> <p><b><u>Baseline Local Exhaust Ventilation Examination</u></b></p> <p><b>Sedenak POM</b> - LEV inspection and testing (report ref #: HIE 127/171-3/2(210) – 2017/031 was conducted on 05/10/2017 by registered assessor JKKP HIE 127/171-3/2(210). The LEV systems installed met the minimum required face velocity and duct transport velocity along the ducting and hoods.</p> <p><b><u>Chemical Health Risk Assessment (CHRA)</u></b></p> <p><b>Sedenak POM</b> - CHRA conducted on 19/02/2013 by registered assessor JKKP HIE 127/171-2(154). Based on the CHRA, a total of 17 findings/recommendations reported.</p> <p>CHRA for <b>Sedenak POM</b> (Bio Gas Plant) was conducted on 11/03/2015 by registered assessor JKKP HIE 127/171-2(322). Based on the CHRA, a total of 08 findings/recommendations reported.</p> <p><b>Sedenak Estate</b> - CHRA was conducted on 20/02/2013 by registered assessor JKKP HIE 127/171-2(154). Based on the CHRA, a total of 19 findings/recommendations reported.</p> <p><b>Ulu Tiram Estate</b> - CHRA was conducted on 08/03/2013 by registered assessor JKKP HIE 127/171-2(154). Based on the CHRA, a total of 19 findings/recommendations reported.</p> <p>The action plan was established through the recommendation from the assessor. The action plan has been implemented and is being monitored by the management regularly.</p>	<p>Complied</p>



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	<p><b>Chemical Exposure Monitoring</b></p> <p><b>Sedenak POM</b> - The personal chemical exposure monitoring was conducted on 11/05/2017 report # HIE 127/171-3/1(164) – 2017/009 by JKKP HIE 127/171-3/1(164) for the laboratory was observed. The results showing that all the personal chemical exposure levels of n-hexane in the Laboratory were detected but BELOW the permissible exposure level limit as per DOSH requirement.</p>	
<p>4.7.2</p>	<p>All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. - Major compliance -</p> <p>Kulim (Malaysia) Berhad had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRADC) records, as well as CHRA reports were verified during the assessment.</p> <p><b>Sedenak POM</b></p> <p>CHRA conducted on 19/02/2013 by registered assessor JKKP HIE 127/171-2(154). Based on the CHRA, a total of 17 findings/recommendations reported.</p> <p>CHRA for <b>Sedenak POM</b> (Bio Gas Plant) was conducted on 11/03/2015 by registered assessor JKKP HIE 127/171-2(322). Based on the CHRA, a total of 08 findings/recommendations reported.</p> <p>HIRARC was reviewed on March 2017 and approved by the Senior Manager. Revision was made for the Effluent location/process where action plans taken in monitoring of the pond and furrow using motorcycle. Next review date will be in October 2018.</p> <p><b>Sedenak Estate</b></p> <p>CHRA was conducted on 20/02/2013 by registered assessor JKKP HIE 127/171-2(154). Based on the CHRA, a total of 19 findings/ recommendations reported.</p> <p>HIRARC was reviewed on 10/08/2017 and approved by the Senior Manager. Revision was made for the Field operation location/process where action plans taken in replanting, Mucuna planting. Next review date will be in 15/07/2018.</p> <p><b>Ulu Tiram Estate</b></p> <p>CHRA was conducted on 08/03/2013 by registered assessor JKKP HIE 127/171-2(154). Based on the CHRA, a total of 19 findings/recommendations reported.</p> <p>HIRARC was reviewed on 24/11/2016 and approved by the Estate manager. Next review date will be in 24/11/2017.</p> <p>Monitoring is carried out for all the best practices and checklists maintained to ensure the implementation and practicality.</p>	<p>Complied</p>

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<p>4.7.3</p> <p>All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>- Minor compliance -</p>	<p>Awareness and training program had been carried out. All workers involved had been adequately trained in safe working practices.</p> <p>The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE.</p> <ol style="list-style-type: none"> <li>1. <b>Sedenak POM</b> Annual Training Program 2017 was established and approved.</li> <li>2. <b>Sedenak Estate</b> Training Program 2017 was established and approved by the Senior Manager.</li> <li>3. <b>Ulu Tiram Estate</b> Training Programme for RSPO/ISCC/OSH 2017 was established and approved by the Manager.</li> </ol> <p>Suitable PPE has been provided to the workers based on the information in the MSDS and CHRA assessor’s recommendation.</p> <p>List of Personal Protective Equipment (PPE) Provided – identifies the type of PPE for the respective activities.</p> <ol style="list-style-type: none"> <li>1. Boiler/Engine operator – Safety Helmet, Semi leather Hand Glove, Cotton Gloves, Safety Shoes, Safety Vest and Ear Muff.</li> <li>2. Field workers (sprayer, manure &amp; harvester) – N95 respirator, anti-mist goggles, wellington boots, apron and sickle cover.</li> </ol> <p>The chemical store was found to be adequately organized, properly labelled, secured and person in charge understands the OSH procedures. MSDS was placed at the chemical stores and is available. The person in charge understands the information written in MSDS.</p>	<p>Complied</p>

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<p>4.7.4</p> <p>The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. - Major compliance -</p>	<p>The OSH policy is well briefed to all workers. Interview with workers reveal that they understand the policy and the importance of safety at work.</p> <p><b><u>Sedenak POM</u></b></p> <p>OSH/ESH meeting conducted on quarterly basis and last meeting conducted on 18/09/2017 attended by 16 persons.</p> <p>The work place inspection conducted on 07/09/2017 and review of accident record was discussed during the OSH meeting. No any unresolved safety and health issues noted.</p> <p><u>OSH Committee Members</u></p> <p>Chairman – Tuan Hj Kamaroulzaman Bin Thith (appointment letter dated 04/09/2016). Appointment letters for other OSH committee members dated 17/04/2017, 20/03/2017 &amp; 01/03/2016.</p> <p>OSH/EHS meeting: 18/09/2017, 19/05/2017 and 02/03/2017.</p> <p><b><u>Sedenak Estate</u></b></p> <p>OSH meeting conducted on quarterly basis and last meeting conducted on 14/09/2017 attended by 19 persons.</p> <p>The work place inspection conducted on 14/09/2017 and review of accident record was discussed during the OSH meeting. No any unresolved safety and health issues noted.</p> <p><u>OSH Committee Members</u></p> <p>Chairman – Tuan Zairul Azmin Muhamad Adanan (appointment letter dated 04/09/2016). Appointment letters for other OSH committee members dated 12/01/2017.</p> <p>OSH meeting: 14/09/2017, 07/06/2017 and 14/03/2017.</p> <p><b><u>Ulu Tiram Estate</u></b></p> <p>OSH meeting conducted on quarterly basis and last meeting conducted on 12/10/2017 attended by 17 persons.</p> <p>The work place inspection conducted on 11/10/2017 and review of accident record was discussed during the OSH meeting. No any unresolved safety and health issues noted.</p> <p><u>OSH Committee Members</u></p> <p>Chairman – Tuan Fazli Bin Zainal (appointment letter dated 04/09/2016). Appointment letters for other OSH committee members dated 08/03/2017.</p> <p>OSH meeting: 12/10/2017, 08/08/2017 and 10/03/2017.</p>	<p>Complied</p>

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<p>4.7.5</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. - Minor compliance -</p>	<p>Accident and emergency procedures have been communicated to employees, contractors and visitors.</p> <ol style="list-style-type: none"> <li><b>Sedenak POM</b> - Fire evacuation drill was last conducted on 26/05/2017 to test the state of readiness during emergency situation.</li> <li><b>Sedenak Estate</b> – Fire evacuation drill was last conducted on 08/10/2017 to test the state of readiness during emergency situation.</li> <li><b>Ulu Tiram Estate</b> - Fire evacuation drill was last conducted on 16/10/2017 to test the state of readiness during emergency situation.</li> </ol> <p>Accident and emergency procedures are in Bahasa Malaysia and this is understood by the responsible workers, staff or executives involved in the operation. Good understanding level observed among the workers.</p> <ol style="list-style-type: none"> <li>Training for First Aid is conducted in annually. Sufficient first aiders trained.</li> <li>First aid equipment is available at worksites. During the site visit there is evident that First Aid Box is available at the relevant area with sufficient contents and in good condition.</li> <li>Fire extinguisher (ABC Powder) assessed during the site observation are available and within the expiry date.</li> <li>Portable emergency eye wash facility available at chemical store and laboratory. Both are in good working condition.</li> </ol> <p>Quarterly review on accident cases carried out during OSH quarterly meeting.</p> <p><b><u>Sedenak POM</u></b></p> <p>05 accidents reported. JKKP 6 was sent to DOSH on 01/02/2017. JKKP 8 was sent to DOSH on 09/01/2017.</p> <p>DOSH visits (21/08/2017) been recorded in the DOSH log book and comments highlighted by DOSH was noted and action taken accordingly.</p> <p><b><u>Sedenak Estate</u></b></p> <p>49 accidents reported. JKKP 6 was sent to DOSH on 30/04/2017. JKKP 8 was sent to DOSH on 24/01/2017.</p> <p>No DOSH visit for year 2017. Last DOSH visits (17/08/2016) been recorded in the DOSH log book and comments highlighted by DOSH was noted.</p> <p><b><u>Ulu Tiram Estate</u></b></p> <p>02 accidents reported. No JKKP 6 available. JKKP 8 was sent to DOSH on 19/01/2017.</p> <p>DOSH visits (27/02/2017) been recorded in the DOSH log book and noted comments highlighted by DOSH.</p>	<p>Complied</p>

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4.7.6 All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance -	<p>Medical care is provided to all the employees. Reviewed on workers profile records found that all workers are covered by the accident insurances.</p> <p>Malaysian workers are covered by SOCSO or Perkeso (Pertubuhan Keselamatan Sosial). Refer to form 8A, "Jadual Caruman" for <b>September 2017</b>.</p> <p>Foreign workers are covered by Foreign Workers Compensation Scheme Certificate of Insurance.</p> <table border="1" data-bbox="659 667 1297 1653"> <thead> <tr> <th>Insurance</th> <th>Period</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>MSIG Insurance (M) Berhad (JB-09846619-FWC) (JB-09846615-FWC)</td> <td>16/09/2017 – 15/09/2018 12/09/2017 – 11/09/2018</td> <td>Sedenak POM</td> </tr> <tr> <td>Berjaya Sampo Insurance Berhad (16DJBEWWCZ0 1434) (16DJBEWWCZ0 1433)</td> <td>23/12/2016 – 22/12/2017 16/12/2016 – 15/12/2017</td> <td>Sedenak Estate</td> </tr> <tr> <td>MSIG Insurance (M) Berhad (JB-09722901-FWC)</td> <td>21/02/2017 – 20/02/2018</td> <td>Ulu Tiram Estate</td> </tr> <tr> <td>Berjaya Sampo Insurance Berhad (17DHQEWWCZ 00574)</td> <td>20/01/2017 – 21/01/2018</td> <td></td> </tr> </tbody> </table>	Insurance	Period	Remark	MSIG Insurance (M) Berhad (JB-09846619-FWC) (JB-09846615-FWC)	16/09/2017 – 15/09/2018 12/09/2017 – 11/09/2018	Sedenak POM	Berjaya Sampo Insurance Berhad (16DJBEWWCZ0 1434) (16DJBEWWCZ0 1433)	23/12/2016 – 22/12/2017 16/12/2016 – 15/12/2017	Sedenak Estate	MSIG Insurance (M) Berhad (JB-09722901-FWC)	21/02/2017 – 20/02/2018	Ulu Tiram Estate	Berjaya Sampo Insurance Berhad (17DHQEWWCZ 00574)	20/01/2017 – 21/01/2018		Complied
Insurance	Period	Remark															
MSIG Insurance (M) Berhad (JB-09846619-FWC) (JB-09846615-FWC)	16/09/2017 – 15/09/2018 12/09/2017 – 11/09/2018	Sedenak POM															
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<p>4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics                      - Minor compliance -</p>	<p>Accident records are found to be updated. All records on Lost Time Accident (LTA) metrics are maintained.</p> <p>Samples of accident statistic as shown below:</p> <table border="1" data-bbox="660 506 1299 719"> <thead> <tr> <th>Year (to-date)</th> <th>Sedenak POM</th> <th>Sedenak Estate</th> <th>Ulu Tiram Estate</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>4 (194 LTA)</td> <td>72 (104 LTA)</td> <td>9 (19 LTA)</td> </tr> <tr> <td>2017</td> <td>5 (13 LTA)</td> <td>49 (73 LTA)</td> <td>2 (49 LTA)</td> </tr> </tbody> </table> <p>*LTA is equivalent to lost man days (MC)</p> <p><b>Sedenak POM</b> recorded LTI as at January 2017 – 426,816.</p> <p><b>Sedenak Estate</b> recorded LTI as at January 2017 – 684,600.</p> <p><b>Ulu Tiram Estate</b> recorded LTI as at January 2017 – 31,599.</p>	Year (to-date)	Sedenak POM	Sedenak Estate	Ulu Tiram Estate	2016	4 (194 LTA)	72 (104 LTA)	9 (19 LTA)	2017	5 (13 LTA)	49 (73 LTA)	2 (49 LTA)	<p>Complied</p>
Year (to-date)	Sedenak POM	Sedenak Estate	Ulu Tiram Estate											
2016	4 (194 LTA)	72 (104 LTA)	9 (19 LTA)											
2017	5 (13 LTA)	49 (73 LTA)	2 (49 LTA)											
<p><b>Criterion 4.8:</b>                      All staff, workers, smallholders and contract workers are appropriately trained.</p>														
<p>4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme.                      - Major compliance -</p>	<p>Kulim (Malaysia) Berhad has established an annual training program that covers all aspects of the RSPO Principles and Criteria.</p> <ol style="list-style-type: none"> <li><b>Sedenak POM</b> – Annual Training Program 2017. Implementation is still on-going.</li> <li><b>Sedenak Estate</b> - Training Plan 2017. Implementation is still on-going.</li> <li><b>Ulu Tiram Estate</b> – Training Programme for RSPO/ISCC/OSH 2017. Implementation is still on-going.</li> </ol> <p><b>Training Needs</b></p> <ol style="list-style-type: none"> <li>43 training needs/requirements for <b>Sedenak POM</b> Annual Training Program 2017 identified for various categories of operating units.</li> <li>35 training needs/requirements <b>Sedenak Estate</b> Training Plan 2017 identified for various categories of operating units.</li> <li>21 training needs/requirements <b>Ulu Tiram Estate</b> – Training Programme for RSPO/ISCC/OSH 2017 identified for various categories of operating units.</li> </ol>	<p>Complied</p>												

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<p>4.8.2 Records of training for each employee shall be maintained. - Minor compliance -</p>	<p>Training records for employees available and maintained at the office. Records are verified on a sampling basis which covers all aspect of training and RSPO P&amp;C requirement.</p> <p>Samples of training record for 2017 as follows:</p> <p><b><u>Sedenak POM</u></b></p> <table border="1" data-bbox="660 580 1294 1032"> <thead> <tr> <th>Date</th> <th>Training</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>28/08/2017</td> <td>Tanker &amp; Kernel Inspection</td> <td>Asst Manager</td> </tr> <tr> <td>10/08/2017</td> <td>5'S</td> <td>Exec &amp; HOD</td> </tr> <tr> <td>13/07/2017</td> <td>Behavioural Safety Culture</td> <td>Kulim Safety</td> </tr> <tr> <td>09/07/2017</td> <td>Refresher course on ISO9001:2008, RSPO &amp; ISCC</td> <td>Exec &amp; HOD</td> </tr> <tr> <td>04/04/2017</td> <td>Work Instruction &amp; Procedure Training – Laboratory &amp; Biogas</td> <td>Asst Manager</td> </tr> </tbody> </table> <p><b><u>Sedenak Estate</u></b></p> <table border="1" data-bbox="660 1077 1294 1498"> <thead> <tr> <th>Date</th> <th>Training</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>13/10/2017</td> <td>Safe Pesticide/ Chemical Handling</td> <td>Asst Manager</td> </tr> <tr> <td>06/08/2017</td> <td>PCD Cleaning &amp; Handling of Oil Spill in Workshop</td> <td>Asst Manager</td> </tr> <tr> <td>26/07/2017</td> <td>Tractor Inspection &amp; Safe Driving</td> <td>Asst Manager</td> </tr> <tr> <td>19/07/2017</td> <td>Harvesting Safety</td> <td>Asst Manager</td> </tr> <tr> <td>04/06/2017</td> <td>Briefing (ISCC, RSPO, ISO 14001, OSH)</td> <td>Asst Manager</td> </tr> </tbody> </table> <p><b><u>Ulu Tiram Estate</u></b></p> <table border="1" data-bbox="660 1547 1294 1953"> <thead> <tr> <th>Date</th> <th>Training</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>24/10/2017</td> <td>Basic First Aid Training</td> <td>Asst Manager</td> </tr> <tr> <td>19/10/2017</td> <td>Awareness for PPE Usage and Sprayer Safety</td> <td>Asst Manager</td> </tr> <tr> <td>04/09/2017</td> <td>RSPO/ISCC and OSH Awareness to Workers, Contractors &amp; Harvesters</td> <td>Asst Manager</td> </tr> <tr> <td>23/08/2017</td> <td>PCD Maintenance</td> <td>Asst Manager</td> </tr> <tr> <td>22/08/2017</td> <td>Triple Rinsing Training</td> <td>Asst Manager</td> </tr> </tbody> </table>	Date	Training	Trainer	28/08/2017	Tanker & Kernel Inspection	Asst Manager	10/08/2017	5'S	Exec & HOD	13/07/2017	Behavioural Safety Culture	Kulim Safety	09/07/2017	Refresher course on ISO9001:2008, RSPO & ISCC	Exec & HOD	04/04/2017	Work Instruction & Procedure Training – Laboratory & Biogas	Asst Manager	Date	Training	Trainer	13/10/2017	Safe Pesticide/ Chemical Handling	Asst Manager	06/08/2017	PCD Cleaning & Handling of Oil Spill in Workshop	Asst Manager	26/07/2017	Tractor Inspection & Safe Driving	Asst Manager	19/07/2017	Harvesting Safety	Asst Manager	04/06/2017	Briefing (ISCC, RSPO, ISO 14001, OSH)	Asst Manager	Date	Training	Trainer	24/10/2017	Basic First Aid Training	Asst Manager	19/10/2017	Awareness for PPE Usage and Sprayer Safety	Asst Manager	04/09/2017	RSPO/ISCC and OSH Awareness to Workers, Contractors & Harvesters	Asst Manager	23/08/2017	PCD Maintenance	Asst Manager	22/08/2017	Triple Rinsing Training	Asst Manager	<p>Complied</p>
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Criterion / Indicator	Assessment Findings	Compliance
<p><b>Criterion 5.1:</b>            Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		
<p>5.1.1</p>	<p>An environmental impact assessment (EIA) shall be documented.            - Major compliance -</p> <p><b><u>Sedenak POM</u></b>            Documented Environmental Risk Assessment Form (Form No: EPA-SEDPOM-2015; Activity code: ER001-ER021; Rev. 1/2017) available. Register dated 30<sup>th</sup> September 2017 verified.</p> <p><b><u>Sedenak Estate</u></b>            Documented Environmental Risk Assessment Form (Form No: LS-EMS-EA-F01; Activity code: ER001-ER014; Rev. 1/2017) available. Register dated 30<sup>th</sup> September 2017 verified. For the year 2017, review done for replanting.</p> <p><b><u>Ulu Tiram Estate</u></b>            Documented Environmental Risk Assessment Form (Form No: EPA-UTE-2017; Activity code: ER001-ER014; Rev. 1/2017) available. Register dated 30<sup>th</sup> September 2017 verified. For the year 2017, review done for clearing of coffee tree, construction of road/terrace/platform, planting and clinic.</p>	<p>Complied</p>
<p>5.1.2</p>	<p>Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons.            - Minor compliance -</p> <p><b><u>Sedenak POM</u></b> - Environmental management plan for 2017 (Pollution &amp; 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            5. POME            6. Water (cleaning, production area, lubricant store, workshop, wash down, line site etc.            Assistant manager has been appointed to monitor the overall implementation of the management plan.</p> <p><b><u>Kulim Estates</u></b> – Pollution &amp; Emission Management Plan was available.            Significant environmental issues identified:            1. Emission of dark smoke            2. Emission of noise            3. Emission of air pollutant            4. Emission of greenhouse gas (GHG)            5. Waste Water (cleaning, production area, lubricant store, workshop, wash down, line site etc.            Senior Manager has been appointed to monitor the overall implementation of the management plan</p>	<p>Complied</p>



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5.1.3	<p>This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>- Minor compliance -</p>	<p>An environmental improvement plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts.</p> <p>The latest online monitoring protocol was used for reporting to DOE via eSwis (schedule waste), CEMS for smoke emission and OER @ Online Environmental Reporting for POME results and in line with mil's compliance schedule requirements.</p> <p>3rd party environmental compliance audit – every 6 monthly was conducted by EHS Alliance Sdn Bhd. Sighted letter ref# EA-J17019/KMB/DOE/0817-L01 dated 09/08/2017.</p> <p>Sighted report audit notification and audit plan dated 12/07/2017 and audit findings dated 28/07/2017. Environmental Regulatory Compliance Audit (Final report) dated 27/07/2017.</p>	Complied
<p><b>Criterion 5.2:</b>            The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>			
5.2.1	<p>Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).</p> <p>- Major compliance -</p>	<p>The initial HCV assessment was conducted in 2008 by consultant. Report " Rapid Biodiversity Assessment of Oil Palm Plantations – A.J.F.M Dekker Consultant, Biodiversity 2008. The report has covered all 15 estates in Johor which include Sedenak Estate's complex.</p>	Complied

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<p>5.2.2</p> <p>Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan. - Major compliance -</p>	<p>Based on report the HCV assessment “ Rapid Biodiversity Assessment of Oil Palm Plantations – A.J.F.M Dekker Consultant, Biodiversity 2008 and recce survey of bird and bats by Wildlife Conservation Society Malaysia Programme, a few species of birds and mammals under IUCN red list (least concerned and near threatened) were recorded. The summary of management plan has included:</p> <table border="1" data-bbox="660 618 1299 1375"> <thead> <tr> <th data-bbox="660 618 884 692">HCV plan</th> <th data-bbox="884 618 1107 692">Progress</th> <th data-bbox="1107 618 1299 692">Person In Charge</th> </tr> </thead> <tbody> <tr> <td data-bbox="660 692 884 857">Bird survey</td> <td data-bbox="884 692 1107 857">On going WCS bird survey. Baseline was carried out in 2011</td> <td data-bbox="1107 692 1299 857">Sustainability and estate team</td> </tr> <tr> <td data-bbox="660 857 884 958">Encroachment control</td> <td data-bbox="884 857 1107 958">Regular patrolling</td> <td data-bbox="1107 857 1299 958">Sustainability and estate team</td> </tr> <tr> <td data-bbox="660 958 884 1093">Erosion control</td> <td data-bbox="884 958 1107 1093">Road maintenance, guatamala and vertivar planting</td> <td data-bbox="1107 958 1299 1093">Sustainability and estate team</td> </tr> <tr> <td data-bbox="660 1093 884 1193">Restore natural vegetation</td> <td data-bbox="884 1093 1107 1193">LCC, guatamala and vertivar planting</td> <td data-bbox="1107 1093 1299 1193">Sustainability and estate team</td> </tr> <tr> <td data-bbox="660 1193 884 1375">Buffer zone establishment</td> <td data-bbox="884 1193 1107 1375">Mapped out the buffer zone area  Peg and marking on the gound (demarcation)</td> <td data-bbox="1107 1193 1299 1375">Sustainability and estate team</td> </tr> </tbody> </table>	HCV plan	Progress	Person In Charge	Bird survey	On going WCS bird survey. Baseline was carried out in 2011	Sustainability and estate team	Encroachment control	Regular patrolling	Sustainability and estate team	Erosion control	Road maintenance, guatamala and vertivar planting	Sustainability and estate team	Restore natural vegetation	LCC, guatamala and vertivar planting	Sustainability and estate team	Buffer zone establishment	Mapped out the buffer zone area  Peg and marking on the gound (demarcation)	Sustainability and estate team	<p>Complied</p>
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<p>5.2.3</p> <p>There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. - Minor compliance -</p>	<p>Regular awareness programme about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. RSPO Roadshow 2017 was carried out for Sedenak Complex on 30/8/17. The roadshow has incorporated HCV and Biodiversity component for all executive and staff.</p>	<p>Complied</p>																		

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5.2.4 Where a management plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> <li>• The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>• Outcomes of monitoring shall be fed back into the management plan.</li> </ul> - Minor compliance -	Outcomes of the monitoring and management plan was not effectively monitored resulting to the issues observed at 2 visited estates; <u>Sedenak Estate</u> Observed at P01/06 near to water sampling point, cultivated guatemala grass was cleared inside demarcated buffer zone area potentially during maintenance and upkeep activity. <u>Ulu Tiram Estate</u> At P89/01 near to water sampling point (Sg Tiram), soil erosion observed at river buffer zone area. Result of monitoring (patrolling and sighting) at was not fed back into the management plan. Thus, a minor NC was issued.	Minor nonconformance
5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. - Minor compliance -	There was no HCV set-aside that needs any negotiation process with the local communities.	Complied
<b>Criterion 5.3:</b> Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.		
5.3.1 All waste products and sources of pollution shall be identified and documented. - Major compliance -	Sedenak certification unit has established a Waste & Pollution Management Action Plan for 2017. Few type of waste has been identified i.e. Domestic waste, Scheduled waste, Rubber materials, Scraps, Mill by-products, Emissions, Liquid waste Office and Medical waste. The source of these wastes were mainly located at mechanical/electrical workshop, chemical store, scheduled waste store, line site, office, mill effluent pond. Type of scheduled waste generated: SW102, SW110, SW305, SW306, SW307, SW409, SW410 and SW429. <u>Sedenak POM</u> Notification of scheduled waste, 5th schedule. Refer to file ref# AS(B)J31/152/00/054, inventory # 2015081812X8J4H Z102017 dated 22/10/2017. Sighted collection transportation instructions dated 26/09/2017 by Kualiti Alam Sdn Bhd. <u>Sedenak Estate</u> Notification of scheduled waste, 5th schedule. Refer to file ref# AS(B)J11/123/000/177, inventory #0109J238760 4182017 dated 28/08/2017. Sighted tax invoice #TD 268913 dated 13/08/2017 by Kualiti Alam Sdn Bhd. <u>Ulu Tiram Estate</u> Sighted the List of Notification of Scheduled Waste. Refer to ref# 20170305080GZ9BY dated 05/03/2017 and ref# 20170414101IRS6K dated 14/04/2017. Sighted the summary report of inventory and Waste statement dated 11/10/2017 from eSwis.	Complied

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5.3.2	<p>All chemicals and their containers shall be disposed of responsibly.</p> <p>- Major compliance -</p>	<p>All chemical containers are disposed as per the company procedures. Most of the agrochemical containers are recycled for pre-mixing agrochemicals. Recycling is only for the same purpose.</p> <p>As example, at Sedenak Estate and Ulu Tiram Estate practice triple rinsing and punctured of used chemical and disposed it through G-Planter Sdn. Bhd.</p>	<p>Complied</p>

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<p>5.3.3</p> <p>A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.            - Minor compliance -</p>	<p>Waste management and disposal plan was implemented and verified during assessment. Records disposal were made available for a few disposal arrangement as follows:</p> <p><b><u>Sedenak POM</u></b>            Scheduled waste disposal records available. Refer to latest 5th schedule @ consignment note dated 26/09/2017 was disposed by license contractor, Kualiti Alam Sdn Bhd.            Sampled consignment notes:</p> <ol style="list-style-type: none"> <li>1. Consignment#2017092719H4T1ZM for SW110 (Doc# 0108669).</li> <li>2. Consignment#2017092MRHIAD for SW306 (Doc# 0108670).</li> <li>3. Consignment#2017092719NZA8FQ for SW305 (Doc# 0108671).</li> </ol> <p><b><u>Sedenak Estate</u></b>            Scheduled waste disposal records available. Refer to latest 5th schedule @ consignment note dated 28/08/2017 was disposed by license contractor, Kualiti Alam Sdn Bhd.            Sampled consignment notes:</p> <ol style="list-style-type: none"> <li>1. Consignment#2017072711MP9FDS for SW409.</li> <li>2. Consignment#2017072711LWCDH2 for SW305.</li> <li>3. Consignment#2017072711SJNDFG for SW307.</li> </ol> <p>Records of medical waste SW404 disposal (serial#0176105) shown latest disposal was done on 10/10/2017 through Kualiti Alam Sdn Bhd.            Sighted letter to DOE dated 20/10/2017, Consignment note serial #0176105 and Delivery order dated 10/10/2017            Sighted also an email dated 10/08/2017 from Kulim (Malaysia) Berhad to inform all the estates on the appointment of Kualiti Alam Alam Sdn Bhd to collection all SW404 (Clinical Waste).</p> <p><b><u>Ulu Tiram Estate</u></b>            Scheduled waste disposal records available. Refer to latest consignment # 2017101212SWA3BU dated 12/10/2017 was disposed by license contractor, Kualiti Alam Sdn Bhd.            Sampled consignment notes:</p> <ol style="list-style-type: none"> <li>1. Consignment note for schedule waste Document #0114442 for SW307 dated 24/10/2017.</li> <li>2. Consignment note for schedule waste Document #0114438 for SW409 dated 24/10/2017.</li> <li>3. Consignment note for schedule waste Document #0114439 for SW110 dated 24/10/2017.</li> </ol> <p>Sighted DOE approval letter ref AS(B)J91/110/619/073(27) dated 14/09/2017 for extension of schedule waste storage until 12/09/2018 for SW305.            Records of medical waste SW404 disposal (serial#0176086) shown latest disposal was done on 12/10/2017 through Kualiti Alam Sdn Bhd. Sighted DO dated 12/10/2017.            Sighted the Scheduled Waste Transportation and Treatment Agreement (for Clinical Waste Only) from Kualiti Alam Sdn Bhd; contract #200582 dated 03/05/2017.</p>	<p>Complied</p>

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<b>Criterion 5.4:</b> Efficiency of fossil fuel use and the use of renewable energy is optimised.			
5.4.1	<p>A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p> <p>- Minor compliance -</p>	<p><b>Sedenak POM</b> production output records and the renewable energy used were monitored monthly. The Mill monitors and reports energy usage monthly to head office through monthly report.</p> <p>The company has optimized the use of renewable energy. The energy usage varies depending on the FFB supplied by the estates. During low crop there is a slight increase in use of diesel fuel for processing.</p> <p>Power generation summary as follows:</p> <ol style="list-style-type: none"> <li>1. Diesel engine @ fossil fuel (200 kW, 250 kW &amp; 650 kW) at 808,440 kWh to date September 2017.</li> <li>2. Biogas engine@ renewable energy at 838,300 kWh to date September 2017.</li> <li>3. Steam turbine@ renewable energy at 5,577,000 kWh to date September 2017.</li> <li>4. Fossil fuel usage is 23.16% over the total power generation/consumption.</li> </ol>	<p>Complied</p>
<b>Criterion 5.5:</b> Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.			
5.5.1	<p>There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>- Major compliance -</p>	<p>There is no land preparation by burning at Ulu Tiram Estate. Sustainability handbook was described on Environmental policy including Zero open burning policy dated January 2008. Management complying with the Malaysian environmental law –EQA and Regulations 1974. Site visit at P16 (new planting plot), the management used mechanization to do felling and chipping the palms.</p>	<p>Complied</p>
5.5.2	<p>Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>- Minor compliance -</p>	<p>There is no land preparation by burning at Ulu Tiram Estate. Site visit at P16, the management used mechanization to do felling and chipping the palms.</p>	<p>Complied</p>
<b>Criterion 5.6:</b> Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.			

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<p>5.6.1</p> <p>An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). - Major compliance -</p>	<p>Ambient air quality monitoring carried out every quarter as per Compliance Schedule, #002161. Monitoring has been carried out for the latest quarter on 19 - 20/07/2017 by Spectrum Laboratories (Johore) Sdn. Bhd (Report ref no: ETD/A/SPOM/2017-07/16308. Parameter tested is within regulatory limit of 260 TSP ug/m3. Monitoring also has been carried out on 21-22/03/2017 by Spectrum Laboratories (Johore) Sdn. Bhd (Report ref no: ETD/A/SPOM/2017-03/15661. Parameter tested is within regulatory limit of 260 TSP ug/m3. Stack sampling carried out twice per year for 2017. Stack#3: 21st March 2017, refer to report, ETD/SPOM/SE/2017/03/15661 dated 13th April 2017, Spectrum Laboratories (Johore) Sdn. Bhd.</p> <table border="1" data-bbox="662 792 1295 943"> <thead> <tr> <th>Parameter</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Solid particle, g/Nm3 @ 12% CO2</td> <td>0.012</td> </tr> <tr> <td>NOx emission, g/Nm3</td> <td>0.007</td> </tr> <tr> <td>SOx emission, g/Nm3</td> <td>0.0053</td> </tr> </tbody> </table> <p>Stack#4: Sighted the on-site service record #76452 dated 12<sup>th</sup> October 2017 by Spectrum Laboratories (Johore) Sdn Bhd and pending report. Parameters checked were complied with the limit of the Malaysian Recommended Air Quality Guidelines and Environmental Quality (Clean Air) Regulation, 1978. The mill currently are planning to upgrade its facilities in line with the new requirements of EQ (Clean Air) Reg. 2014 which has been spelt out in the DOE license to be comply latest by June 2019.</p>	Parameter	Result	Solid particle, g/Nm3 @ 12% CO2	0.012	NOx emission, g/Nm3	0.007	SOx emission, g/Nm3	0.0053	<p>Complied</p>
Parameter	Result									
Solid particle, g/Nm3 @ 12% CO2	0.012									
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<p>5.6.2</p> <p>Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance</p>	<p>Main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH4) emission through POME treatment. Other less significant GHG emissions identified including COx, SOx and NOx from various sources including fossil fuel, chemical and fertilizer consumptions.  As to reduce pollutant from boiler stack emission, CAPEX has been allocated for emission control system to further reduce the emission limit to comply with Clean Air Regulation 2014.  Implementation and monitoring of GHG emissions is carried out and submitted to RSPO.</p>	<p>Complied</p>								
<p>5.6.3</p> <p>A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. - Minor compliance -</p>	<p>Kulim has published Carbon footprint report. Calculation was based on PalmGHG tools, version 3.0.1. Tools and systems used to monitor significant pollutants includes the DOE CEMS monitoring system for air emissions, water quality at discharge points as per DOE regulations and Scheduled Waste disposal as per the DOE requirements via eSwis. POME is treated using aerobic and anaerobic ponds. Effluent waste-water samples were taken as per DOE requirement and quarterly reports sent to DOE via the latest "OER" @ Online Environmental Reporting</p>	<p>Complied</p>								

**Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers.**

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<b>Criterion 6.1:</b> Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -	Social Impact Assessment was conducted on 10/4/2017 and 9/8/2017 by Sustainability Team of Kulim (M) Berhad. Seen the interview checklists with the relevant stakeholders that been utilized during the assessment. The stakeholders that participated in the assessment were such as school's representative, internal workers and contractors. The topics that discussed during the assessment are child labour issue, discrimination, complaints, policies and etc.	Complied
6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. - Major compliance -	The assessment was carried out with the participation of affected stakeholders such as internal workers, contractors, and neighbouring school representatives. Seen the evidence of interview checklists that been utilized during the assessment.	Complied



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<p>6.1.3</p> <p>Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation.</p> <p>- Major compliance -</p>	<p>The Social Management Plan was developed on 1/10/2017. The plan has included the mitigation of negatives impacts and promotion of positive impacts. The plan has incorporated the issue, action to be taken, person in charge and timeline. For eg:</p> <ul style="list-style-type: none"> <li>a. Negative Issue: Development of Biogas plant in the mill was not informed to all the workers. Action: The mill management has explained to all the workers on the construction of Biogas plant on 10/10/2017. Evidence: Seen the training record of Briefing of Biogas system to the workers on 10/10/2017. Training material, training attendance list and photos were sighted. The workers were briefed on the quality of biogas, operation time of biogas plant and etc.</li> <li>b. Negative Issue: No meeting with the NUPW representative for Y2017. Action: The management will conducted the meeting at least once a year. Evidence: The last meeting with NUPW representatives was conducted on 24/8/2017. Seen the meeting minutes and attendance list of the participants.</li> <li>c. Negative Issue: Opening burning by workers from EPA/HQ who stayed at Ulu Tiram Estate. Action: The management will briefed and displayed the policy on their housing area. Besides, issuance of warning letter will be carried out if seen anyone open burning. Evidence: Briefing of the policy was conducted on 17/10/2017 to the respective people who carried out open burning at linesite. Seen the photo evident and briefing details. Besides, the other workers were briefed on the issue on morning muster as well.</li> <li>d. Positive Issue: The mill management has prepared uniform to all the workers. Action: The mill management has distributed the uniforms to all the workers. Evidence: Seen the name list of the workers that have taken the uniforms provided by the management.</li> </ul>	<p>Complied</p>
<p>6.1.4</p> <p>The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties.</p> <p>- Minor compliance -</p>	<p>The management plan was reviewed annually and the last review was conducted on 1/10/2017 in the mill and Sedenak Estate and 21/10/2017 in Ulu Tiram Estate.</p>	<p>Complied</p>

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6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance -	No scheme smallholders involved the Sedenak Certification Unit.	Not applicable
<b>Criterion 6.2:</b> There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.			
6.2.1	Consultation and communication procedures shall be documented. - Major compliance -	Kulim (Malaysia) Sdn Bhd has developed a Communication Procedure V2.0 dated November 2009 where the objective of the procedure is to effectively communicate with internal and external stakeholders on matter pertaining to social and environmental aspect and impacts, performance and safety & health issue. The modes for internal and external communication are such as muster call, meeting with representatives, inspections, suggestion boxes, memo, and stakeholder meeting.	Complied
6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	Regional Head from Plantation Operation of Kulim (Malaysia) Berhad has issued a letter dated 23/10/2016 to inform that all Executive Regional Controller of each complex has been automatically appointed as Social person-in-charge.  The Mill Manager has appointed the Assistant Manager to be the Social Person In Charge for the social issue in the mill and seen the appointment letter dated 1/1/2017.  Chief Clerk of Sedenak Estate has been appointed as Social Person In Charge and the appointment letter dated 12/1/2017 was sighted.	Complied

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<p>6.2.3</p> <p>A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained.</p> <p>- Minor compliance -</p>	<p>The mill and estates has developed a stakeholder list that consisted of internal and external stakeholders such as contractors and suppliers, local communities, government authorities, buyers and etc.</p> <p>Stakeholder meeting was conducted on 5/4/2017 with FFB suppliers. No issue was raised during the meeting. Meeting minutes was sighted. The mill has sent the invitation letter to stakeholders such as local communities’ representatives, schools’ representatives and etc to attend stakeholder meeting on 5/11/2017.</p> <p>Besides, a briefing of RSPO to all the relevant stakeholders that dealt directly with the Head Office were conducted on 26/9/2017.</p> <p>Stakeholder meeting was conducted for different session with different group of stakeholders in Sedenak Estate. For eg: stakeholder meeting with neighboring smallholders was conducted on 11/10/2017 with total 19 participants, meeting with cattles owner on 10/10/2017 and 8/10/2017 with other stakeholders such as contractors, local authorities, and local communities. Seen the meeting minutes and no issue was raised during these meetings.</p> <p>Stakeholder meeting was conducted on 23/10/2017 with contractors, local villagers, school representatives and etc in Ulu Tiram Estate. No issue was raised. Besides, there was a meeting with internal stakeholders held on 14/12/2016. Briefing of safety, zero burning, housing condition and etc was conducted during the meeting.</p>	<p>Complied</p>
<p><b>Criterion 6.3:</b>            There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all effected parties.</p>		
<p>6.3.1</p> <p>The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>- Major compliance -</p>	<p>Kulim (Malaysia) Berhad has implemented SPO Grievance Procedure dated 4/9/2007. The objective of the procedure is to ensure that Kulim has a documented system for dealing with complaints and grievances that is agreeable to all sides and accepted by all stakeholders. The management shall process and resolve the complaints within 25 work days.</p> <p>Besides, the company has developed Right of Employees Policy dated 8/1/2017 where the company will establish, implement and monitor a documented grievance procedure which will be made accessible to all our employees.</p> <p>In addition, the company also developed Grievance Policy dated 1/1/2008 where the company will resolved all the grievances and unsatisfied to ensure good relationship.</p>	<p>Complied</p>

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<p>6.3.2 Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance –</p>	<p>The mill management has implemented Complaints and Grievances form for internal and external stakeholder. No complaint was lodged since Y2012. Besides, the management has implemented Request Form for Repair of Housing. Actions have been taken roughly within 9 days from date of reported. Sampled of complaints as below:</p> <ul style="list-style-type: none"> <li>a. House No. 69 reported that lock for front door was damaged on 6/9/2017. Evidence of Order Book was sighted for the 3 pieces of Cylinder Door Lock was requested for House No. 69 on 6/9/2017. Seen the photo evident of repair work done. The complainant has signed on the request form after repair work has been carried out satisfactory.</li> <li>b. House No. M10 reported that the spin woff of the ceiling and roof broken on 11/10/2017. Evidence of Order Book for Spin word and 3" G.L roofing was ordered on 11/10/2017. The complainant has acknowledged on the request form after the repair work has been carried out.</li> </ul> <p>In Sedenak Estate and Ulu Tiram Estate, Enquiry Register Record and Complaint Book for Housing Report was implemented. Mostly the register record book was recorded requests from stakeholders for job and assistance. No complaint was found recorded in the book. For internal workers issues, the workers will lodged the complaints such as housing repair into the complaint book. For eg: House No. S8 complained that the lamp at toilet and in front of the house was damaged on 20/9/2017. The contractor has repaired the work on 21/9/2017. Seen the invoice from contractor to claim on the items purchase on 7/10/2017.</p>	<p>Complied</p>
<p><b>Criterion 6.4:</b> Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		
<p>6.4.1 A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. - Major compliance -</p>	<p>Kulim (M) Berhad has established SOP for Rights to Use the Land Program dated 4/9/2007. Furthermore, SOP for Negotiations Concerning Compensation Program dated 4/9/2007 was developed. The Sustainability Department and Property Department is responsible for ensuring local rights for land use are not reduce and ensuring records of local communities giving their free, prior and informed consent. The company also ensure that any negotiations with regards to compensation for loss of local rights are dealt with fairly.</p>	<p>Complied</p>

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6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. - Minor compliance -	SOP as per criteria 6.4.1.	Complied
6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance -	No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported during the time of audit. Interviewed with the local communities' representatives and smallholders found that no encroachment of land by the company. Trenches and boundary stones were maintained to differentiate the land ownership.	Complied
<b>Criterion 6.5:</b> Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.			

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<p>6.5.1</p>	<p>Documentation of pay and conditions shall be available. - Major compliance -</p>	<p>The mill and estates consist of local workers, foreign workers and contractor’s workers. The management has included basic pay, net pay, gross pay, deduction of salary, days of attended to work and etc on the pay slip. Payslip for November 2016, March 2017, July 2017 and September 2017 based on the crop summary for direct employment workers was sampled as below:</p> <ul style="list-style-type: none"> <li>a. Employee No.: 615506 (SPOM)</li> <li>b. Employee No.: 615387 (SPOM)</li> <li>c. Employee No.: 615575 (SPOM)</li> <li>d. Employee No.: 615528 (SPOM)</li> <li>e. Employee No.: 615536 (SPOM)</li> <li>f. Employee No.: 615394 (SPOM)</li> <li>g. Employee No.: 614623 (SE)</li> <li>h. Employee No.: 614695 (SE)</li> <li>i. Employee No.: 614888 (SE)</li> <li>j. Employee No.: 615044 (SE)</li> <li>k. Passport No.: B 1573000 (SE Contractor’s Worker)</li> <li>l. Passport No.: B 1564756 (SE Contractor’s Worker)</li> <li>m. Passport No.: B 2594370 (SE Contractor’s Worker)</li> <li>n. Passport No.: A 9093192 (SE Contractor’s Worker)</li> <li>o. Employee No.: 601027 (UTE)</li> <li>p. Employee No.: 601019 (UTE)</li> <li>q. Employee No.: 601303 (UTE)</li> <li>r. Employee No.: 601037 (UTE)</li> <li>s. Passport No.: B 3620223 (UTE Contractor’s Worker)</li> <li>t. Passport No.: B 3620058 (UTE Contractor’s Worker)</li> </ul> <p>All the sampled workers have achieved the Minimum Wage Order 2016. Besides, interviewed with the workers confirmed that they understood of their deduction of salary and entitlement of triple rate if work on public holiday and double for work on rest day.</p> <p>The mill has obtained permit from Labour Office to make deduction of salary for electricity with the letter Ref. No. Ref. No.: (9) dlm.PTKJB/10101/29571 (PMT) dated 16/3/2012. Besides, the mill has obtained consensus from the workers to sign on a form for the deduction of others such as Khairat Keluarga, NUPW subscription fee and etc.</p> <p>Sedenak Estate has obtained permit for Jabatan Tenaga Kerja Semenanjung Malaysia for deduction of salary for Khairat Keluarga with the Serial No.: PP3/29/051/2009 dated 15/11/2009. Besides, permit from Jabatan Buruh also issued to the management for deduction of salary for electricity with Ref. No. (11)dlm.BMB.7/2/35/9 (2) dated 29/9/1984.</p> <p>Sampled of harvesters’ payslip and cross checked with harvesting interval book, checkroll book and bunch counter’s master chit and distribution list found that the number of days of harvesters who worked on rest day were not properly documented and were not paid as below:</p> <ul style="list-style-type: none"> <li>a. Employee No.: 615116 (SE)</li> <li>b. Employee No.: 615109 (SE)</li> <li>c. Employee No.: 615115 (SE)</li> </ul>	<p>Major nonconformance</p>
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	<p>d. Employee No.: 614990 (SE) e. Employee No.: 614977 (SE)</p> <p>In the checkroll book found that Gang H09 E and H09 F were not working on rest day. However, in the harvesting interval book found that they worked on 17/9/2017 and 23/9/2017. Verified with the bunch counter (Employee No.: 615154 and 615099) for the gang confirmed that they worked on rest day without formal instruction from management. Document checked on the bunch counters' payslip and harvester found that there were some different where the bunch counters were paid double rate of its daily rate whereas harvesters were paid on normal rate for their piece per rate.</p> <p><b>Ulu Tiram Estate:</b> Interviewed with bunch counter, mandore and harvesters found that they worked on 2 rest days on September 2017. Document trailed on the harvesting interval book, master chit and payslip. In the harvesting interval book shown that Gang H01 were worked on 17/9/2017 for field P90B and 23/9/2017 for field P84. However, there was no master chit for the respective days and in the payslip shown that no work on rest day by the respective workers. Sampled of workers as below:</p> <ul style="list-style-type: none"> <li>a. Employee No.: 601370</li> <li>b. Employee No.: 601399</li> <li>c. Employee No.: 601442</li> <li>d. Employee No.: 601469</li> <li>e. Employee No.: 601472</li> <li>f. Employee No.: 601484</li> <li>g. Employee No.: 601453</li> <li>h. Employee No.: 601461</li> <li>i. Employee No.: 601465</li> <li>j. Employee No.: 601485</li> <li>k. Employee No.: 601489</li> <li>l. Employee No.: 601512</li> <li>m. Employee No.: 601452</li> <li>n. Employee No.: 601297</li> </ul> <p>No documented evidence by the management for the offered work on rest day and it was contradicting with the interview with the workers during time of audit.</p> <p>Thus, a major non-conformance was raised.</p>	

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<p>6.5.2</p> <p>Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>- Major compliance -</p>	<p>Employment contracts are available in language that understood by workers. The contract has detailing the payments whereas the employment conditions such as period of working, working hour, medical assistance, holiday and annual leave, termination of services and etc. The contract was signed by the workers and sampled as below:</p> <ul style="list-style-type: none"> <li>a. Employee No.: 615554 (SPOM)</li> <li>b. Employee No.: 615545 (SPOM)</li> <li>c. Employee No.: 615394 (SPOM)</li> <li>d. Employee No.: 615506 (SPOM)</li> <li>e. Employee No.: 614888 (SE)</li> <li>f. Employee No.: 615032 (SE)</li> <li>g. Employee No.: 615044 (SE)</li> <li>h. Passport No.: B 2594370 (SE Contractor’s Worker)</li> <li>i. Passport No.: A 9093192 (SE Contractor’s Worker)</li> <li>j. Passport No.: B 1573000 (SE Contractor’s Worker)</li> <li>k. I/C No.: 98XXXX-XX-XX85 (SE Contractor’s Worker)</li> <li>l. Employee No.: 601442 (UTE)</li> <li>m. Employee No.: 601472 (UTE)</li> <li>n. Employee No.: 601485 (UTE)</li> <li>o. Employee No.: 601297 (UTE)</li> <li>p. Employee No.: 601452 (UTE)</li> <li>q. Passport No.: B 3620223 (UTE Contractor’s Worker)</li> <li>r. Passport No.: B 3620058 (UTE Contractor’s Worker)</li> </ul> <p>Besides, extension contracts for foreign workers who have worked more than 2 years were available. The extension contract has stated the terms and conditions of their extension is according to the original contract signed. Sampled of extension contract as below:</p> <ul style="list-style-type: none"> <li>a. Employee No.: 615089 (SE)</li> <li>b. Employee No.: 614288 (SE)</li> <li>c. Employee No.: 615010 (SE)</li> <li>d. Employee No.: 615107 (SE)</li> <li>e. Employee No.: 601370 (UTE)</li> <li>f. Employee No.: 601399 (UTE)</li> <li>g. Employee No.: 601453 (UTE)</li> </ul> <p>Pejabat Tenaga Kerja Johor Bahru has issued a letter saying that no permit will be issued for the overtime limit with Ref. No. (11)d/m. PTKJB/10101/29571(PMT) dated 26/2/2013. Only consent letter from the workers was required. The management has included the overtime clause into the employment contract, Clause 2 (iii).</p>	<p>Complied</p>



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6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible. - Minor compliance –	<p>The company has provide free medical facilities to all the workers. Leisure facilities such as football field, and community hall were provided. Temple and mosque was available in the compounds. The workers who are staying inside the compounds were given subsidized of water and electricity. Education facilities such as primary schools were nearby the compound where the company has provided free bus transport to send the children to school.</p> <p>Linesite inspection was carried out weekly basis by Hospital Assistant. The last inspection was carried out on 4/10/2017, 13/10/2017, 20/10/2017 for mill, 20/10/2017, 13/10/2017, 6/10/2017 and 30/9/2017 for Sedenak Estate and 5/10/2017, 12/10/2017, 17/10/2017 and 24/10/2017 for Ulu Tiram Estate. The inspection was verified by Assistant Manager and Manager.</p>	Complied
6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food. - Minor compliance –	<p>Sundry shops are available inside and outside the estate compounds where the estates were nearby the local village. The workers have easily access to the adequate, sufficient and affordable foods through interview with the workers.</p>	Complied
<p><b>Criterion 6.6:</b> The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
6.6.1 A published statement in local languages recognising freedom of association shall be available. - Major compliance -	<p>Kulim (Malaysia) Berhad has developed a SPO Core Labour Value dated 4/9/2007 where the company ensure the rights of all employees to join a trade union is protected as is the right to freedom of association. The workers have the rights to bargain collectively with employer.</p> <p>Besides, the company has established Right of Employees Policy dated 8/1/2017 where the company recognizes and respects the rights of employees to form and/ or join trade unions of their choice which are given due recognition by KULIM.</p>	Complied

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6.6.2 Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance -	<p>Meeting between the NUPW and AMESU representatives with the mill management was held on 24/8/2017. Issues were raised during the meeting and action plan for the issues was developed. For eg:</p> <ul style="list-style-type: none"> <li>a. Vehicles were drove dangerously and speed in front of Assistant’s house. Hump was requested to be built to prevent accident happened. Action taken: A hump was constructed on 30/9/2017 by interviewed with the Union Representative.</li> <li>b. The representative requested the management to contribute cooking oil and rice to all the workers. Action taken: Cooking oil was given to all the workers on 28/8/2017 and seen the list of workers who have signed after received the cooking oil.</li> </ul> <p>Union meeting between the representatives and management was conducted on 17/8/2017 in Sedenak Estate and 2/1/2017 in Ulu Tiram Estate. No issue was raised during the meeting and verified through interviewed with the NUPW representatives.</p>	Complied
<p><b>Criterion 6.7:</b> Children are not employed or exploited.</p>		
6.7.1 There shall be documentary evidence that minimum age requirements are met. - Major compliance -	Kulim (Malaysia) Berhad has developed a SPO Core Labour Value dated 4/9/2007 where the company ensure that child labour is not used and that children are not exposed to hazardous conditions. The company ensure that only workers above the minimum local school leaving age or at least 15 years of age are employed. Document reviewed on the master list of employee by checking the date of birth found that all the employed workers are above the age of 18.	Complied
<p><b>Criterion 6.8:</b> Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.</p>		
6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance -	<p>Kulim (Malaysia) Berhad has developed a SPO Core Labour Value dated 4/9/2007 where the company does not discriminate on the basis of on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, politic affiliation or age.</p> <p>Besides, the company has established Right of Employees Policy dated 8/1/2017 where the company will not engage in nor support discrimination in any form. KULIM does not support and will not engage in the use of corporate punishment, mental or physical coercion, and verbal abuse. The policy was displayed at the notice board which made publicly available to the stakeholders.</p>	Complied

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6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. - Major compliance -	Through document reviewed on the list of employees found that the composition of workers consisted of local, foreign workers, male and female workers. Interviewed with the sampled female and male workers from different nationalities confirmed that no discrimination was happened. Overtime were given to all the workers without any prejudice based on caste, gender, race and nationalities. They are allowed to transfer work station by getting approval from management if they felt unfit on the work assigned.	Complied
6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. - Minor compliance -	Kulim (Malaysia) Berhad has developed a Manual Procedure on Recruitment of New Foreign Workers by Estate Operations Department. The procedure is to ensure the new foreign workers recruited for the operating units are legal which according to Immigration Act 1959/1963. Besides, a procedure of Receiving New Foreign Workers at Operating Unit with Circular No. 6/2009 dated 11/5/2009 was sighted. In Sedenak Estate, the local communities will walked in to the office and requested for job. They filled in the Enquiry Register Record form for the job interested. Evidence of Employee Card for the employee who have requested for job through the Enquiry Register Card was sighted. For eg: Employee No. 615108 who has requested job as Officer Helper on 31/5/2017 and attended to work on 4/6/2017.	Complied
<b>Criterion 6.9:</b> There is no harassment or abuse in the work place, and reproductive rights are protected.		
6.9.1 Policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. - Major compliance -	Kulim (Malaysia) Berhad has developed a Policy Statement on Preventive and Extermination of Sexual Harassment in Workplace dated 1/1/2008. Kulim will ensure the company is free from any types of sexual harassment in the workplace and does not based on any status, gender or position of the employees. The policies was briefed to all the workers on 15/10/2017 in the mill, 2/4/2017 in Sedenak Estate and 8/2/2017 in Ulu Tiram Estate. Seen the attendance list and evident of photos for the training.	Complied
6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. - Major compliance -	Kulim (Malaysia) Berhad has established Right of Employees Policy dated 8/1/2017 where the company recognizes and respects the rights of employees of their rights and freedoms relating to reproduction and reproductive health that will include the right to make decision concerning reproduction; free of discrimination, coercion and violence as long as it is not against the law, rules and regulations of the country. The policies was briefed to all the workers on 15/10/2017 in the mill, 1/9/2017 in Sedenak Estate and 8/2/2017 in Ulu Tiram Estate. Seen the attendance list and evident of photos for the training. Interviewed with the workers confirmed that they aware and understood of the policy.	Complied

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6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. - Minor compliance -	<p>Women OnWards (WOW) was established to monitor, discuss and handle gender issue such as sexual harassment and violence in the mill and estates.</p> <p>The last meeting was conducted on 21/5/2017 which chaired by the Chairman of Sedenak Complex, Ms. Handayani for Mill and Sedenak Estate. No issue was raised during the meeting. Activities such as National Sport Day with the kindergarten was held on 14/10/2017, EKPO Johor on 7/10/2017 and 9/10/2017, religion program on 26/9/2017 and etc.</p> <p>In Ulu Tiram Estate, WOW committee has held the meeting on 18/1/2017. Seen the meeting minutes and found no issue was raised. Besides meeting, many activities were organized by the committee such as handicraft class, make up class and etc. Interviewed with the female workers confirmed that no case of sexual harassment was reported.</p>	Complied
<p><b>Criterion 6.10:</b>            Growers and mills deal fairly and transparently with smallholders and other local businesses.</p>		
6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. - Minor compliance -	The mill has displayed the FFB pricing from January to September 2017 at the grading area. The pricing was according to MPOB set price.	Complied
6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). - Major compliance -	<p>FFB price calculation was documented in the contract agreement signed by the FFB suppliers. The calculation is based on the monthly spot month average prices of CPO and Palm Kernel for Peninsular Malaysia declared by MPOB.</p> <p>The monthly payments were made in three instalments. First instalment was made on or before 15th of the month for FFB delivered in first 10 days. Second instalment was made on or before 25th of the month for the next 10 days crop received and the last payment was made on or before 7th day of the following month.</p> <p>Sampled of the contract agreement signed by the FFB traders as below:</p> <ol style="list-style-type: none"> <li>a. Guan Leng Trading Sdn Bhd dated 15/11/2016 which valid from 1/1/2017 – 31/12/2017.</li> <li>b. Hong Hui Trading dated 15/11/2016 which valid from 1/1/2017 – 31/12/2017.</li> <li>c. Az Iman Resources Sdn Bhd dated 15/11/2016 which valid from 1/1/2017 – 31/12/2017.</li> </ol>	Complied
6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. - Minor compliance -	<p>Sampled of contract agreements that signed by the contractors as below:</p> <ol style="list-style-type: none"> <li>a. Contract No.: MPSB/SKPOM 3/2017 dated 17/4/2017 for renewal of 2 units kernel silo No. 2 and No. 5 complete with heaters at the mill.</li> <li>b. Contract No.: MPSB/SKPOM 5/2017 dated 4/6/2017 for desludging of storm pond at the mill.</li> <li>c. Contract No.: MPSB/Sedenak 3/2017 dated 21/6/2017 for replanting work in the estate.</li> </ol> <p>Contract No.: MPSB/SEDENAK 4/2016 dated 15/1/2017 for loading &amp; transporting of FFB from fields to Sedenak POM.</p>	Complied

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6.10.4	Agreed payments shall be made in a timely manner. - Minor compliance -	The payment will be paid by head office upon received invoice from the contractors. The payment of fees will be made within 30 days from the date of certification of submitted invoices. Interviewed with the contractors and suppliers confirmed that the payment was made promptly according to the contract agreement.	Complied
<b>Criterion 6.11:</b> Growers and millers contribute to local sustainable development where appropriate.			
6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. - Minor compliance -	<p>The mill management has made contribution to the stakeholders such as contributed of cooking oil to all the workers during festive season, subsidized of electricity and water, provide clinic facilities and etc. Besides, SK Sedenak has requested the management for donation for trip to International Book Festival at KL on 18/4/2017. The management has made donation of RM 200 to the event and seen the Petty Cash Voucher dated 27/4/2017.</p> <p>The estate management has made contribution to the communities such as donation to WOW association on religion program, donation to temple for festival celebration, donation to school for program such as 'SEED OF SEDENAK' and etc. Seen the petty cash vouchers for all the donation made. Besides, the estate has provided free bus service to send the children to school. Seen the contract agreement no. EPA/Sedenak 5/2008 between the bus driver and the Head Office.</p> <p>Interviewed with the local communities and school representative found that the Ulu Tiram Estate's management has made contributions to them. For eg: The management provided free water and electricity to the school, upkeep and maintain the surrounding of school compound and etc.</p>	Complied
6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. - Minor compliance -	There is no scheme smallholders involved in the certification unit.	Not applicable
<b>Criterion 6.12:</b> No forms of forced or trafficked labour are used.			

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Criterion / Indicator	Assessment Findings	Compliance
<p>6.12.1</p> <p>There shall be evidence that no forms of forced or trafficked labour are used.                      - Major compliance -</p>	<p>The company has recruited all the employees with legal identification for local and valid passport and work permit for foreign workers and contract workers. Contract of employment was signed by the workers prior to work. Sampled of foreign workers with valid work permit as below:</p> <ul style="list-style-type: none"> <li>a. Permit No.: PD 8494083 valid until 18/7/2018 (SPOM)</li> <li>b. Permit No.: PD 8494084 valid until 18/7/2018 (SPOM)</li> <li>c. Permit No.: PD 6238914 valid until 8/2/2018 (SPOM)</li> <li>d. Permit No.: PD 6990275 valid until 12/12/2017 (SPOM)</li> <li>e. Permit No.: PD 8943196 valid until 27/9/2018 (SPOM)</li> <li>f. Permit No.: PD 6895699 valid until 26/11/2017 (SE)</li> <li>g. Permit No.: PD 8540566 valid until 27/7/2018 (SE)</li> <li>h. Permit No.: PD 6930523 valid until 7/12/2017 (SE)</li> <li>i. Permit No.: PD 8177151 valid until 26/5/2018 (SE)</li> <li>j. Permit No.: PD 6213434 valid until 17/1/2018 (SE)</li> <li>k. Permit No.: PD 7781037 valid until 6/3/2018 (SE Contractor’s Worker)</li> <li>l. Permit No.: PD 7272342 valid until 9/2/2018 (SE Contractor’s Worker)</li> <li>m. Permit No.: PD 6238112 valid until 6/2/2018 (UTE)</li> <li>n. Permit No.: PD 6238128 valid until 6/2/2018 (UTE)</li> <li>o. Permit No.: PD 8272385 valid until 29/6/2018 (UTE)</li> <li>p. Permit No.: PD 7530860 valid until 11/2/2018 (UTE)</li> <li>q. Permit No.: PD 6794039 valid until 17/11/2017 (UTE)</li> <li>r. Permit No.: PD 7797731 valid until 5/6/2018 (UTE Contractor’s Worker)</li> <li>s. Permit No.: PD 7909205 valid until 10/5/2018 (UTE Contractor’s Worker)</li> </ul> <p>The workers have signed on the consent letter to authorize the company to safe keeping their passport to prevent damage and loss voluntarily. Interviewed with the workers verified they are allowed to take back their passport whenever they requested.</p>	<p>Complied</p>
<p>6.12.2</p> <p>Where applicable, it shall be demonstrated that no contract substitution has occurred.                      - Minor compliance –</p>	<p>Interviewed with the foreign workers confirmed that no contract substitution has occurred. The terms and conditions of the contract signed in home country are similar with the one signed in Kulim (Malaysia) Berhad.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
6.12.3 Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Major compliance -	<p>Kulim (Malaysia) Berhad has developed Kulim Sustainability Handbook and policies which included the following aspects:</p> <ul style="list-style-type: none"> <li>a. The company will treat their people with respect, dignity and fairness stated in People Policy and will not engage in nor support discrimination in any form stated in Rights of Employee Policy.</li> <li>b. The company will puts high priority on employees' trainings and educations stated in the Handbook and provide induction training stated in the Procedure of Receiving New Foreign Workers at Operating Unit.</li> <li>c. The company will provide housing and basic amenities according to the minimum statutory requirements stated in Handbook.</li> </ul> <p>However, there was no specific policy and procedures established stated no contract of substitution was practice in the company.</p> <p>Thus, a major non-conformance was raised.</p>	Major nonconformance
<p><b>Criterion 6.13:</b> Growers and millers respect human rights.</p>		
6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance -	Kulim (M) Berhad has implemented Kulim Sustainability Handbook under Core Labour Standards. People Policy was developed where the company is committed to develop their people to ensure their career success. They treat all their people with respect, dignity and fairness. The policies was briefed to all the workers on 15/10/2017. Seen the attendance list and evident of photos for the training.	Complied
6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.	Not applicable in Peninsular Malaysia.	Not applicable
<p><b>Principle 7: Responsible development of new plantings</b></p>		
<p>There is conversion of coffee to oil palm plantation within the certified area of Ulu Tiram Estate.</p>		
<p><b>Criterion 7.1:</b> A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</p>		
7.1.1 An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented. - Major compliance -	<p>SEIA was not carried out with the participatory of affected stakeholders on the conversion of coffee plantation to oil palm plantation.</p> <p>Thus, a major non-conformance was raised.</p>	Major nonconformance

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Criterion / Indicator	Assessment Findings	Compliance
7.1.2	Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts. - Minor compliance -	SEIA management plan was not developed and implemented to avoid or mitigate identified potential negative impacts.  Thus, a minor non-conformance was raised.  Minor nonconformance
7.1.3	Where the development includes an outgrower scheme, the impacts of the scheme and the implications of the way it is managed shall be given particular attention. - Minor compliance -	There was no outgrower scheme included in Sedenak Estate land development.  Not applicable
<b>Criterion 7.2:</b> Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.		
7.2.1	Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation shall be available and taken into account in plans and operations. - Major compliance -	Soil series map available at Ulu Tiram Estate. No other soil categorised as problematic or fragile soil. Refer to soil map prepared by Agronomy, Advisory & Services Department dated 23/7/17. Majority of soil category is under Rengam series covering 36.81 % from the total area. The new plating plot P16 is under Rengam Series.  Complied
7.2.2	Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure shall be available and taken into account in plans and operations. - Minor compliance -	Topographic information of Ulu Tiram Estate is based on Slope Map derived from JUPEM Topomap L7030 Series dated 1/8/17. 60.44% of the estate's area is undulating (6-12°) and steep area contributing of 29.64% (20-25°) from the total area. The new planting plot P16 is under flat area.  Complied
<b>Criterion 7.3:</b> New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.		
7.3.1	There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2). - Major compliance -	The new planting plot was previously coffee plantation. The area was not categorized under HCV based on the HCV assessment dated August 2016 by 3 <sup>rd</sup> party consultant.  Complied
7.3.2	A comprehensive HCV assessment, including stakeholder consultation, shall be conducted prior to any conversion or new planting. This shall include a land use change analysis to determine changes to the vegetation since November 2005. This analysis shall be used, with proxies, to indicate changes to HCV status. - Major compliance -	High Conservation Value (HCV) assessment was carried on 30/4/16 for the proposed conversion area at P16 by Malaysian Environmental Consultants Sdn Bhd (MEC). Refer to report dated August 2016. Landuse change was conducted for the conversion area P16 by Agronomy Advisory & Services Department on 3/7/17. Land use change analysis from 2006 to 2016 was carried out and shows that the conversion area (coffee to oil palm) is indeed coffee plantation and not primary forest or HCV area.  Complied



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Criterion / Indicator		Assessment Findings	Compliance
7.3.3	Dates of land preparation and commencement shall be recorded. - Minor compliance -	Dates of land preparation and commencement of planting was recorded and progress of planting is reported on a daily basis. Sighted the work programme for P16 started and completed in December 2016.	Complied
7.3.4	An action plan shall be developed that describes operational actions consequent to the findings of the HCV assessment, and that references the grower's relevant operational procedures (see Criterion 5.2). - Major compliance -	The biodiversity improvement plan has been established and updated on yearly basis. The HCV and Biodiversity around the estate were monitored and maintained by the respective estates. Refer to criteria 5.2.4.	Complied
7.3.5	Areas required by affected communities to meet their basic needs, taking into account potential positive and negative changes in livelihood resulting from proposed operations, shall be identified in consultation with the communities and incorporated into HCV assessments and management plans (see Criterion 5.2). - Minor compliance -	It is verified that there has been no area required by affected communities to meet their basic needs, taking into account potential positive and negative changes in livelihood resulting from proposed operations at Sindora Estate conversion area. Thus consultation with communities of such nature is not applicable.	Complied
<b>Criterion 7.4:</b>			
Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.			
7.4.1	Maps identifying marginal and fragile soils, including excessive gradients and peat soils, shall be available and used to identify areas to be avoided - Minor compliance -	There is no peat soil or soil categorised as marginal or fragile soil at Ulu Tiram Estate. The soil maps survey was carried out by Agronomy, Advisory & Services Department. Majority of soil series is under Rengam.	Complied
7.4.2	Where limited planting on fragile and marginal soils, including peat, is proposed, plans shall be developed and implemented to protect them without incurring adverse impacts. - Major compliance -	There is no peat soil or soil categorised as marginal or fragile soil at Ulu Tiram Estate.	Complied
<b>Criterion 7.5:</b>			
No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.			
7.5.1	Evidence shall be available that affected local peoples understand they have the right to say 'no' to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the grower/miller is signed and ratified by these local peoples. - Major compliance -	The new planting plot was previously planted with coffee and within their certified area. There were no communities or local people establishment at the specific plot.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
<b>Criterion 7.6:</b>			
Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.			
7.6.1	Documented identification and assessment of demonstrable legal, customary and user rights shall be available. - Major compliance -	The new planting plot was previously planted with coffee and within their certified area. There were no communities or local people establishment at the specific plot.	Complied
7.6.2	A system for identifying people entitled to compensation shall be in place. - Major compliance -	The new planting plot was previously planted with coffee and within their certified area. There were no communities or local people establishment at the specific plot.	Complied
7.6.3	A system for calculating and distributing fair compensation (monetary or otherwise) shall be in place. - Major compliance -	The new planting plot was previously planted with coffee and within their certified area. There were no communities or local people establishment at the specific plot.	Complied
7.6.4	Communities that have lost access and rights to land for plantation expansion shall be given opportunities to benefit from plantation development. - Minor compliance -	The new planting plot was previously planted with coffee and within their certified area. There were no communities or local people establishment at the specific plot.	Complied
7.6.5	The process and outcome of any compensation claims shall be documented and made publicly available. - Minor compliance -	The new planting plot was previously planted with coffee and within their certified area. There were no communities or local people establishment at the specific plot.	Complied
7.6.6	Evidence shall be available that the affected communities and rights holders have access to information and advice, that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands. - Minor compliance -	The new planting plot was previously planted with coffee and within their certified area. There were no communities or local people establishment at the specific plot.	Complied
<b>Criterion 7.7:</b>			
No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.			
7.7.1	There shall be no land preparation by burning, other than in specific situations, as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -	Sustainability handbook was described on Environmental policy including Zero open burning policy dated January 2008. Management complying with the Malaysian environmental law –EQA and Regulations 1974. Based on the site visit and land clearing records, zero burning techniques are implemented during land preparation for new conversion area.	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
7.7.2	In exceptional cases where fire has to be used for preparing land for planting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance -	No use of fire for land preparation for P16 conversion area. Sighted the work programme for the land preparation and confirmed no use of fire stipulated in the contract agreement with the contractor.	Complied
<b>Criterion 7.8:</b> New plantation developments are designed to minimise net greenhouse gas emissions.			
7.8.1	The carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development shall be identified and estimated. - Major compliance -	Carbon stock assessment was carried for the proposed conversion area at P16. Refer to report dated 1/3/2017. The carbon stock estimation after conversion is higher compared to before conversion.	Complied
7.8.2	There shall be a plan to minimise net GHG emissions which takes into account avoidance of land areas with high carbon stocks and/or sequestration options. - Minor compliance -	GHG emission management and mitigation plan has been established for P16 new planting plot. Refer document dated 15/3/17. The calculation has been incorporated in palm GHG as per certification unit basis calculation. Implementation of plan was verified and still on going until end of 2017.	Complied
<b>Principle 8: Commitment to continual improvement in key areas of activity</b>			
<b>Criterion 8.1: Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</b>			
8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.  As a minimum, these shall include, but are not necessarily be limited to: <ul style="list-style-type: none"> <li>• Reduction in use of pesticides(Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);</li> <li>• Optimising the yield of the supply base.</li> </ul> - Major compliance -	Sedenak POM certification unit has initiated a continual improvement plan for 2017 based on a consideration of the main social and environmental impacts and opportunities of the grower/mill. Summary of the latest improvement plan: <ul style="list-style-type: none"> <li>i) New air pollution control system for boiler to comply with Clean Air Regulation 2014 emission standard..</li> <li>ii) Reduce diesel consumption – maximizing the use of steam turbine and</li> <li>iii) New water tube boiler (50mt/hr) – increase process efficiency and steam supply</li> <li>iv) Vehicle – Tractor J/Deere N/turbo and metal tipping trailer : increase crop evacuation efficiency</li> <li>vi) House repair – budget allocation for workers housing complex</li> </ul>	Complied

**Appendix B: Approved Time Bound Plan**

Project	Estate	Plan
Indonesia: PT Wisea Inspirasi Nusantara (PT WIN)	PT Harapan Barito Sejahtera (PT HBS)	2019
	PT Sawit Sumber Rejo (PT SSR)	
	PT Wahana Semesta Karisma (PT WSK)	
Indonesia: PT Agro Maku Raya (PT AMARA)	PT Nusa Persada Indonesia (PT NPI)	To be included in TBP upon completion of acquisition (expected completion in 2019)
	PT Surya Panen Subur (PT SPS)	
	PT Tempirai Palm Resources (PT TPR)	
	PT Rambang Agro Jaya (PT RAJ)	
Malaysia Trader	Eng Lee Heng	2018

List of Estate Manage by Kulim (Malaysia) Berhad			
Mill Base	Kulim / Jcorp Estate	Estate	Status
Tereh Mill	Kulim Estate	Tereh Utara	Certified RSPO
		Tereh Selatan	
		Selai	
		Enggang	
		Mutiara	
		Sg Sembrong	
		Sg Tawing	
Rengam			
Sedenak Mill		Sedenak	
		Basir Ismail	
		Ulu Tiram	
Sindora Mill		Kuala Kabong	
		REM/Pasak	
Palong Mill		Sindora	
		Sungai Papan	
		Sepang Loi	
		UMAC	
		Labis Bahru	
		Mungka	
		Kemedak	
Palong			

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Pasir Panjang Mill	Kulim Estate	Pasir Panjang	Certified RSPO
		Siang	
	Jcorp Estate	Bukit Kelompok	
		Tunjuk Laut	
		Pasir Logok	
		Bukit Payung	

**Appendix C: Certification Unit RSPO Certificate Details**

Kulim (Malaysia) Berhad  
Sedenak Palm Oil Mill  
K.B. 721  
80990 Kulai  
Johor Bahru, Johor  
Malaysia

BSI RSPO Certificate No: RSPO 537873  
Date of Initial Certificate Issued: 23/01/2009  
Date of Expiry: 22/01/2019  
RSPO membership number: 1-0080-09-000-00  
Applicable Standards: RSPO P&C MY-NIWG 2014; RSPO Supply Chain Certification Standard November 2014  
Module E – CPO Mill: Mass Balance

<b>Sedenak Palm Oil Mill and supply base</b>					
Location Address	Sedenak Palm Oil Mill, K.B. 721 80990 Kulai, Johor Bahru, Johor Malaysia				
GPS Location	103° 32' 21.97" E ; 1° 43' 47.41" N				
CPO Tonnage Total	30,693.45 mt				
PK Tonnage Total	7,984.28 mt				
CPO Claimed for Certification*	30,693.45 mt				
PK Claimed for Certification *	7,984.28 mt				
Own estates FFB Tonnage	153,544.00 mt				
Scheme Smallholder FFB Tonnage	-				
Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Sedenak Estate	2,467.53	0	408.25	2,875.78	56,449
Ulu Tiram Estate	502.70	4.00	30.59	537.29	9,282
Kuala Kabong Estate	1,622.70	0	113.40	1,736.10	31,472
Basir Ismail Estate	2,651.60	162.05	380.27	3,193.92	56,341
Total	7,244.53	166.05	932.51	8,343.09	153,544

**Appendix D: Assessment Plan**

PRELIMINARY AGENDA					
Date	Time	Subjects	Mohd Hidhir	Ning Shing	Daniel
Sunday 22/10/2017	PM	Audit Team travelling to Johor Bahru. Check-in at Mutiara Hotel, JB	√	√	√
Monday 23/10/2017  <b>Sedenak Palm Oil Mill</b>	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> <li>Opening Presentation by Audit team leader.</li> <li>Confirmation of assessment scope and finalize Audit plan (including stakeholder’s consultation).</li> <li>Verification on previous audit findings</li> </ul>	√	√	√
	09.00 – 12.00	<b>Sedenak Palm Oil Mill</b> Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, meeting stakeholders etc.	√	√	√
	10.00 – 12.00	<b>Meeting with stakeholders</b> (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 16.30	<b>Sedenak Palm Oil Mill:</b> Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P8: SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc. Verify previous nonconformities.	√	√	√
	16.30-17.00	Interim Closing briefing.	√	√	√
Tuesday 24/10/2017  <b>Sedenak Estate</b>	08.30 – 12.00	<b>Sedenak Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	√
	10.00 – 12.00	<b>Meeting with stakeholders</b> (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 16.30	<b>Sedenak Estate</b> Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	16.30-17.00	Interim Closing Briefing	√	√	√

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PRELIMINARY AGENDA					
Date	Time	Subjects	Mohd Hidhir	Ning Shing	Daniel
Wednesday 25/10/2017  <b>Ulu Tiram Estate</b>	8.30 – 12.00	<b>Ulu Tiram Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	√
	10.00 - 12.00	<b>Meeting with stakeholders</b> (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	12.00 – 13.00	Lunch break	√	√	√
	13.00 – 16.30	<b>Ulu Tiram Estate</b> Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	16.30-17.30	Prepare for closing meeting Closing Meeting	√	√	√
Thursday 26/10/17	AM	Audit team travelling back to KL	√	√	√



**Appendix E: Stakeholders Contacted**

<p><b>Internal Stakeholders</b></p> <p>Managers and Assistants Mill &amp; Estate  Male Mill Staff/Workers  Female Mill Staff/Workers  Foreign Workers ( Bangladesh, Indonesian)  Male and Female Estate workers  Joint Consultative Committee  Gender Committee representatives/WOW  Workers Union Representatives  Onsite NUPW representative/secretary  Hospital Assistant  Creche Attendant</p>	<p><b>Local Communities</b></p> <p>Village representative, Kg Melayu Sedenak  Village representative, Kg Baru Sedenak  Village representative, Kg Ulu Sg Johor</p>
<p><b>Government Departments</b></p>	<p><b>Contractors and Suppliers</b></p> <p>General contractor – NF Engineering  Pertubuhan Peladang Kulai  Omega Technology  Punitha Enterprise</p>

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**Appendix F: Sedenak Palm Oil Mill Supply Chain Assessment Report (Module E – CPO Mills – Mass Balance)**

Requirements	Compliance
<b>E.1. Definition</b>	
<p>E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB</p>	<p>Sedenak Palm Oil Mill receives and process certified and non- certified FFB. Therefore, it uses the Mass Balance supply chain system and module. During this recertification assessment, the audit team verified the volumes and sources of certified and non-certified FFB entering the mill, the implementation of processing controls and sales volume of RSPO certified palm products through RSPO IT System.</p>
<b>E.2. Explanation</b>	
<p>E.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill is recorded in this public summary report. Actual production recorded in Section 1.</p>
<p>E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The mill has met all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim) under Palmtrace ID (PalmTrace ID: RSPO_PO1000000019</p> <p>Shipping announcement and confirmation (finalized transaction) for September 2017:</p> <p>Palm Kernel, PK (volume: 112.4 mt, program: Mass Balance) Contract# MPOK 1747MB, Transaction ID: TR-67d32cdc-fba3, total volume : 112.4 mt</p> <p>Crude Palm Oil, CPO (volume: 262.2 mt, program: Mass Balance) Contract# CPOMB-M1710, Transaction ID: TR-feb93536-9c1a, total volume shipped: 1,013.14</p>
<b>E.3. Documented Procedure</b>	
<p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard</p>	<p>Latest written documented procedures (Core Process Procedure- Weighbridge Station: SDM/SOP/5.2) rev:5 dated 1/1/17 for the chain of custody with Mass Balance (MB) and Identity Preserved (IP) model covering all the RSPO Supply Chain Certification Standard and Traceability for handling certified and noncertified FFB. This developed based on the RSPO SCCS 21 November 2014. The mill manager has the responsibility to ensure implementation assisted by the on-site compliance executive. The MB model is used because certified and non-certified FFB is received and processed at Sedenak Palm Oil Mill.</p> <p>The mill manager and assistant manager have awareness of the supply chain system. The manager has overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.</p>

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<p>E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs</p>	<p>Sedenak Palm Oil Mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking/ID on the receiving documents to differentiate the certified and non-certified FFB received</p>
<p><b>E.4. Purchasing and Goods In</b></p>	
<p>E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received</p>	<p>Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Diversion of FFB recorded for the period of October 2016 – September 2017. Records verified by internal and external audit.</p> <p>Group estate (Sindora Complex), RSPO  Validity check: Certificate# RPSO 612392, valid until 22/1/2019.</p> <p>Supplier: Date: 4/2/17, REM Estate, vehicle no# MBK9939, DO# 404813, ID# RSPO certified FFB, weight: 33.03 mt</p> <p>Supplier: Date: 14/8/17, Sungai Papan Estate, vehicle no# JJC3894, DO# 004692, ID# RSPO certified FFB, weight: 35.20 mt</p> <p>Certified outgrower (Genting Plantation Sdn Bhd),  Validity check: Certificate# RPSO 653474, valid until 25/3/2020.</p> <p>Supplier: Date: 10/4/17, Genting Kulai Besar Estate, vehicle no# JPB5965, DO# 58505, ID# RSPO certified FFB, weight: 23.10 mt</p> <p>Supplier: Date: 3/4/17, Genting Kulai Besar Estate, vehicle no# JMH7956, DO# 58480, ID# RSPO certified FFB, weight: 17.83 mt</p>
<p>E.4.2 The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The facilities aware of this procedure. Sedenak POM Certification unit has requested for volume extension due to increase of diversion crop from other certified certification units (Pasir Panjang Certification Unit and Gneting Plantation).</p>
<p><b>E.5 Record Keeping</b></p>	
<p>E.5.1 a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.  b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.  c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)  For further details refer to Module C.</p>	<p>Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Computerized system in place. Records verified by internal and external audit.</p> <p>Computerized system in place with the delivery deducted accordingly. Verified records of physical delivery for the month of September 2017:</p> <p>Palm Kernel (PK):  Contract# MPOK 1747MB dated 12/9/17, Quantity: 300 mt, delivery period: September 2017, Despatch Slip, DO# K06605 dated 25/9/17 product ID: RSPO Mass Balance, weight: 36.89 Mt, lorry: JME3222.</p> <p>Crude Palm Oil (CPO):  Contract# CPOMB-M1710 dated 11/9/17, Quantity: 3,500 mt, delivery period: September 2017, Despatch Slip, DO# C23199 dated 9/09/17, product ID: RSPO Mass Balance, weight: 33.27 Mt ,lorry: NAL2502</p>

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<p>E.5.2 In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.</p>	<p>No outsourcing activities.</p>
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**Actual Tonnage Certified Palm Production – 1<sup>st</sup> October 2016 – 31 September 2017 (ASA4 1)**

Mill	Capacity	CPO	PK
Sedenak Palm Oil Mill	90 mt/hr	46,435.50	12,079.27

**Actual Tonnage Sales of Certified Palm Products - 1<sup>st</sup> October 2016 – 31 September 2017 (ASA4 1)**

Mill	Certified CPO Sales	Certified PK Sales	Remarks
Sedenak Palm Oil Mill	7,071.80	2,462.00	Palm trace transaction

**Actual Tonnage Sales of Certified Palm Products (under other Scheme) - 1<sup>st</sup> October 2016 – 31 September 2017 (ASA4 1)**

Mill	Certified CPO Sales	Certified PK Sales	Remarks
Sedenak Palm Oil Mill	27,356.81	Nil	Sold as ISCC

**Actual Tonnage Sales of Conventional Palm Products - 1<sup>st</sup> October 2016 – 31 September 2017 (ASA4 1)**

Mill	CPO Sales	PK Sales	Remarks
Sedenak Palm Oil Mill	12,006.89	9,617.27	Based on mass balance monitoring sheet

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	Certified Supply Base (from own certificate scope) (mt)														Total FFB/Month (mt)
	Sedenak Estate	Ulu Tiram Estate	Kuala Kabong Estate	Basir Ismail Estate	Rengam Estate	Sg. Papan Estate	REM /Pasak Estate	Siang Estate	T. Laut Estate	Pasir Panjang Estate	Pasir Logok Estate	Bukit Payung Estate	Bukit Kelompok Estate	Genting Plantation	
Oct 2016	5896.31	664.18	3251.79	5380.69	4655.58	0	0	1338.69	0	0	0	0	0	0	21,187.24
Nov 2016	5507.45	803.81	3347.21	5449.25	5031.96	1769.50	1106.95	1500.34	0	0	0	0	0	0	24,516.47
Dec 2016	5114.11	836.64	3120.80	4491.73	4664.50	30.85	0	945.15	0	0	0	0	0	0	19,203.78
Jan 2017	4583	840.92	2700.80	4209.66	3929.30	0	0	750.42	0	0	0	0	0	0	17,014.1
Feb 2017	4019.50	805.35	2460.45	3700.00	3716.33	0	66.99	3753.06	957.05	710.72	1639.30	870.96	1492.93	0	24,192.64
Mar 2017	3658.74	936.39	2144.10	3321.33	3502.34	0	0	78.16	0	0	0	0	0	0	13,641.06
Apr 2017	3577.35	983.93	1906.80	3664.78	3039.71	0	0	38.42	0	0	0	0	0	1041.24	14,252.23
May 2017	4253.20	1027.63	1683.57	4229.76	3200.53	0	0	191.86	0	0	0	0	0	0	14,586.55
June 2017	4646.93	957.07	1730.56	5059.56	3732.02	0	0	694.36	0	0	0	0	0	0	16,820.5

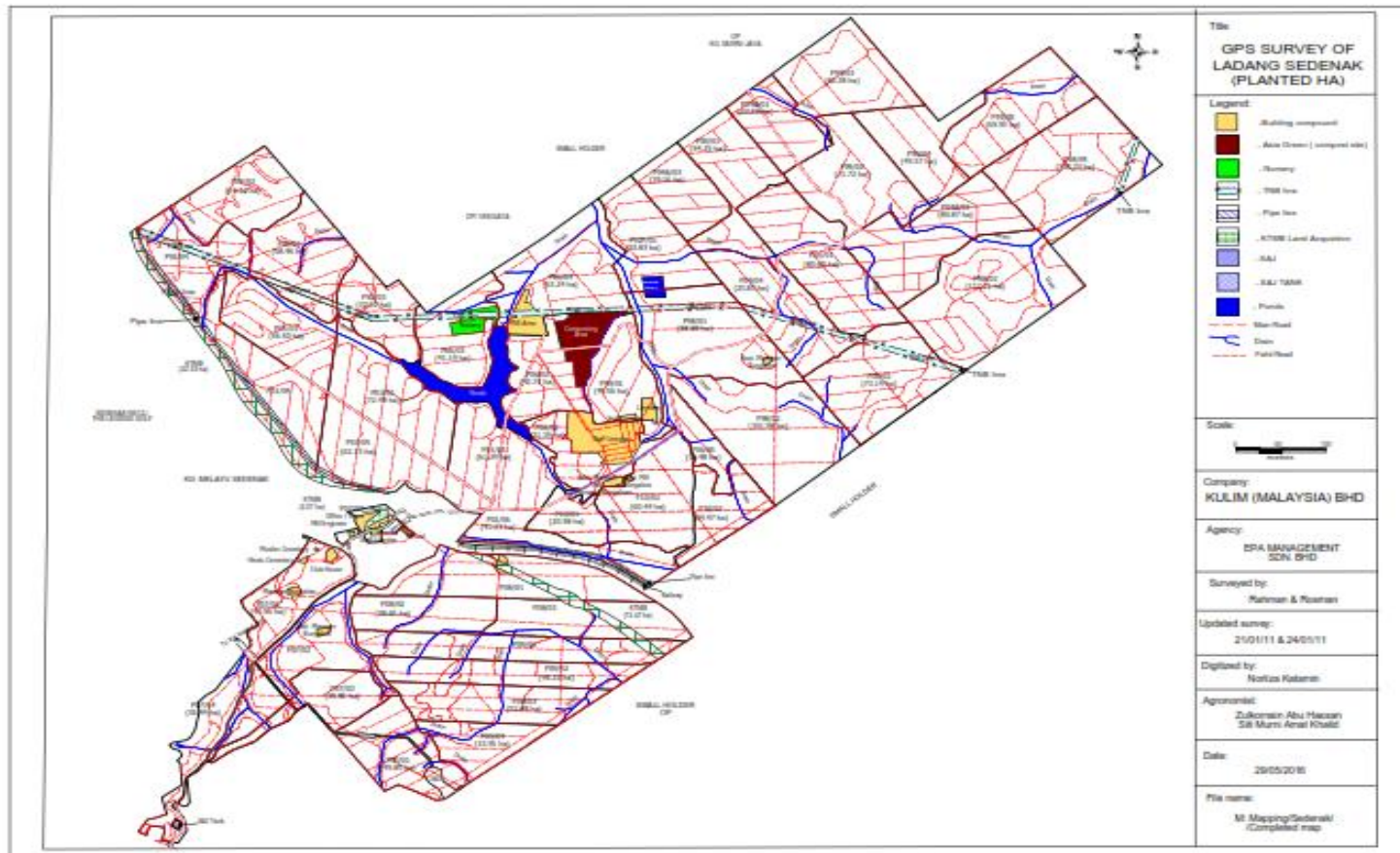
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July 2017	6326.71	968.88	1987.47	6950.84	4517.23	776.01	0	4682.34	0	0	0	0	0	0	26,209.48
Aug 2017	6103.96	976.20	3237.14	6116.61	0	511.98	0	1959.10	0	0	0	0	0	0	18,904.99
Sept 2017	5650.42	872.86	3333.55	5477.84	2355.54	0	0	4,074.35	0	0	0	0	0	0	21,764.56
<b>Total</b>	59337.68	10673.86	30904.24	58052.05	42345.04	3088.34	1173.94	20,006.25	957.05	710.72	1639.3	870.96	1492.93	1041.24	<b>232,293.6</b>

**Appendix G: Location Map of Sedenak Palm Oil Mill Certification Unit and Supply bases**

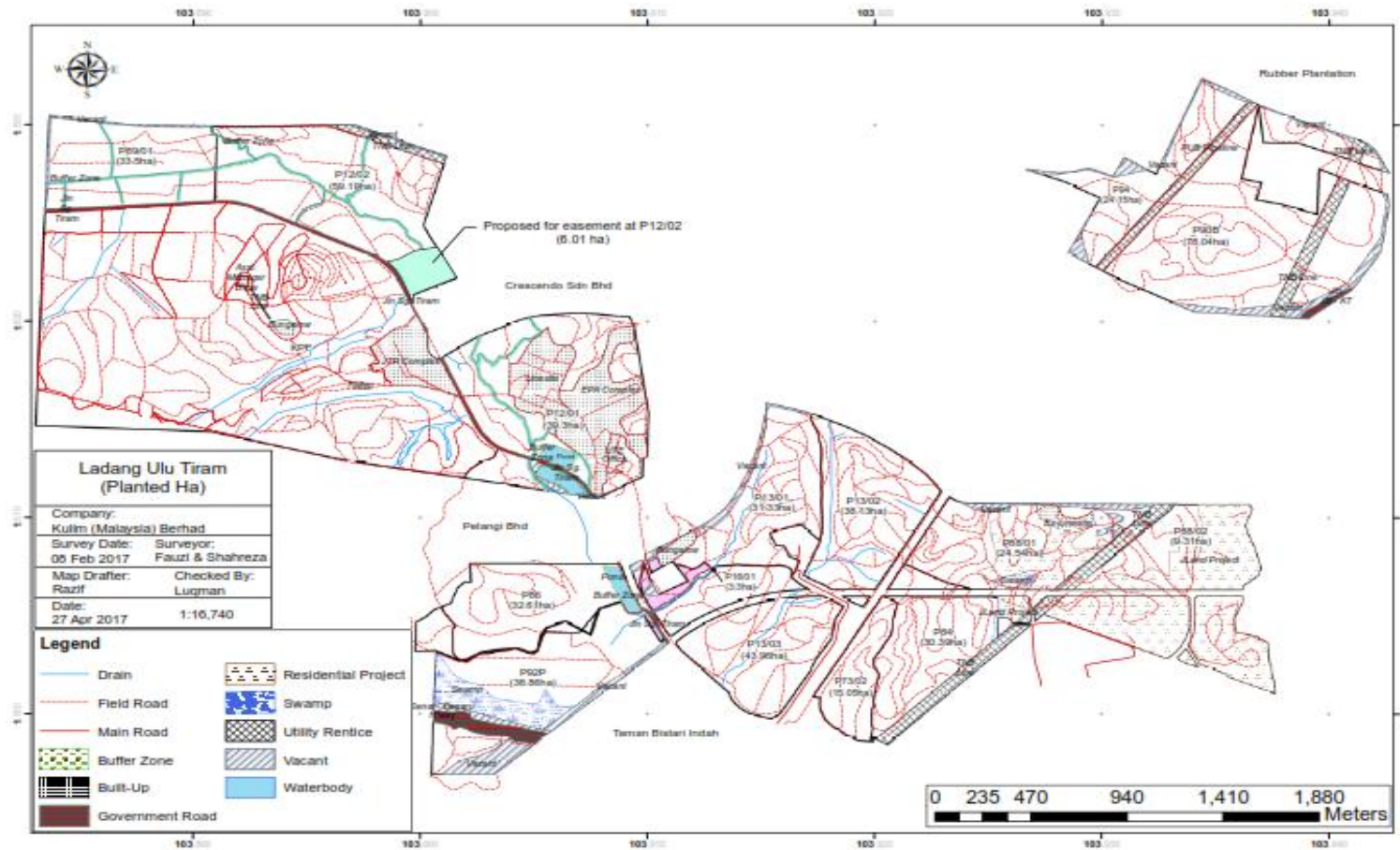


**Appendix H: Sedenak Estate Field Map**





**Appendix I: Ulu Tiram Estate Field Map**



**Appendix J: List of Smallholder Sampled**

-Not Applicable-

### Appendix K: GHG Reporting Executive Summary

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

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

The summary of the Net GHG emitted in 2016 for Sedenak Palm Oil Mill and supply base are as following:

Emission per product	tCO <sub>2</sub> e/tProduct
CPO	1.32
PKO	0

Extraction	%
OER	20.23
KER	5.17

Production	t/yr
FFB Process	498661.82
CPO Produced	92804.86
PKO Produced	23696.70

Land Use	Ha
OP Planted Area	1360.6721
OP Planted on peat	0
Conservation (forested)	716.96
Conservation (non-forested)	0
<b>Total</b>	<b>2077.6321</b>

### Summary of Field Emission and Sink

	Own Crop*		Group		3 <sup>rd</sup> Party		Total	
	tCO <sub>2</sub> e	tCO <sub>2</sub> e / FFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e / FFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e / FFB	tCO <sub>2</sub> e	tCO <sub>2</sub> e / FFB
<b>Emission</b>								
Land Conversion	98450.63	0.52	17777.92	0.54	133560.26	0.55	249788.81	1.61
CO <sub>2</sub> Emission from fertilizer	2509.07	0.01	652.72	0.02	2836.7	0.01	5998.49	0.04
NO <sub>2</sub> Emmision	16720.75	0.09	625.56	0.02	1606.57	0.01	18952.88	0.12
Fuel Consumption	1576.83	0.01	638.12	0.02	4976.98	0.02	7191.93	0.05
Peat Oxidation	74292.04	0.39	0	0	0	0	74292.04	0.39
<b>Sink</b>								
Crop Sequestration	-93505.18	-0.49	-17502.08	-0.52	-118023.76	-0.47	-229031.02	-1.48

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					0			
Conservation Sequestration	-148.28	0	-173.32	-0.01	0	0	-321.6	-0.01
<b>Total</b>	<b>99895.86</b>	<b>0.53</b>	<b>2018.92</b>	<b>0.07</b>	<b>24956.75</b>	<b>0.11</b>	<b>126871.5</b>	<b>0.72</b>

\*Note: Includes estates

**Summary of Mill Emission and Credit**

	tCO <sub>2</sub> e	tCO <sub>2</sub> e/tFFB
<b>Emission</b>		
POME	48980.2	0.11
Fuel Consumption	989.43	0
Grid Electricity Utilisation	0	0
<b>Credit</b>		
Export of Grid Electricity	-354.94	0
Sales of PKS	-22442.97	-0.05
Sales of EFB	0	0
<b>Total</b>	<b>27171.72</b>	<b>0.06</b>

**Summary of Kernel Crusher Emission and Credit (if applicable)**

Emissions	tCO <sub>2</sub> e
PK from own mill	31332.77
PK from other source	0
Fuel Consumptions	0
<b>Total Crusher emissions</b>	<b>0</b>

\*This mill has no kernel crusher operation.

<b>Palm Oil Mill Effluent (POME) Treatment:</b>	
Divert to Compost (%)	19
Divert to anaerobic diversion (%)	81

<b>POME Diverted to Anaerobic Digestion:</b>	
Divert to anaerobic pond (%)	65
Divert to methane captured (flaring) (%)	11
Divert to methane captured (energy generation) (%)	24

**Appendix L: List of Abbreviations Used**

AASD	Agronomy Advisory & Service Department
AN	Ammoniacal Nitrogen
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
KSTS	Kulim Safety Training and Services Sdn Bhd
MEC	Malaysian Environmental Consultant
MSDS	Material Safety Data Sheet
O&G	Oil and Grease
PK	Palm Kernel
PPE	Personal Protective Equipment
PQR	Performance Quality Rating
RC	Re-Certification
RED	Renewable Energy Directive
RSPO P&C	Roundtable on Sustainable Palm Oil Principle & Criteria
SCCS	Supply Chain Certification Standard
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SSD	System & Sustainability Department
TS	Total Solids
VFA	Volatile Fatty Acids