



SIRIM QAS INTERNATIONAL SDN. BHD.
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri,
Section 2, 40700 Shah Alam, Selangor, Malaysia.

File Ref. : EK91220001

RSPO PUBLIC SUMMARY REPORT

CLIENT : SYARIKAT KRETAM MILL SDN BHD CERTIFICATION UNIT

PARENT COMPANY : KRETAM HOLDINGS BERHAD

RSPO MEMBERSHIP No.: 1-0189-15-000-00

LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):
(In the case of multisite certification, list additional sites in attachments) :

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
SYARIKAT KRETAM MILL SDN BHD	Syarikat Kretam Mill	5°39' 25" N	117°50' 15" E	Off KM 45, Sandakan – Lahad Datu Highway, Sandakan, Sabah
	Bode Estate	5°38' 37" N	117°49' 54" E	
	Masang Estate (2 Divisions)	5°39' 47" N	117°51' 55" E	
	Bukit Sekong Estate (2 Divisions)	5°36' 12" N	117°54' 09" E	Batu 60, Jalan Sukau, Kinabatangan, Sandakan, Sabah
	Sapagaya Estate	5°34' 52" N	118°01' 06" E	KM 82 Jalan Lahad Datu / Sandakan, Kinabatangan, Sandakan, Sabah

MAP : See Attachment 1

AUDIT DATE : 27- 30 July 2020

DURATION : 18 auditor days

TYPE OF AUDIT :



Annual Surveillance Audit No. 04



Recertification Audit

STANDARD : MYNI 2019 FOR RSPO PRINCIPLE & CRITERIA 2018

SCOPE OF CERTIFICATION: Production of Sustainable Crude Palm Oil and Palm Kernel Using the Identity Preserved Supply Chain Model

VALIDITY OF RSPO CERTIFICATE : 15 June 2016 to 14 June 2021

The following attachments form part of this report:

Non-conformity Report(s)



List of additional site(s)



Report by Audit Team Leader

Name : MOHD ZULFAKAR BIN KAMARUZAMAN

Signature :

Date : 30/10/2020

Acknowledgement by Client's Representative

Name :

Subhas A.C. Datta

Signature :

Date :

3/11/2020

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SUMMARY OF AUDITS

Stage 2 audit / Recertification audit					
On-site audit date	:		No. of auditor days		
Audit team	:				
No. of major NCR	:	Indicator:	Closing date :		
No. of minor NCR	:	Indicator :			
Indicate the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers	Suppliers
		Contract workers	NGOs	Govt. agency	Independent growers
		Indigenous people	Contractor	Others (Please specify)	
Supply base sampled	:				

Annual Surveillance Audit 1					
On-site audit date	:		No. of auditor days		
Audit team	:				
No. of major NCR	:	Indicator:	Closing date :		
No. of minor NCR	:	Indicator :			
Indicate by ticking the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers	Suppliers
		Contract workers	NGOs	Govt. agency	Independent growers
		Indigenous people	Contractor	Others (Please specify)	
Supply base sampled	:				
Changes since the last audit	:				

Annual Surveillance Audit 2					
On-site audit date	:		No. of auditor days :		
Audit team	:				
No. of major NCR	:	Indicator:	Closing date :		
No. of minor NCR	:	Indicator :			
Indicate by ticking the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers / Local communities	Suppliers
		Contract workers	NGOs	Govt. agency	Independent growers
		Indigenous people	Contractors	Others (Please specify)	
Supply base sampled	:				
Changes since the last audit	:				
Justification of audit planning	:				
Report approved by	:		Approval date :		

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Annual Surveillance Audit 3				
On-site audit date	:	4-9/03/2019	No. of auditor days	-
Audit team	:	-		
No. of major NCR	:	2	Indicator: 4.1.1, 6.12.3	Closing date : -
No. of minor NCR	:	5	Indicator : 2.1.3, 4.1.3, 4.6.10, 6.1.4, 4.5.3	
Indicate by ticking the stakeholders interviewed during the on-site audit		Employees	Settlers	Villagers / Local communities
		Contract workers	NGOs	Govt. agency
				Independent growers
		Indigenous people	Contractors	Others (Please specify)
Supply base sampled	:	-		
Changes since the last audit	:	-		
Justification of audit planning	:	-		
Report approved by	:	-	Approval date : -	

Annual Surveillance Audit 4				
On-site audit date	:	27-30 July 2020	No. of auditor days	18
Audit team	:	Mohd Zulfakar Kamaruzaman (LA), Rozaimee Ab Rahman, Mohd Ab Raouf, Dzulfikar Azmi, Selvasingam T. Kandiah		
No. of major NCR	:	3	Indicator: 3.6.1, 3.8.7, 7.12.4	Closing date : 24/10/2020
No. of minor NCR	:	2	Indicator : 2.2.3, 6.5.3	
Indicate by ticking the stakeholders interviewed during the on-site audit		Employees / Workers org.	Settlers	Villagers / Local communities
		√		√
		Contract workers	Local & National NGOs	Govt. agency / Statutory bodies
				√
		Indigenous people	Contractors	Others (Please specify)
			√	
Supply base sampled	:	Bode Estate, Masang Estate, Sapagaya Estate, Bukit Sekong Estate		
Changes since the last audit	:	None		
Justification of audit planning	:	Total allocation of auditor days for Syarikat Kretam Mill CU were: Mill = 4 days (3 days for safety and health, environment, mill best practices, GHG verification and Social at Mill) + (1 day for supply chain certification systems) Estate = 14 days each for verification of safety and health, environment, good agriculture best practices, Social, HCV, TBP, Partial Certification and GHG verification plus the verification of Land History and Land Title		
Report approved by	:	Kamini Sooriamoorthy	Approval date : 30/10/2020	

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SUMMARY OF INFORMATION

TABLE 1

	STAGE 2 /RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period				*June 19-May 20	Aug 20-July 21
Certified FFB Processed (MT)				187,350.00	199,340.00
Production of Certified CPO (MT)				41,217.00	41,861.40
Production of Certified PK (MT)				8,430.75	7,973.60
Certified Areas (Ha)				10,436.07	10,436.07
Planted Areas (Ha)				9,599.31	**9,564.08
Production Areas (Ha)				9,599.31	9,045.83
HCV Areas (Ha)				282.00	***250.00
REMARKS	<p>*This was the projected period based on audit carried out in ASA2 by the previous CB. However, during the conduct of ASA3 in July 2020, the actual reporting period has been extended to 17 months as the audit surveillance was delayed due to Covid-19 pandemic restrictions. The actual reporting period i.e. March 2019-July 2020 was reflecting the actual stocks and transactions carried out by the CU.</p> <p>**The reduction in the reported Planted Area was due to acquisition of land by the government for Pan Borneo project.</p> <p>**The reported HCV Area was reduced to 250ha. It has been confirmed by the company assessment team that the portion of 32ha (included earlier) was not an HCV Area. The referred portion was re-classified as conservation area, as it was an abandoned land only.</p>				

TABLE 2

	PO	PK
Last years certified volume (MT)	*52,217.00	*10,430.75
Last years actual certified sold (MT)	28,492.08	10,395.09
Last years actual sold under other schemes (MT)	19,080.68	0
Last years sold conventional (MT)	0	0
New year certified volume (MT)	41,861.40	7,973.60

*The extension of volume for PO (11,000MT) and PK (2,000MT) has been approved by RSPO on 11/09//2020.

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1.0 AUDIT PROCESS

1.1 Certification Body

SIRIM QAS International Sdn. Bhd. is the leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally and nationally recognised standards. Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS) and the International Automotive Task Force (IATF). SIRIM QAS International is a partner of IQNet, a network currently comprising of leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting audits related to RSPO certification. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. SIRIM QAS International has also conducted many audits for sustainable production of palm oil products against the requirements of the RSPO P&C. SIRIM QAS International was approved by the RSPO as a RSPO certification body on 21 March 2008 and re-accredited by ASI on 3 October 2019 (accredited since 2014).

1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Mohd. Zulfakar Kamaruzaman	Lead Auditor / Social & HCV	Holds a B.Sc. Forestry. He had several years of working experience in the oil palm operation. He is a qualified RSPO P&C, MSPO and RSPO Supply Chain Lead Auditor.
Rozaimiee Ab Rahman	Auditor / SCCS, GHG, Safety & Environment	Holds a B.Sc. in Agriculture from University Putra Malaysia. He had more than 5 years of working experience in the oil palm operation. He is a qualified lead auditor for RSPO P&C, MSPO and trainee lead for RSPO Supply Chain scheme.
Dzulfiqar Azmi	Auditor / Safety & Environment	Holds a B. Sc. in Agriculture from University Teknologi Malaysia (UiTM). He had more than 5 years of working experience in the oil palm operation. He starts auditing in the sustainable scheme since 2018 and has successfully passed the RSPO Lead Auditor and ISO Integrated Management System lead assessor course in 2018.
Selvasingam T Kandiah	Auditor / GAP, Environment, Health & Safety related to plantation	Holds a B. Sc. (Hons) in Agriculture, he had work as a planter with Kumpulan Guthrie Berhad for more than 10 years including one year in Liberia and 2 years in Estate Department in Guthrie Headquarters. He is a qualified RSPO P&C and MSPO Lead Auditor.
Mohd Ab Raouf Asis	Auditor / Social	Holds B.Sc. (Hons) Management Technology Majoring Production and Operation from UTHM. He had 10 years of working experience in the oil palm operation. He is a qualified lead auditor for both RSPO P&C and MSPO.

1.3 Audit methodology

The audit covered Syarikat Kretam Mill Sdn Bhd palm oil mill and its supply base, i.e. Bode Estate, Masang Estate, Sungai Sekong Estate and Sapagaya Estate. The audit included an on-site audit to the estate, mill and settlers' houses to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees, contractors, local NGO's and other relevant stakeholders were also conducted during the audit.

1.4 Stakeholder Consultation

SIRIM QAS International had initiated the stakeholder consultation by during the on-site audit. In general, there was no negative comments made against this Certification Unit. In summary, the stakeholders interviewed during the audit and the evidence from the stakeholder consultation carried out were as tabulated below:

Stakeholders interviewed	Evidence from stakeholder consultation
1) Employees / Workers Organizations (including migrant workers)	<ul style="list-style-type: none"> a. Workers work 6 days a week with one rest day (Sunday). They work 8 hours with a minimum of 30 minutes' break in between. b. All workers confirmed that they receive a minimum of RM1100 per month. They receive their salaries before 7th of every month. c. Some workers receive their wages in cash and some workers received their wages through bank in. they can withdraw at nearest town i.e. Bukit Garam or Checkpoint. d. Any overtime work is mutually agreed between workers and management, and that there is no element of forcing. e. Documented foreign workers are not subjected to any recruitment fee. Foreign workers who choose to keep their passports at the office have done so with their written consent. f. Undocumented dependant are being legalised in stages with collaboration with the Indonesian consulate. g. Workers are generally satisfied with the way complaints lodged are acted upon. Delays in house repairs, if any, are usually due to the need to order repair parts. h. Workers, including foreign workers get to appoint their own representatives. There is no interference of influence exerted by the employer. i. For newly-arrived foreign workers who do understand Bahasa or English, translations are provided during briefings.
2) Settlers	NA
3) Villagers / Local communities (including women representatives, displaced communities)	Interviewed relevant stakeholders such as villager representatives from Kg Batu 8, kampung Berjaya 1, Kampung Buang Sayang, Kampung Sri Tanjung, Kampung Rantau Abang. No issue.
4) Suppliers	NA
5) Contract workers	NA
6) Local & national NGOs	NA
7) Government agencies / Statutory bodies	NA
8) Independent growers / Smallholders	NA
9) Indigenous people	NA
10) Contractor	<p>Some of the contractors sampled:</p> <ul style="list-style-type: none"> 1) Tai Ann and Lo Nyuk Kiong (contractor from Bukit Sekong Estate) 2) Syarikat Sri Manjung and Hasanuddin Company (contractor from Sepagaya Estate) 3) Juita Baru Sdn Bhd, K.K Fong Sdn Bhd, and Gordon Anchi Bersaudara (POM) 4) SG Enterprise, Wong Millenium, Stella Organic Products Sdn Bhd, Hong Kim Fah, Majulah Harta, Hatawa Tawau Sdn

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		<p>Bhd and SIA Abang. (POM and All Estate)</p> <p>From the interview with contractors, it can be confirmed that they understand on terms and conditions of the agreement between themselves and KHB. No complaints against the certification unit.</p> <ul style="list-style-type: none"> ▪ Fair dealings with the units in Kretam Mill CU. ▪ Payments are made within 1 months of invoice. ▪ For transporter contractor, the estate mandore and staff will verify the work the contractor has done before his invoice can be approved for payment. ▪ All contractors' workers had attended RSPO training, signed COBC commitment statement and safety briefing. The Company provides PPE. ▪ Suppliers of hardware and spare parts invoices were based on agreed quoted prices. ▪ Payment to contractors were made usually within 45 days of invoice. Renewal of contract is via tender system. ▪ Contractor and his workers knew about the minimum wages order requirement the workers make statutory contributions such as EPF, EIS and SOSCO. Workers details including names, pay slips, were presented for verification. ▪ All contractors also attended stakeholder meetings. ▪ Contractors must provide to the estates copies of their worker details and payslips. 	
	11) Previous land owner (if any)	NA	
	12) Others (please specify)	<p>1) Miss Tan, the representative from Agensi Pekerjaan Amat Mercu Sdn Bhd. interview done with phone conversation. KHB use the agency for renewal permit and passport purposes.</p> <p>2) Norsham, the HQ personnel interviewed on recruitment processes. The elaboration further as in indicator 6.6.1.</p>	

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1.5 Audit plan : Refer to Attachment 2

1.6 Date of next audit : The next RA will be conducted at least 4 months prior to expiry date of the certificate.

2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

Syarikat Kretam Mill Sdn. Bhd. and the supply bases owned by Kretam Holdings Berhad (KHB) is located at Bode Estate, Sandakan, Sabah, Malaysia was newly transferred to SIRIM QAS on 21 May 2020.

KHB is a plantation organization with operations in 3 regions namely Sandakan, Tawau and Lahad Datu, Sabah, Malaysia. There are 3 mills, one at each region and one refinery at Sandakan region. The supply bases of Kretam Mill consist of 4 owned estates namely Bode, Sepagaya, Bukit Sekong and Masang. The palm oil mill operates with a processing capacity of 60 metric tonnes of fresh fruit bunches (FFB) per hour.

2.2 Description of the Supply Base (including the planting profile)

The FFB sourced from company owned estates that are certified. Details of the FFB contribution from each source to the Syarikat Kretam Mill Sdn. Bhd Palm Oil Mill are shown in the following tables:

Table 1: Actual FFB production by the supply base for the last reporting period March 2019 to July 2020

Estates	FFB Production	
	Tonnes	Percentage (%)
Bode Estate	61,096.29	25.62
Masang Estate	75,988.19	31.87
Bukit Sekong Estate	18,322.64	7.68
Sepagaya Estate	75,719.34	31.75
Abedon Sdn. Bhd. (Abedon Oil Mill Sdn. Bhd.)	7,331.39	3.07
Total	238,457.85	100

Table 2: Projected FFB production by supply base for the next reporting period August 2020 – July 2021

CU own estates	FFB Contribution	
	Tonnes	Percentage (%)
Bode Estate	55,800.00	27.9924
Masang Estate	67,200.00	33.7112
Bukit Sekong Estate	11,190.00	32.6829
Sepagaya Estate	65,150.00	5.6135
Total	199,340.00	100

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Table 3: Actual FFB received and CPO & PK dispatch by the Mill for the last reporting period
March 2019 – July 2020

	Total (MT)
FFB Received	238,457.85
FFB Processed	235,556.12
CPO Production	48,685.64
PK Production	10,422.14
CPO delivered as RSPO certified	28,492.08
CPO delivered as non-RSPO certified	19,080.68
PK delivered as RSPO certified	10,395.09
PK delivered as non-RSPO certified	-
PK delivered under other schemes	-
PK delivered as non-RSPO certified	-
Credits traded thru Book & Claim	-

Table 4: Projected FFB received and CPO & PK dispatch by the Mill of the next reporting period
August 2020 – July 2021

	Total (MT)
FFB Received	199,340.00
FFB Processed	199,340.00
CPO Production	41,861.40
PK Production	7,973.60

Table 5 Planted and certified area of the Syarikat Kretam Mill Sdn Bhd CU

Estate	Planted (ha)	Certified (ha)
Bode Estate	2,803.42	3,472.41
Masang Estate	2,936.18	3,047.03
Bukit Sekong Estate	826.30	866.86
Sepagaya Estate	2,998.18	3,049.77
Total	9,564.08	10,436.07

Table 6 Planting profile for Bode Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1997	2nd	Mature	102.03	4%
1998	2nd	Mature	334.77	12%
2000	2nd	Mature	365.47	13%
2001	2nd	Mature	196.47	7%
2003	2nd	Mature	210.49	7%
2004	2nd	Mature	249.04	9%
2005	2nd	Mature	214.64	8%
2006	2nd	Mature	246.34	9%
2007	2nd	Mature	158.03	6%
2008	2nd	Mature	90.90	3%
2009	2nd	Mature	78.14	3%
2012	2nd	Mature	89.35	3%
2016	2nd	Mature	123.94	4%
2017	2nd	Mature	101.63	4%
2018	3rd	Immature	201.72	7%
2019	3rd	Immature	40.46	1%
Total			2,803.42	100%

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Table7: Planting profile for Bukit Sekong Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
2000	1st	Mature	59.60	7%
2012	2nd	Mature	185.70	22%
2015	2nd	Mature	160.38	19%
2016	2nd	Mature	224.86	27%
2017	2nd	Mature	195.76	24%
Total			826.30	100%

Table 8 : Planting profile for Masang Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1997	1st	Mature	24.14	1%
1999	1st	Mature	40.43	1%
2000	1st	Mature	68.87	2%
2001	1st	Mature	55.06	2%
2001	2nd	Mature	237.13	8%
2002	1st	Mature	51.12	2%
2003	1st	Mature	10.51	1%
2004	1st	Mature	24.13	1%
2004	2nd	Mature	213.68	7%
2005	2nd	Mature	247.14	8%
2007	2nd	Mature	215.63	7%
2010	2nd	Mature	312.41	11%
2011	2nd	Mature	384.70	13%
2012	2nd	Mature	238.48	8%
2013	2nd	Mature	324.68	11%
2014	2nd	Mature	131.45	5%
2015	2nd	Mature	80.55	3%
2018	3rd	Immature	145.61	5%
2019	2nd	Immature	130.46	4%
Total			2,936.18	100%

Table 9 : Planting profile for Sapagaya Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1999	2nd	Mature	203.22	7%
2001	2nd	Mature	445.24	15%
2003	2nd	Mature	135.71	5%
2004	2nd	Mature	193.79	6%
2005	2nd	Mature	232.01	8%
2006	2nd	Mature	286.66	10%
2007	2nd	Mature	288.20	10%
2008	2nd	Mature	275.74	9%
2009	2nd	Mature	294.25	10%
2010	2nd	Mature	252.47	8%
2011	2nd	Mature	197.99	7%
2012	2nd	Mature	192.90	6%
Total			2,998.18	100%

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2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Name	:	Mohd. Masran Bin Hamzah
Position	:	Head of HR & Sustainability
Address	:	Lot 6, Block 44, Leboh Tiga, 90000 Sandakan, Sabah.
Phone no.	:	089-218999
Fax no.	:	089-275111
Email	:	masran@kretam.com

3.0 AUDIT FINDINGS

3.1 Changes to certified products in accordance to the production of the previous year

There was no change to the certified products since last assessment

3.2 Progress and changes in time bound plan (Refer to Attachment 6 for the time bound plan)

- i. Have all the estates under the parent company been certified? ☐ Yes ☒ No

If no, comments on the organization's compliance with the RSPO partial certification rules :

In the planning to certify these one (1) CUs i.e. Silimpopon 2 Estate. Internal audit has been carried out accordingly by the Sustainability team.

- ii. Are there any changes to the organization's time bound plan? ☐ Yes ☒ No

If yes, comment in terms of acceptance or non acceptance on the changes in the time-bound plan?

-

- iii. Are there associated smallholders (including scheme smallholders) in the CU ☐ Yes ☒ No

If yes, have ALL the associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, in its certification?

☐ Yes ☒ No

If no, please state reasons NA

- iv. Any new acquisition which has replaced primary forests or HCV areas ☐ Yes ☒ No

3.3 Other changes (e.g. organizational structure, new contact person, addresses, etc.)

No changes.

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3.4 Status of previous non-conformities *

* If not closed, minor non conformity will be upgraded to major non conformity

☒ Closed

☐ Not closed*

3.5 Complaint received from stakeholder (if any) No complaints from stakeholders were observed.

4.0 DETAILS OF NON-CONFORMITY REPORT

4.1 For P&C (Details checklist refer to Attachment 3) :

Total no. of minor NCR(s)
(details refer to Attachment 4) List : 3 – MZK 01 2020, RAR 01 2020, DA 01 2020

Total no. of major NCR(s)
(details refer to Attachment 4) List : 2 – MAR 01 2020, MAR 02 2020

4.2 For SC (Details checklist refer to Attachment 5) :

Total no. of minor NCR(s)
(details refer to Attachment 5) List : NA

Total no. of major NCR(s)
(details refer to Attachment 5) List : NA

5.0 AUDIT CONCLUSION

The audit team concludes that the organization has established and maintained its management system in line with the RSPO P&C requirements of the standard and demonstrated the ability of the system to systematically achieve agreed criterion & requirements.

6.0 RECOMMENDATION

☐

No NCR recorded. Recommended to continue certification.

☒

Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next audit.

Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs .

☒

Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out.

☒

Recommended to continue certification.

☐

Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s)..... have not been satisfactorily closed out within 60 days of the audit. Recommended for suspension of the certificate.

Note: Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.

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7.0 IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN ON MAJOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED, ACCEPTED AND VERIFIED AND ALL CORRECTIVE ACTIONS PLANS PROVIDED ON MINOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED AND ACCEPTED. RECOMMENDED FOR CONTINUATION OF RSPO P & C CERTIFICATION.

Audit Team Leader : MOHD ZULFAKAR BIN KAMARUZAMAN

(Name)

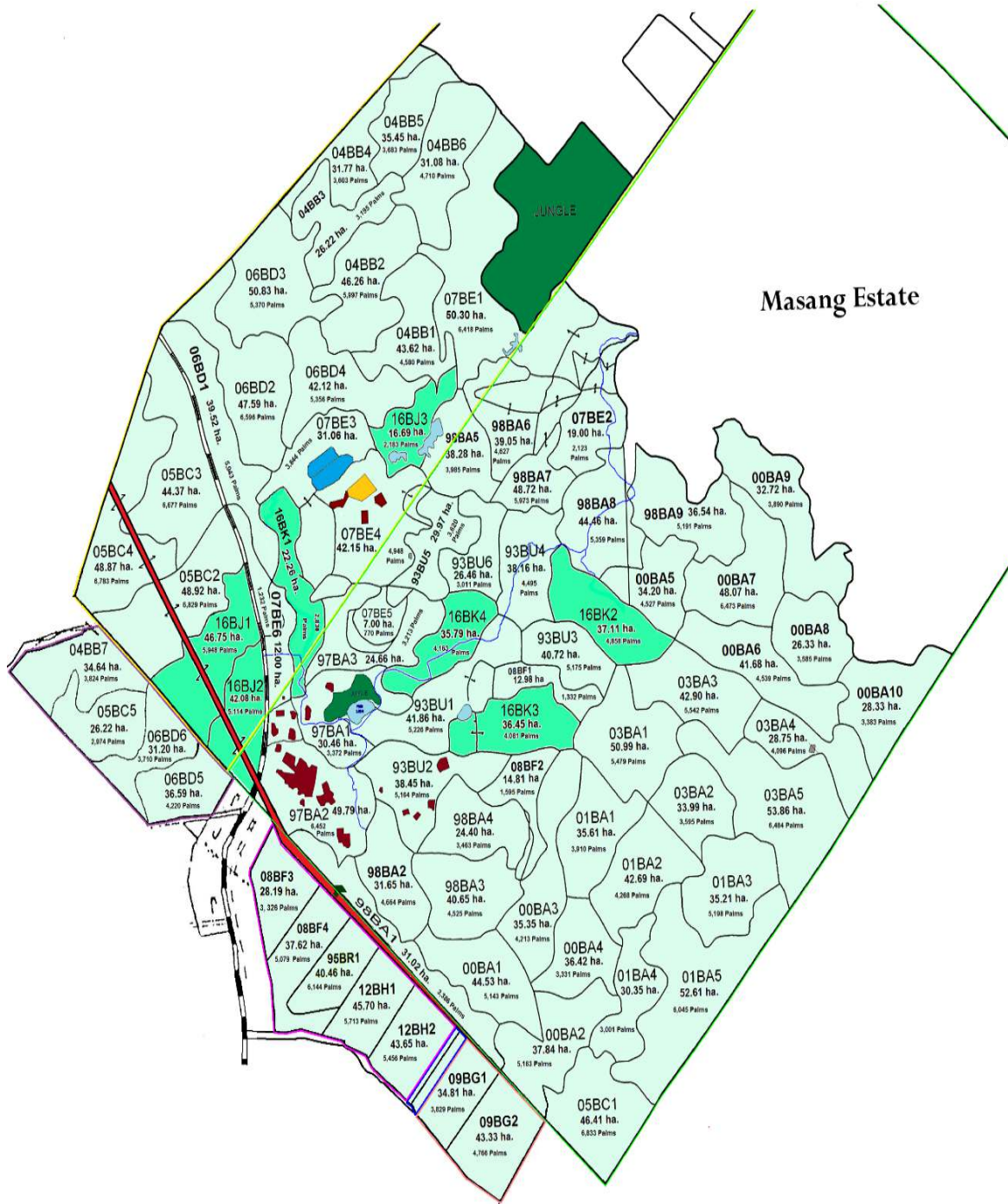


(Signature)

24/10/2020

(Date)

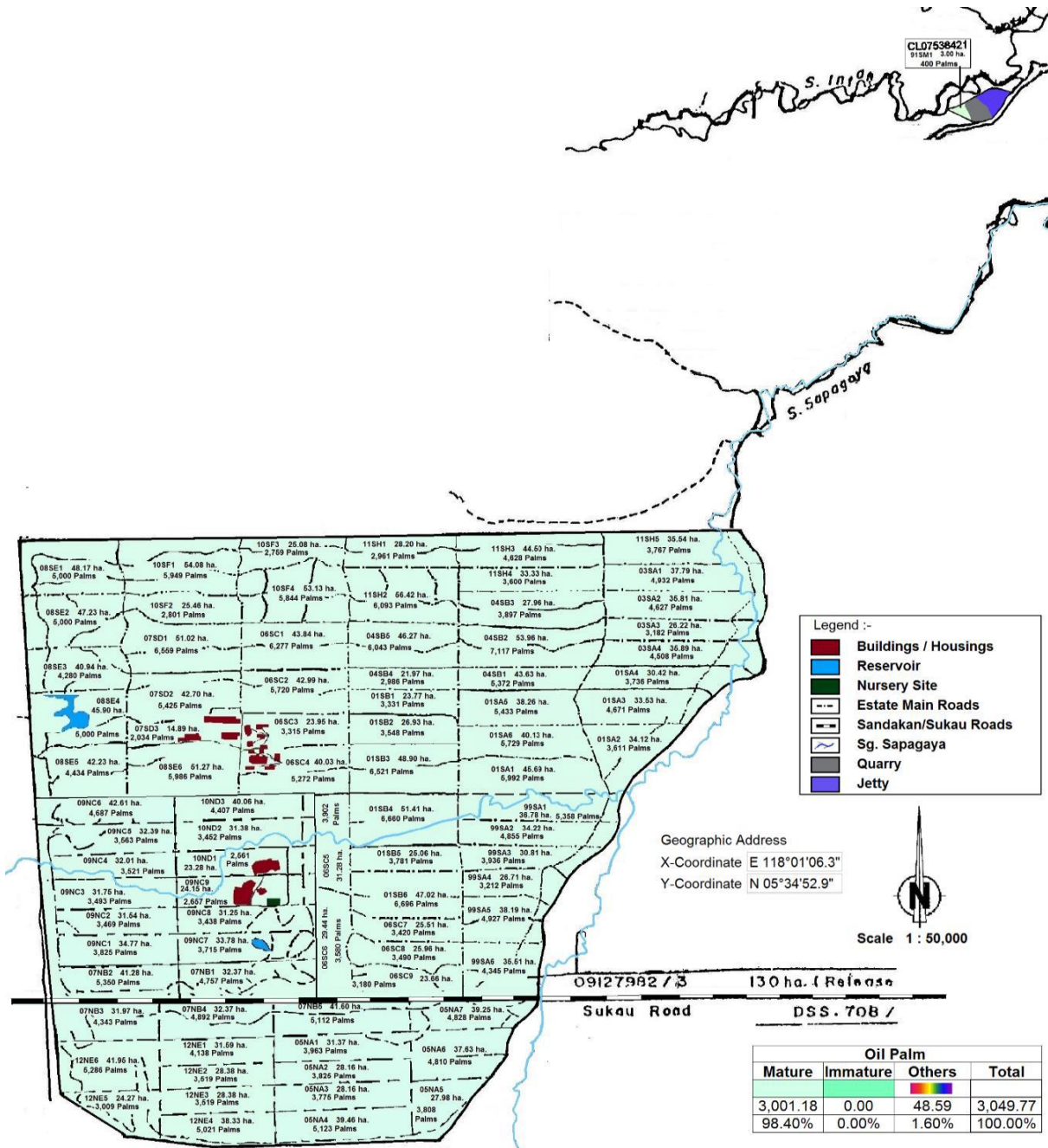
Maps of Bode Estate



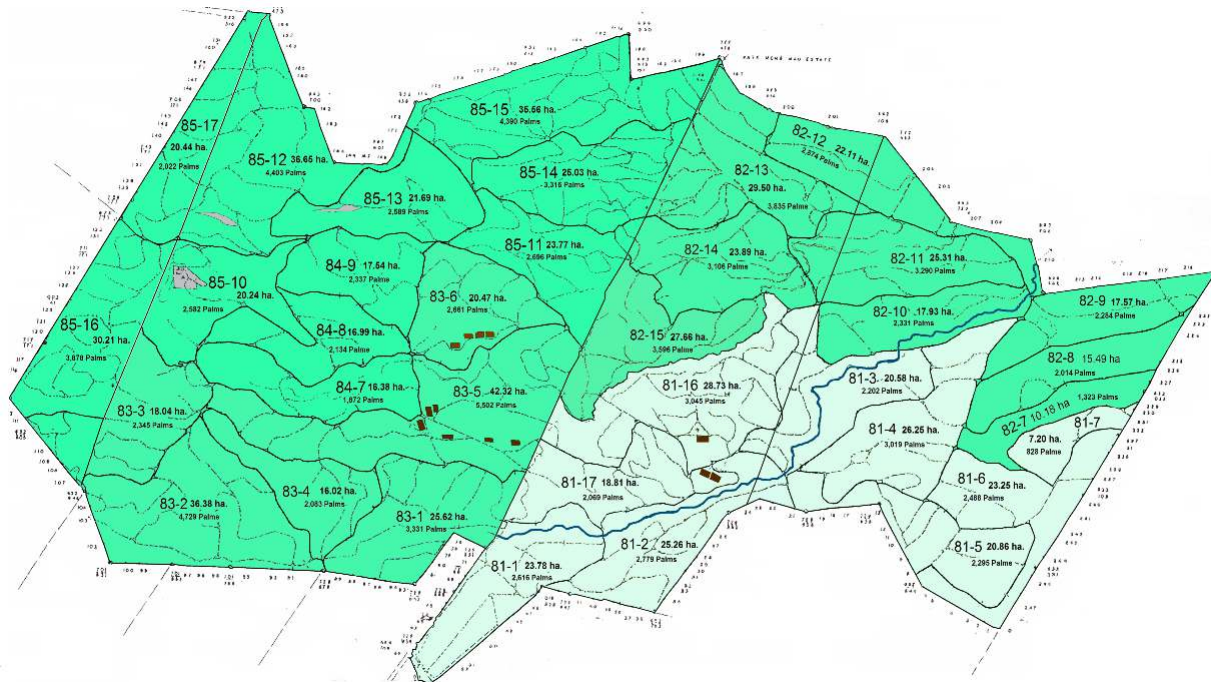
Maps of Masang Estate



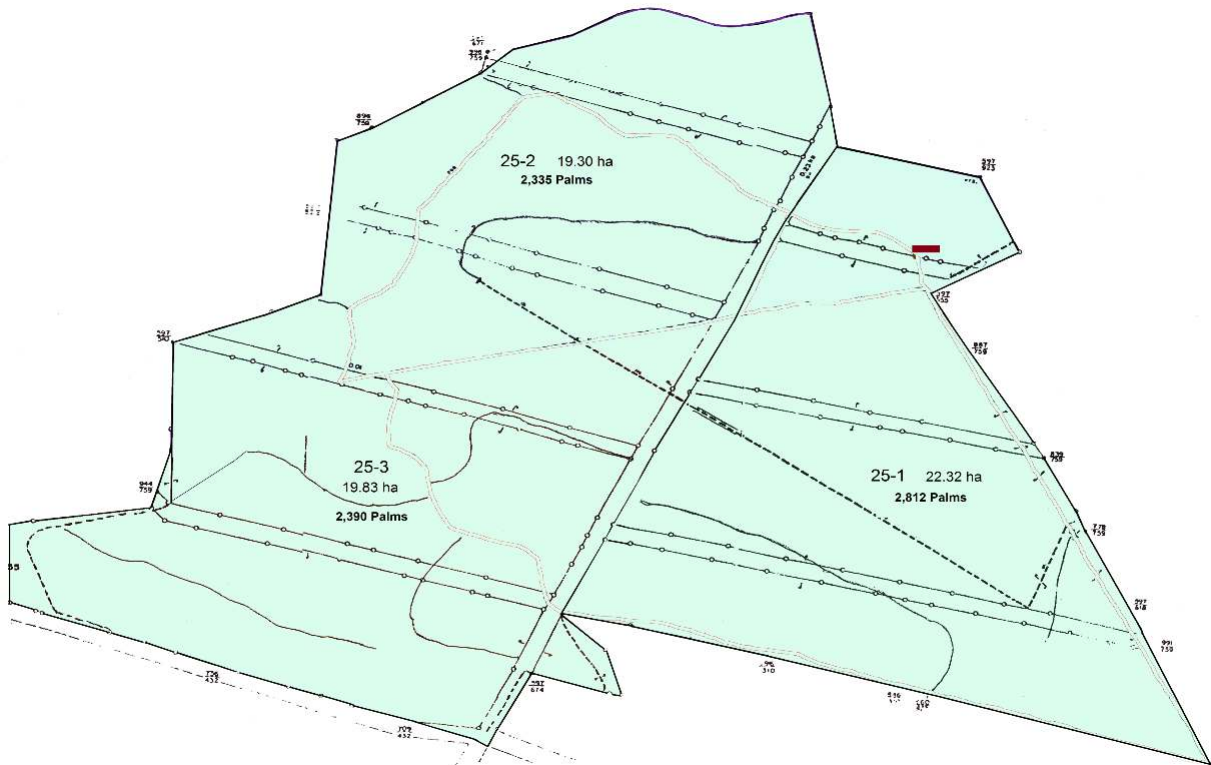
Maps of Sapagaya Estate



Maps of Bukit Sekong Estate



Map of Sukau (Division 1)



SURVEILLANCE 4 AUDIT PLAN

1. Objectives

The objectives of the audit are as follows:

- (i) To determine Certification Unit conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI)
- (ii) To verify the effective implementation of corrective actions arising from the findings of last audit
- (iii) To make appropriate recommendations based on the audit findings

2. Date of assessment : 27-30 July 2020

3. Site of assessment :

- (i) Syarikat Kretam Mill
- (ii) Bode Estate
- (iii) Masang Estate
- (iv) Bukit Sekong Estate
- (v) Sepagaya Estate

4. Scope of certification : Production of Sustainable Crude Palm Oil and Palm Kernel Using the Identity Preserved Supply Chain Model

5. Reference Standards used

- (i) RSPO P&C MYNI:2019
- (ii) RSPO Certification Systems, June 2017
- (iii) Company's audit criteria including Company's Manual/Procedures

6. Assessment team members

- (i) Audit Team Leader : Mohd Zulfakar bin Kamaruzaman (**MZK**) – Social (Mill), HCV
- (ii) Auditor : i) Rozaimie Bin Ab Rahman (**RAR**) - SCCS, GHG, Safety, Env (Mill)
 ii) Mohd Ab Raof Asis (**MAR**) – Social (estate)
 iii) Dzulfikar Azmi (**DA**) - GAP, Safety, Environment (Estate) TBP, Partial certification
 iv) Selvasingam T. Kandiah - GAP, Safety, Environment (Estate)

(If there is any objection to the proposed audit team, the organization is required to inform the Lead Auditor/RSPO Section Manager)

7. Audit method

Site audits including observation of practices, interviews with interested parties (all categories of contractors, employees, nearby population, etc.), documentation evaluation and evaluation of records.

8. Audit Findings

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed within 90 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 90 days, the certificate shall be terminated.

If there are five or more major non-compliances within one Principle found during the audit, immediate suspension of RSPO certification shall be recommended.

For minor non conformities raised in the surveillance audit, corrective action shall be verified in the next audit. These shall be upgraded to major non- conformities if the corrective actions are not satisfactory implemented in the next audit. For major non conformities raise in the surveillance audit, correction shall be verified in the next audit.

9. Confidentiality Requirements

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain.

In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

10. Working Language

English and Bahasa Malaysia

11. Reporting

- | | | |
|-------|------------------------|---|
| (i) | Language | : English |
| (ii) | Format | : Verbal and Written |
| (iii) | Expected date of issue | : 2 weeks after the closure of the Major NC / or if only minor NC, 30 days from the last day of this audit. |

12. Facilities required

- a. Room for discussion
- b. Relevant document and record
- c. Personnel protective equipment if required
- d. Photocopy facilities
- e. A guide for each group

13. Assessment plan as follows:

RSPO PUBLIC SUMMARY REPORT

Day 1: 27/07/2020 (Monday)

Time	Activities / areas to be visited					Auditee
9.00am – 9.30am	Opening Meeting at Syarikat Kretam Mill <ul style="list-style-type: none"> Audit team Leader - Briefing on assessment objectives, scope, methodology, confidentiality clarification, audit criteria and programmes Organization Representative - Briefing RSPO implementation, significant change on organization activity, structure, certified areas, machinery, FFB supply bases, Time bound plan, actions taken to address previous audit findings. <p style="text-align: center;">Logistic arrangement</p>					All
9.30am – 1.00pm	To assign each audit team members – site and the P&C requirements					Guide(s) for each auditor
	RAR	MZK	DA	STK	MAR	
	POM Site visit and assessment on Supply Chain Implementation including the: <ul style="list-style-type: none"> Model used General Chain of Custody System Requirements for the supply chain Documented procedures Purchasing and goods in Outsourcing activity Sales and goods out Processing Records keeping Registration Training Claims 	POM <ul style="list-style-type: none"> Social aspects - SIA, management plan & implementation, workers' quarters. Land titles user rights Stakeholder consultation with affected communities surrounding the CU Interview with gender committee, worker representative, contractors, supplier, etc Linesite inspection Complaints and grievances Consultation with relevant government agencies Training and skill development programs 	Bode Estate <ul style="list-style-type: none"> Laws and regulations Environmental management Witness activities at site Waste & chemical management Interview with workers, safety committee and contractors Facilities at workplace Occupational safety & health practice witness activities at site Training and skill development programmes Continuous improvement 	Bukit Sekong <ul style="list-style-type: none"> Laws and regulations Commitment to long-term economic and financial viability Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) EFB mulching, POME application Plantation on hilly/swampy area IPM implementation, training and safe use of agro-chemicals. New planting Continuous improvement 	Bukit Sekong <ul style="list-style-type: none"> Social aspects - SIA, management plan & implementation, workers' quarters. Stakeholder consultation with affected communities surrounding the CU Interview with gender committee, worker representative, contractors, supplier, etc Linesite inspection Complaints and grievances Consultation with relevant government agencies Training and skill development programs 	
1.00pm	LUNCH BREAK					All
2.00pm	Continue assessment - Guide(s) for each auditor					
5.00 pm	Audit team discussion / End of Day 1 audit					All

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Day 2: 28/07/2020 (Tuesday)

Time	Activities / areas to be visited					Auditee
8.00am – 1.00pm	To assign each audit team members – site and the P&C requirements					Guide(s) for each auditor
	RAR	MZK	DA	STK	MAR	Guide(s) for each auditor
	<u>POM</u> <ul style="list-style-type: none"> ▪ Laws and regulations ▪ Environmental management ▪ Witness activities at site ▪ Waste & chemical management ▪ Interview with workers, safety committee and contractors ▪ Facilities at workplace ▪ Occupational safety & health practice witness activities at site ▪ Training and skill development programmes ▪ Continuous improvement ▪ GHG assessment 	<u>POM</u> <ul style="list-style-type: none"> ▪ Social aspects - SIA, management plan & implementation, workers' quarters. ▪ Stakeholder consultation with affected communities surrounding the CU ▪ Interview with gender committee, worker representative, contractors, supplier, etc ▪ Linesite inspection ▪ Complaints and grievances ▪ Consultation with relevant government agencies ▪ Training and skill development programs 	<u>Bode</u> <ul style="list-style-type: none"> ▪ Laws and regulations ▪ Environmental management ▪ Witness activities at site ▪ Waste & chemical management ▪ Interview with workers, safety committee and contractors ▪ Facilities at workplace ▪ Occupational safety & health practice witness activities at site ▪ Training and skill development programmes ▪ Continuous improvement 	<u>Bukit Sekong</u> <ul style="list-style-type: none"> ▪ Laws and regulations ▪ Commitment to long-term economic and financial viability ▪ Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) ▪ EFB mulching, POME application ▪ Plantation on hilly/swampy area ▪ IPM implementation, training and safe use of agro-chemicals. ▪ New planting ▪ Continuous improvement 	<u>Sepagaya</u> <ul style="list-style-type: none"> ▪ Social aspects - SIA, management plan & implementation, workers' quarters. ▪ Stakeholder consultation with affected communities surrounding the CU ▪ Interview with gender committee, worker representative, contractors, supplier, etc ▪ Linesite inspection ▪ Complaints and grievances ▪ Consultation with relevant government agencies ▪ Training and skill development programs 	
1.00pm	LUNCH BREAK					All
2.00pm	Continue assessment - Guide(s) for each auditor STK to Segapaya Estate					
5.00 pm	Audit team discussion / End of Day 1 audit					All

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Day 3: 29/07/2020 (Wednesday)

Time	Activities / areas to be visited					Auditee
8.00am – 1.00pm	To assign each audit team members – site and the P&C requirements					Guide(s) for each auditor
	DA	STK	MAR	RAR	MZK	Guide(s) for each auditor
	<u>Masang</u> <ul style="list-style-type: none">▪ Laws and regulations▪ Environmental management▪ Witness activities at site▪ Waste & chemical management▪ Interview with workers, safety committee and contractors▪ Facilities at workplace▪ Occupational safety & health practice witness activities at site▪ Training and skill development programmes▪ Continuous improvement	<u>Sepagaya</u> <ul style="list-style-type: none">▪ Laws and regulations▪ Commitment to long-term economic and financial viability▪ Good Agricultural Practice-witness activities at site (weeding/ spraying, etc)▪ EFB mulching, POME application▪ Plantation on hilly/swampy area▪ IPM implementation, training and safe use of agro-chemicals.▪ New planting▪ Continuous improvement	<u>Masang</u> <ul style="list-style-type: none">▪ Social aspects - SIA, management plan & implementation, workers' quarters.▪ Stakeholder consultation with affected communities surrounding the CU▪ Interview with gender committee, worker representative, contractors, supplier, etc▪ Linesite inspection▪ Complaints and grievances▪ Consultation with relevant government agencies▪ Training and skill development programs	<u>Sepagaya</u> <ul style="list-style-type: none">▪ Laws and regulations▪ Environmental management▪ Witness activities at site▪ Waste & chemical management▪ Interview with workers, safety committee and contractors▪ Facilities at workplace▪ Occupational safety & health practice witness activities at site▪ Training and skill development programmes▪ Continuous improvement▪ GHG assessment	<u>Sepagaya</u> <ul style="list-style-type: none">▪ Inspection of protected sites with HCV attributes▪ Forested area, plantation boundary, adjacent and neighbouring land use, riparian zone▪ HCV Assessment management plan & implementation▪ Training and skill development programs▪ Continuous improvement▪ Time bound plan and uncertified management units▪ Land titles user rights	
1.00pm	LUNCH BREAK					All
2.00pm	DA and STK will continue assessment at BODE Estate. MAR stay at Masang			MZK and RAR will continue assessment at Bukit Sekong Estate		Guide(s) for each auditor
5.00pm	Audit team discussion / End of Day 3 audit					All

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Day 4: 30/07/2020 (Thursday)

Time	Activities / areas to be visited			Auditee
8.00am – 1.00pm	To assign each audit team members – site and the P&C requirements			Guide(s) for each auditor
	RAR	MAR	MZK	Guide(s) for each auditor
	<u>Masang</u> <ul style="list-style-type: none"> ▪ Laws and regulations ▪ Environmental management ▪ Witness activities at site ▪ Waste & chemical management ▪ Interview with workers, safety committee and contractors ▪ Facilities at workplace ▪ Occupational safety & health practice witness activities at site ▪ Training and skill development programmes ▪ Continuous improvement ▪ GHG assessment 	<u>Bode</u> <ul style="list-style-type: none"> ▪ Social aspects - SIA, management plan & implementation, workers' quarters. ▪ Land titles user rights ▪ Stakeholder consultation with affected communities surrounding the CU ▪ Interview with gender committee, worker representative, contractors, supplier, etc ▪ Linesite inspection ▪ Complaints and grievances ▪ Consultation with relevant government agencies ▪ Training and skill development programs 	<u>Masang</u> <ul style="list-style-type: none"> ▪ Inspection of protected sites with HCV attributes ▪ Forested area, plantation boundary, adjacent and neighbouring land use, riparian zone ▪ HCV Assessment management plan & implementation ▪ Training and skill development programs ▪ Continuous improvement ▪ Time bound plan and uncertified management units ▪ Land titles user rights 	
11.00pm	MZK and RAR will continue assessment at Bode Estate			Guide(s) for each auditor
1.00pm	LUNCH BREAK			All
3.00 pm	Audit Team discussion and preparation of assessment findings			Auditor
4.00 pm	Closing meeting at CU / End of audit.			All

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Attachment 3

RSPO P&C AUDIT CHECKLIST AND FINDINGS (MYNI 2019 FOR RSPO P&C 2018)

Principle 1: Behave ethically and transparently

Drive ethical business behaviour, build trust and transparency with stakeholders to ensure strong and healthy relationships.

Clause	Indicators	Comply Yes/No	Findings
1.1 The unit of certification provides 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 (C) Documents that are specified in the RSPO P&C are made available to the public.	YES	Syarikat Kretam Plantations Sdn Bhd, Sandakan Region (Sandakan Region) continued to maintain a comprehensive system with respect to this criterion. Request Forms were available for stakeholders or interested party to obtain information related to RSPO. Records of visit by the Government agencies were also established. Sandakan Region CU also continued to implement the procedure for responding to any communication as outlined in their established RSPO System procedure - Internal Communications & External Communication. The procedure required the appointed person-in-charge to respond to all communication within a specified time frame. Action need to be taken to fulfil the request or for making decision. All communications are to be registered.
	1.1.2 Information is provided in appropriate languages and accessible to relevant stakeholders.	YES	The estates and mill had identified personnel responsible for complaints. Records of communication were identified and maintained.
	1.1.3 (C) Records of requests for information and responses are maintained.	YES	The Kretam Mill CU continued to implement the procedure for responding to any communication as outlined in their Estate/Mill Sustainability Department documents. The records of communication were identified and maintained in different files depending on the stakeholder. Among the records reviewed were correspondences with the authorities and employees.
	1.1.4 (C) Consultation and communication procedures are documented, disclosed, implemented, made available, and explained to all relevant stakeholders by nominated representative.	YES	The consultation and communication procedures were documented. External and internal communication procedures developed by Kretam Holdings Berhad for the estates and mill maintained to be followed and available at the audited sites. An examination of the records kept in the internal and external communication files found that the estates and mill followed the procedures and manuals developed by the company. In the case of internal communications, records of meetings, briefings and memos were sighted. Notices and posters / pamphlets observed displayed on notice boards at the office and the muster ground were also used as a means of internal communication. Regular morning briefings were used by the management to communicate policies, procedures, rules and regulations and other information to its employees. In the case of external communications, they were mainly in the form of correspondence, which were kept in the External Communication File.
	1.1.5 There is a current list of contact and	YES	The list of stakeholders for Kretam Mill CU are maintained, and made available during the

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Clause	Indicators	Comply Yes/No	Findings
	details of stakeholders and their nominated representatives.		audit. The stakeholders list at Kretam Mill CU are including the contractors, vendors, neighboring estates/smallholders, villagers and government agencies Records of communications are documented and filed. Records also show actions taken in response to inputs from stakeholders, and that efforts are made to ensure understanding by affected parties.
1.2 The unit of certification commits to ethical conduct in all business operations and transactions.	1.2.1 A policy for ethical conduct is in place and implemented in all business operations and transactions, including recruitment and contracts.	YES	Policy for ethical conduct is available via Code of Conduct & Human Rights Policy. The ethical conduct policy is implemented in its sampled business operations and transactions. Contractors, suppliers and employees interviewed are aware of conflict of interest and the offence of accepting bribery, and have been briefed on the same during stakeholder meetings and company policy briefings.
	1.2.2 A system is in place to monitor compliance and the implementation of the policy and overall ethical business practice.	YES	There are at least two systems in place that monitor compliance and implementation of ethical conduct: Establishment of a Tender Committee and Internal/External audit done by selected departments to ensure compliance and implementation of overall ethical business practices.

Principle 2: Operate legally and respect rights

Implement legal requirements as the basic principles of operation in any jurisdiction.

Clause	Indicators	Comply Yes/No	Findings
2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1 (C) The unit of certification complies with applicable legal requirements.	YES	It was evident that Kretam Mill CU continue to comply with most of the applicable laws and regulations applicable to their operation.
	2.1.2 A documented system for ensuring legal compliance is in place. This system has a means to track changes to the laws and regulations.	YES	The Sustainability Team will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.
	2.1.3 Legal or authorised boundaries are clearly demarcated and visibly maintained, and there is no planting beyond these legal or authorised boundaries.	YES	In Syarikat Kretam Mill Sdn Bhd CU legal boundaries were clearly demarcated and visibly maintained. The perimeter boundary of the estate was visibly maintained with wooden posts along the boundary, especially the ones that adjacent to other private estate. Legal boundaries of both Estates had been identified and marked with post painted red and white.
2.2 All contractors providing operational services and	2.2.1 A list of contracted parties is maintained.	YES	The list of contracted parties is maintained by each unit in its respective stakeholder list. The lists contain name of contractors, designated contact persons, address, telephone/ fax/ email and type of contracted works done.

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Clause	Indicators	Comply Yes/No	Findings
supplying labour and FFB suppliers, comply with legal requirements.	2.2.2 All contracts, including those for FFB supply, contain specific clauses on meeting applicable legal requirements, and this can be demonstrated by the third party. Evidence of legal due diligence of all contracted third parties, recruitment agencies (licensed/accredited) for migrant workers, service providers and labour contractors, is available.	YES	Each contract issued to suppliers and contractors contain a clause requiring compliance with legal requirements. Sighted during the audit were contracts between with crude palm oil and palm kernel transporters, namely, There is evidence that agreements with third parties contain clauses on meeting applicable requirements. Legal due diligence is carried out by the Contracts Department at KHB HQ in Sandakan.
	2.2.3 All contracts, including those for FFB supply, contain clauses disallowing child, forced and trafficked labour. Where young workers are employed, the contracts include a clause for their protection.	NO	It was found that the Contract Agreement between some samples suppliers contain no clauses on disallowing child, forced and trafficked labour, and clause for young workers protection (if employed). Thus, Minor NCR MAR 01 2020 has been raised against this indicator.
2.3 All FFB supplies from outside the unit of certification are from legal sources.	2.3.1 (C) For all directly sourced FFB, the mill requires: <ul style="list-style-type: none"> Information on geo-location of FFB origins. Evidence of the ownership status or the right/claim to the land, or valid use of land by the grower/smallholder One or more supporting documents for claims Valid MPOB license 	YES	Available.
	2.3.2 For all indirectly sourced FFB, the unit of certification obtains from the collection centres, agents or other intermediaries, the evidence as listed in Indicator 2.3.1.	YES	Available.

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Principle 3: Optimise productivity, efficiency, positive impacts and resilience

Implement plans, procedures and systems for continuous improvement.

Clause	Indicators	Comply Yes/No	Findings
3.1 There is an implemented management plan for the unit of certification that aims to achieve long-term economic and financial viability.	3.1.1 (C) A business or management plan (minimum three years) is documented that includes, where applicable, a jointly developed business case for Scheme Smallholders.	YES	All Estates in Syarikat Kretam Mill Sdn Bhd Cu continued to make commitment to long-term economic and financial viability. The annual budget for FY 2020 to FY 2024 were sighted. The budget provisions covered activities for upkeep, replanting, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. The budget included projections on yield per hectare, and total cost of production per MT and per hectare.
	3.1.2 An annual replanting programme projected for a minimum of five years with yearly review, is available.	YES	All Estates in Syarikat Kertam Mill Sdn Bhd Cu continued to maintain replanting programs. The replanting programs until FY 2028 were sighted. The programme were reviewed once a year and is incorporated in their annual financial budget.
	3.1.3 The unit of certification holds management reviews at planned intervals appropriate to the scale and nature of the activities undertaken.	YES	The management review meeting for SKOM CU which were held in July 2020 attended by all the managers and sustainability team. It was chaired by Sustainability Chairman. The Management has transparently address continuous suitability, adequacy and effectiveness of the requirements for effective implementation of RSPO.
3.2 The unit of certification regularly monitors and reviews their economic, social and environmental performance and develops and implements action plans that allow demonstrable continuous improvement in key operations.	3.2.1 (C) The action plan for continuous improvement is implemented, based on consideration of the main social and environmental impacts and opportunities of the unit of certification.	YES	The continual improvement plan is developed in conjunction with the EAIA and Environmental Management Plan. The plan is reviewed every 12 months or more often if significant changes in the Company's operations or in the operating environment occurs:
	3.2.2 As part of the monitoring and continuous improvement process, annual reports are submitted to the RSPO Secretariat using the RSPO metrics template.	YES	Not applicable.
3.3 Operating procedures are appropriately documented, consistently implemented and monitored.	3.3.1 (C) Standard Operating Procedures (SOPs) for the unit of certification are in place.	YES	The CU SOPs for each of the process had continued to be implemented. Brief version of the SOPs was displayed at the appropriate locations. Copies of the documented SOPs were presented to the audit team. Generally, it was observed that activities being implemented involved safety and health, environmental, quality, employees, etc.
	3.3.2 A mechanism to check consistent implementation of procedures is in place.	YES	All Estates and Mill at Syarikat Kretam CU had in place the mechanism to check consistent implementation of procedures. Both had lists of SOPs and monitored good agricultural practices as per SOPs by on-site visits, inspections and discussions with relevant personnel and by conducting assessments and audits like Internal Audits,

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Clause	Indicators	Comply Yes/No	Findings
			Agronomist visits and by RSPO Audits. Implementation is also monitored by Estate Manager and direct report to Senior Estate Manager.
	3.3.3 Records of monitoring and any actions taken are maintained and available.	YES	Records of monitoring and the actions taken by estates in Syarikat Kertam Plantation Sdn Bhd continued to be maintained. This was to ensure that the established procedures were consistently implemented.
3.4 A comprehensive Social and Environmental Impact Assessment (SEIA) is undertaken prior to new plantings or operations, and a social and environmental management and monitoring plan is implemented and regularly updated in ongoing operations.	3.4.1 (C) In new plantings or operations including mills, an independent SEIA, undertaken through a participatory methodology involving the affected stakeholders and including the impacts of any smallholder/outgrower scheme, is documented.	YES	A Social Impact Assessment (SIA) was prepared accordingly. There were Four (4) estates and one (1) palm oil mill included in the assessment. The report was prepared with the participation of the relevant stakeholders. Environmental aspect impact assessment (EAIA) which covers from upstream activities such as FFB reception until downstream processes was sighted during assessment and established for year 2020. For Kretam Mill CU (POM and Estates), latest environment aspect impact assessment was reviewed in Feb 2020 covering all activities.
	3.4.2 For the unit of certification, a SEIA is available and social and environmental management and monitoring plans have been developed with participation of affected stakeholders.	YES	The social management and monitoring plans of all estates and mill within Kretam Mill CU have been developed with participation of affected stakeholders after getting both positive and negative inputs during meetings with stakeholders.
	3.4.3 (C) The social and environmental management and monitoring plan is implemented, reviewed and updated regularly in a participatory way.	YES	The social management and monitoring plans of all estates and mill within Kretam Mill CU have been developed with participation of affected stakeholders after getting both positive and negative inputs during meetings with stakeholders. The review was conducted with the participation of affected parties such as local communities, NGO's, government agencies, internal stakeholders (Workers, Staff) and contractors. The plan was reviewed on yearly basis.
3.5 A system for managing human resources is in place.	3.5.1 Employment procedures for recruitment, selection, hiring, promotion, retirement and termination are documented and made available to the workers and their representatives where applicable.	YES	Employment procedures for recruitment, selection, hiring, are documented for locals and foreign workers. The employment procedures for retirement and termination are also available in the local workers' employment contracts and also there is SOP on that. Similarly, foreign workers' contracts also contain provision for mutual termination. However, the retirement procedure is not applicable to foreign workers.
	3.5.2 Employment procedures are implemented, and records are maintained.	YES	Based on the sampling of the workers' employment contracts and personal files, there is evidence that the employment procedures on recruitment, selection, hiring, promotion are implemented, and records maintained. No termination has been carried out, and so this could not be verified during the audit. Hiring process of submitting job application, interviews, medical check-ups, issuance of offer letters, and performance assessments were sighted for Malaysian workers.

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Clause	Indicators	Comply Yes/No	Findings
3.6 An occupational health and safety (H&S) plan is documented, effectively communicated and implemented.	3.6.1 (C) All operations are risk assessed to identify H&S issues. Mitigation plans and procedures are documented and implemented.	NO	Both the mill/estates had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA reports were verified during the assessment. However, certain activities have not been assessed such as: Replanting activities, Water sampling activities and FFB Crop Evacuation (Bin System). Therefore, Major NCR DA 01 2020 was raised.
	3.6.2 (C) The effectiveness of the H&S plan to address health and safety risks to people is monitored.	YES	Occupational Safety and Health Policy signed by the Chief Executive was sighted. The policy was dated 01/04/2019. The policy had been communicated to all levels of the organization through briefings and also displayed prominently in Bahasa Malaysia and English on notice boards at mill and estate office and Muster Ground. Random interviewed with employees showed that they generally understood the basic requirements of the policy. An Occupational safety and health plan for 2020 for each site had been established and implemented. The plan covered the health and safety plan activities for year 2020 which included the workplace inspection, health and safety training programme, and health monitoring programme.
3.7 All staff, workers, Scheme Smallholders, outgrowers, and contract workers are appropriately trained.	3.7.1 (C) A documented programme that provides training is in place, which is accessible to all staff, workers, Scheme Smallholders and outgrowers, taking into account gender-specific needs, and which covers applicable aspects of the RSPO P&C, in a form they understand, and which includes assessments of training.	YES	A documented program that provided training for all staff and workers which took into account gender-specific needs, and which covered applicable aspects of the RSPO P&C was available on all estates and POm. A training need identification matrix has been established with target dates for the training identified.
	3.7.2 Records of training are maintained, where appropriate on an individual basis.	YES	SKOM CU continued to train its executives, staff and workers. Records of training were kept in the training file. The records included information on the title of the training, name and signature of the attendees, name of the trainer, time and venue.
	3.7.3 Appropriate training is provided for personnel carrying out the tasks critical to the effective implementation of the Supply Chain Certification Standard (SCCS). Training is specific and relevant to the task(s) performed.	YES	Training on Supply Chain requirements has been conducted in July 2020. The training has been conducted by Sustainability Executive to mill manager, maintenance engineer, assistant mill engineer, admin supervisor, shift supervisor, grader, laboratory assistant, and weighbridge operator. The intention on this training was to create awareness on understanding on supply chain requirement.

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SUPPLY CHAIN REQUIREMENTS FOR MILLS

Disclaimer text: The following section is taken verbatim from the RSPO Supply Chain Certification Standard (14 June 2017) (RSPO SCCS), general requirements as well as modules D & E for mills. The RSPO SCCS is the document in vigour for these requirements and should be referred to in any cases of uncertainty. Any references to other modules or sections contained in the table below, refer to the RSPO SCCS document. As per RSPO SCCS, **all requirements are major Indicators** (i.e. **equivalent of critical Indicators in P&C 2018**).

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.1	Identity Preserved Module A mill is deemed to be IP is the FFB processed by the mill are sourced from plantations/estates that are certified against the RSPO P&C, or against a Group Certification Scheme Certification for the CPO mills is necessary to verify the volumes and sourced of certified FFB entering the mill, the implementation of any processing control as and volume sales of RSPO certified products. If a mill processes certified and uncertified FFB without physically separating them, then only MB Module is applicable.	YES	Kretam Mill sourced for their FFB only from estates under the same CU which involve, Bode Estate, Masang Estate, Sepagaya Estate, and Bukit Sekong Estate. Divert crop from other certification units Abedon Estate (certified by TUV Nord)
3.8.2	Mass Balance Module A mill is deemed to be MB is the mill process FFB from both RSPO certified and uncertified plantations/estates. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own and 3 rd party certified supply base.	YES	<i>Not applicable</i>
3.8.3	The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill shall be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified oil palm product (CPO and PK) that the	YES	The previous estimated tonnage of CPO and PK products has been be recorded in the RSPO IT platform, supply chain certificate and public summary audit report as accordingly. Refer to Table 4 of this report. Mill had registered through RSPO IT Platform with Member ID of RSPO Palm Trace Registration under Syarikat Kretam Mill – Kretam Mill.

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Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
	certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.		
3.8.4	The mill shall also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organisation (RSPO IT platform).	YES	
3.8.5	<p>The site shall have written procedures and/or work instructions to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:</p> <ul style="list-style-type: none"> • Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. • Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements. • Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the organisation's procedures for the implementation of this standard. • The site shall have documented procedures for receiving and processing certified and non-certified FFBs. 	YES	<p>Kretam POM Organizational, management systems and the operational systems, documented policies and procedures of the organization holding certification, are sufficient and adequately implemented to meet the intent and requirements of the RSPO Supply Chain Certification Standard.</p> <p>Sighted Kretam oil mill has updated the procedure named RSPO Supply Chain Certification Manual Revision 2.</p> <p>The Mill Manager have overall responsibility for and authority over the implementation of SCCS requirement and compliance with all applicable requirements. Mill engineer and sustainability executive -mill also assist the implementation of supply chain requirement.</p>

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Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.6	<p>The site shall have a written procedure to conduct annual internal audit to determine whether the organisation;</p> <ul style="list-style-type: none"> Conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. Effectively implements and maintains the standard requirements within its organisation. Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct non-conformities shall be subject to management review at least annually. The organisation shall be able to maintain the internal audit records and reports. 	YES	<p>Procedure to conduct annual internal audit was established Under title 'internal Audit Procedure' revision 2. The purpose of this procedure is to provide guidelines to conduct internal audit for RSPO SCCS & other similar standard.</p>
3.8.7	<p>The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.</p> <p>The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p> <p>The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents.</p>	NO	<p>i) The actual FFB production by supply base recorded since last audit as in Table 1 of this report.</p> <p>ii) Based on record verification, overproduction was sighted. Hence, #Major NCR RAR 01 2020 has been raised.</p> <p>iii) Following are parts of the verified incoming documents from estates which found to be in line with Kretam POM's internal procedure as well as standard requirements. All the information is adequately presented and traceable. Internal crop of same CU.</p>
3.8.8	<p>Sales and Goods Out</p> <p>The supplying mill shall ensure that the following minimum information for RSPO certified products is made available in document form. The information shall be complete and can be presented either on a single-</p>	YES	<p>The procedure in handling of sale and delivery was sighted and found adequate. Sales activities usually handled by Sales and Marketing Department Department (HQ) on behalf of Kretam POM.</p>

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Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.9	documents or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documentation and specification documentation): a) The name and address of buyer; b) The name and address of the seller c) The leading or shipment/delivery date; d) The date on which the documents were issued; e) RSPO certificate number; f) A description of the product, including the applicable supply chain model (IP or MB or the approved abbreviations); g) The quantity of the products delivered; h) Any related transport documentation i) A unique identification number		
	Outsourcing Activities (i) The mill shall not outsource its milling activities. In cases where the mill outsourced activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the mill holding the certificate shall ensure that the independent third party complies with relevant requirements of this RSPO SC Certification. (ii) The mill shall ensure the following: a) The mill has legal ownership of all input material to be included in outsourced processes b) The mill has an agreement or contract covering the outsourced process with each contractor	YES	a) There are 3 outsource company CPO and PK transporter . b) There was a contract document between Kretam POM and the transporters. Access to the outsourcing contractor or operation if an audit was stated in the contract. c) There were explicit procedures for the outsourced process. "outsourcing activities (CPO&PK) – SCCS." d) Inspection was carried out by Lab Supervisor or lab attendant as additional effort to ensure no contamination.

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Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
	<p>through a signed and enforceable agreement with the contractor. The onus is on the mill to ensure that CB has access to the outsourcing contractor or operation if an audit is deemed necessary.</p> <p>c) The mill has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.</p> <p>d) The mill shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to the respective operations, systems, and all information, when this is announced in advance.</p>		
3.8.10	The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.	YES	Syarikat Kretam Mill POM has outsource the transportation of certified CPO and certified PK. An agreement covering the outsources activity were sighted. It has been properly recorded.
3.8.11	The mill shall inform its CB in advance prior to conduct of its next audit of the names and contact details of any new contractor used for the physical handling of RSPO certified oil palm products.	YES	No new contractors used and will be used in the future for the processing or production of RSPO certified materials.
3.8.12	i) The mill shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of this RSPO Supply Chain Certification Standard requirements.	YES	Sighted CPO and PK delivery note, weighbridge ticket, production data, internal audit and management review records were found up-to-date.

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Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
	ii) Retention times for all records and reports shall be a minimum of two (2) years and shall comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.	YES	All records related to RSPO SC were maintain minimum for 2 years. Sample CPO dispatch note since Jan 2015 until to date was available and well maintained.
	iii) For Identity Preserved Module, the mill shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis.	YES	Sales activities usually handled by Sales and Marketing Department Department (HQ) on behalf of Kretam POM. Personnel updated the RSPO IT platform system upon confirmed contract. Mill receive copy of transaction input to the system on monthly basis based on contract summary (buyer weight being put in).
	iv) For Mass Balance Module, the mill: shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis and / or three-monthly basis. a. All volumes of certified CPO and PK that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. b. The mill can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three (3) months. However, a mill is allowed to sell short (i.e. product can be sold before it is in stock.)	YES	NA

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Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.13	Extraction rate The oil extraction rate (OER) and the kernel extraction rate (KER) shall be applied to provide a reliable estimate of the amount of certified CPO and PK from the associated inputs. Mill shall determine and set their own extraction rates based upon past experience, documented and applied it consistently.	YES	Based on nature of their processing activities, Kretam POM's conversion factor shall be based on their oil extraction rate (OER) and kernel extraction rate (KER). These rates being monitored on daily basis as part of their process performance evaluation and consolidated at month end.
3.8.14	Extraction rates shall be updated periodically to ensure accuracy against actual performance or industry average if appropriate.	YES	
3.8.15	Processing For Identity Preserved Module, the mill shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept separated from non-certified oil palm products, including during transport and storage to strive for 100% separation.	YES	Kretam POM shall only receive the RSPO certified FFB which are from Syarikat Kretam CU own estates – same CU. Monitoring records titled as “Daily quality and production report, recorded the tonnage of certified FFB, CPO produced, Kernel produced, contract, delivered, diesel and water consumption, storage, and quality. Consecutively, it is confirmed that RSPO certified CSPO & CSPK product is from the certified sources. As for transport, dedicated tankers had been allocated by service provider to prevent cross contamination.
3.8.16	Registration of Transactions i) Shipping Announcement in the RSPO IT platform shall be carried out by the mills when RSPO certified products are sold as certified to refineries, crushers, and traders not more than three months after dispatch with the dispatch date being the Bill of Lading or the dispatch documentation date. ii) Remove: RSPO certified volumes sold under different scheme or as conventional, or in case of underproduction, loss or damage shall be removed in the RSPO IT platform .	YES	Kretam POM through usually handled by The procedure in handling of sale and delivery was sighted and found adequate. Sales activities usually handled by Sales and Marketing Department Department (HQ) on behalf of Kretam POM. Personnel updated the RSPO IT platform system upon confirmed contract.

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Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.17	Claims The mill shall only make claims regarding the production of RSPO certified oil that are in compliance with the RSPO Rules on Market Communications and Claims.	YES	Relevant information on product claim (including applicable Supply Chain model and certificate number) being correctly indicated in the relevant outgoing paperwork. Kretam POM has not use RSPO corporate logo as well as trademark logo

Principle 4: Respect community and human rights and deliver benefits

Respect community rights, provide equal opportunities, maximise benefits from engagement and ensure remediation where needed.

Clause	Indicators	Comply Yes/No	Findings
4.1 The unit of certification respects human rights, which includes respecting the rights of Human Rights Defenders.	4.1.1 (C) A policy to respect human rights, including prohibiting retaliation against Human Rights Defenders, is documented and communicated to all levels of the workforce, operations, FFB suppliers and local communities and prohibits intimidation and harassment by the unit of certification and contracted services, including contracted security forces.	YES	Kretam Mill CU has a Policy to protect human rights is contained in Code of Conduct & Human Rights Policy. The policy frameworks provide for protection for HRD and Whistleblowers and states that no reprisals would be taken against whistleblowers and HRDs. Similarly, the Whistleblowing Policy dated 1 Jun 2020 also aims to protect whistleblowers from reprisals or victimisation.
	4.1.2 The unit of certification does not instigate violence or use any form of harassment in their operations.	YES	As observed during the audit, and in interviews held with local communities and workers, there is no evidence of instigation of violence, harassment or use of mercenaries or paramilitaries in any of the operations at Kretam Mill CU.
4.2 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.	4.2.1 (C) The mutually agreed system, open to all affected parties, resolves disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants, HRD, community spokespersons and whistleblowers, where requested, without risk of reprisal or intimidation and follows the RSPO policy on	YES	The system used by the Syarikat Kretam Mill CU in resolving disputes exists in the procedure called "Procedure on Complaint & Grievances". This SOP is open to all stakeholders, internal workers, NGO's, Third party etc. The system was open to all aggrieved parties as evidenced by the existence. There is also procedure name 'Whistle blowing Policy' to ensuring anonymity of complainants, community spokespersons and whistleblowers and Code of Conduct & Human Right Policy" ensuring anonymity HRD. All complaints (workers and stakeholders) were to be recorded in the "Grievance/Complaint" forms. "House repair" book was also available for house repair requests. The books were accessible to all aggrieved parties, internal as well as external. An examination of the books showed that all the complaints were from internal stakeholders and related to house repairs. There were no complaints from external stakeholders. The CU

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Clause	Indicators	Comply Yes/No	Findings
	respect for HRD.		maintained affirms that its dispute system is open to any affected parties.
	4.2.2 Procedures are in place to ensure that the system is understood by the affected parties, including by illiterate parties.	YES	Procedures are in place to ensure affected parties understand the Dispute and Resolution Procedures. Verbal explanation is given in an easy to understand language accompanied by pictorial explanations, and where relevant, flowcharts. If necessary, senior foreign workers who could speak and understand the Bahasa Malaysia act as translators to their other colleagues, especially the newly-arrived ones.
	4.2.3 The unit of certification keeps parties to a grievance informed of its progress, including against agreed timeframe and the outcome is available and communicated to relevant stakeholders.	YES	Kretam Mill CU keeps parties to a grievance informed of its progress, including against agreed timeframe and the outcome is available and communicated to relevant stakeholders as evidenced by Training on 4/5/20 (Internal Stakeholder) and 25/7/20 (External Stakeholder) at Kretam Mill POM
	4.2.4 The conflict resolution mechanism includes the option of access to independent legal and technical advice, the ability for complainants to choose individuals or groups to support them and/or act as observers, as well as the option of a third-party mediator.	YES	The system used by the Kretam Mill CU in resolving disputes exists in the procedure called "Procedure on Complaint & Grievances". This SOP is open to all stakeholders, internal workers, NGO's, Third party etc. The system was open to all aggrieved parties as evidenced by the existence. There is also procedure name 'Whistle blowing Policy' ensuring the anonymity of complainants, community spokespersons and whistleblowers and Code of Conduct & Human Right Policy" ensuring the anonymity HRD. All complaints (workers and stakeholders) were to be recorded in the "Grievance/Complaint" forms. "House repair" book was also available for house repair requests. The books were accessible to all aggrieved parties, internal as well as external. An examination of the books showed that all the complaints were from internal stakeholders and related to house repairs. There were no complaints from external stakeholders.
4.3 The unit of certification contributes to local sustainable development as agreed by local communities.	4.3.1 Contributions to community development that are based on the results of consultation with local communities are demonstrated.	YES	Syarikat Kretam Mill CU is able to demonstrate that contributions to community development have been made based on consultation results with the local communities.
4.4 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	4.4.1 (C) Documents showing legal ownership or lease, or authorised use of customary land authorised by customary landowners through a FPIC process. Documents related to the history of land tenure and/or the actual legal or customary use of the land are available.	YES	It has been verified that Kretam Mill CU has bought the land of Bode Estate, Bode Division from Colony Of North Borneo (Sabah Government) in March 1953, as Country Lease. For Bukit Sekong Estate, the Land was owned by Brinchang Plantation, Brinchang Realty, Merjaya and Nunuyan which is previously bought from Sabah Land Development and bought by Abedon Sdn Bhd in Jan 1997. After that Abedon Sdn Bhd has merged with Kretam Holdings Berhad in 2012 and the Estate has been managed by Kretam until now. For Sepagaya Estate, the Land was legitimately own and bought by Syarikat Kretam Plantations Sdn Bhd in 1980 from Sabah Government. For Masang Estate, the Land was previously owned by several Company and Several villagers,

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Clause	Indicators	Comply Yes/No	Findings
			<p>which is previously bought from Sabah Government in 1980 - 1984 and bought by Syarikat Kretam in year 1988 - 1992.</p> <p>Evidence of legal ownership of the land including history of land tenure was verified during this audit. Each estate was provided with legal use of the land through a Country Lease signed by the Registrar of Titles following the payment of premium. This document were made available by all the individual estates.</p>
	4.4.2 Copies of documents evidencing agreement-making processes and negotiated agreements detailing the FPIC process are available and include:	YES	<p>As reported in 4.4.1 of this checklist, it has been verified that the land is now legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. The audit team had confirmed that there were no land issues related to previous owners.</p>
	4.4.2a Evidence that a plan has been developed through consultation and discussion in good faith with all affected groups in the communities, with particular assurance that vulnerable, minorities' and gender groups are consulted, and that information has been provided to all affected groups, including information on the steps that are taken to involve them in decision making.	YES	
	4.4.2b Evidence that the unit of certification has respected communities' decisions to give or withhold their consent to the operation at the time that these decisions were taken.	YES	
	4.4.2c Evidence that the legal, economic, environmental and social implications of 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 unit of	YES	

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Clause	Indicators	Comply Yes/No	Findings
	certification's title, concession or lease on the land.		
	4.4.3 (C) Maps of an appropriate scale showing the extent of recognised legal, customary or user rights are developed through participatory mapping involving affected parties (including neighboring communities where applicable, and relevant authorities).	YES	As reported in 4.4.1 of this checklist, it has been verified that the land is now legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. All the related documentation regarding the land acquisition was kept in Kretam Holdings Berhad HQ Office and the copy in the estate was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. Hence, there was no map showing the legal, customary, or user right of other users since 1988-2005.
	4.4.4 All relevant information is available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.	YES	This requirement in this indicator does not apply to Syarikat Kretam Mill Sdn Bhd CU
	4.4.5 (C) Evidence is available to show that communities are represented through institutions or representatives of their own choosing, including by legal counsel if they so choose.	YES	This requirement in this indicator does not apply to Syarikat Kretam Mill Sdn Bhd CU
	4.4.6 There is evidence that implementation of agreements negotiated through FPIC is annually reviewed in consultation with affected parties.	YES	This requirement in this indicator does not apply to Syarikat Kretam Mill Sdn Bhd CU
4.5 No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their FPIC. This is dealt	4.5.1 (C) Documents showing identification and assessment of demonstrable legal, customary and user rights are available.	YES	Based on Social Impact Assessment (SIA) Report for Syarikat Kretam Mill Sdn Bhd CU and land title, there was no new plantings are established on local peoples' land. It has been verified that the land is legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. The audit team had confirmed that there were no land issues related to previous owners. There was no evidence of any land dispute at Syarikat Kretam Mill Sdn Bhd CU.
	4.5.2 (C) FPIC is obtained for all oil palm development through a comprehensive process, including in	YES	As reported in 4.4.1 of this checklist, it has been verified that the land is now legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. All the related documentation regarding the land acquisition was kept in Kretam Holdings Berhad HQ Office, Sandakan and the copy in

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Clause	Indicators	Comply Yes/No	Findings
with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.	particular, full respect for their legal and customary rights to the territories, lands and resources via local communities' own representative institutions, with all the relevant information and documents made available, with option of resourced access to independent advice through a documented, long-term and two-way process of consultation and negotiation.		the estate was verified by the auditor. There were no issues regarding land with villagers, local community, and neighboring estate.
	4.5.3 Evidence is 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 unit of certification is signed and ratified by these local peoples. Negotiated agreements are non-coercive and entered into voluntarily and carried out prior to new ops.	YES	As reported in 4.4.1 of this checklist, it has been verified that the land is now legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. All the related documentation regarding the land acquisition was kept in Kretam Holdings Berhad HQ Office, Sandakan and the copy in the estate was verified by the auditor. There were no issues regarding land with villagers, local community, and neighboring estate.
	4.5.4 To ensure local food and water security, as part of the FPIC process, participatory SEIA and participatory land-use planning with local peoples, the full range of food and water provisioning options are considered. There is transparency of the land allocation process.	YES	As reported in 4.4.1 of this checklist, it has been verified that the land is now legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. All the related documentation regarding the land acquisition was kept in Kretam Holdings Berhad HQ Office, Sandakan and the copy in the estate was verified by the auditor. There were no issues regarding land with villagers, local community, and neighboring estate.
	4.5.5 Evidence is available that the affected communities and rights holders have had the option to access	YES	As reported in 4.4.1 of this checklist, it has been verified that the land is now legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. All the related documentation regarding the land acquisition was kept in Kretam Holdings Berhad HQ Office, Sandakan and the copy in

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Clause	Indicators	Comply Yes/No	Findings
	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.		the estate was verified by the auditor. There were no issues regarding land with villagers, local community, and neighboring estate.
	4.5.6 Evidence is available that the communities (or their representatives) gave consent to the initial planning phases of the operations prior to the issuance of a new concession or land title to the operator.	YES	As reported in 4.4.1 of this checklist, it has been verified that the land is now legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. All the related documentation regarding the land acquisition was kept in Kretam Holdings Berhad HQ Office, Sandakan and the copy in the estate was verified by the auditor. There were no issues regarding land with villagers, local community, and neighboring estate.
	4.5.7 New lands are not acquired for plantations and mills after 15 November 2018 as a result of recent (2005 or later) expropriations without consent under the right of eminent domain of the federal and state land acquisition legislations.	YES	There was no new lands acquired for plantation and mills after 15/11/2018 as verified during this Assessment at Syarikat Kretam Mill Sdn Bhd CU. The current operation area including mill and estates as per stated in the land title.
4.6 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with thru a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	4.6.1 (C) A mutually agreed procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, is in place.	YES	The procedure for identifying legal, customary or user rights, and compensation process is incorporated in the Procedure in resolving land conflict'. The CU had also developed a SOP - Fair Compensation in order to handle any issues related with compensation. In accordance with the and SOP - Fair Compensation and Land Dispute, the procedure for calculating and distributing fair compensation falls within the purview of the Land Management Department of at the Kretam Head Office. The procedure stipulates the involvement of the respective estate management, Land Office, NGOs and the affected parties in the negotiation procedures.
	4.6.2 (C) A mutually agreed procedure for calculating and distributing fair and gender-equal compensation (monetary or otherwise) is established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation.	YES	In accordance with the "Procedure in resolving land conflict' and SOP - Fair Compensation and Land Dispute, the procedure for calculating and distributing fair and gender-equal compensation (monetary or otherwise) is established. However, there was no issue/case related to this indicator as verified by audit team during consultation with staff and workers at mill and visited estates.
	4.6.3 Evidence is available that equal	YES	There was no scheme small holdings at Syarikat Kretam Mill Sdn Bhd CU. The Fresh Fruit

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Clause	Indicators	Comply Yes/No	Findings
	opportunities are provided to both men and women to hold land titles for scheme small holdings.		Bunches are supplied from Kretam Holdings owned estates which are certified to RSPO.
	4.6.4 The process and outcomes of any negotiated agreements, compensation and payments are documented, with evidence of the participation of affected parties, and made publicly available to them.	YES	There was no process and outcomes of any negotiated agreements, compensation and payments to any affected parties.
4.7 For new planting, where it can be demo that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their FPIC and negotiated agreements.	4.7.1 (C) A mutually agreed procedure for identifying people entitled to compensation is in place.	YES	The procedure for identifying legal, customary or user rights, and compensation process is incorporated in the Procedure in resolving land conflict'. The CU had also developed a SOP - Fair Compensation in order to handle any issues related with compensation.
	4.7.2 (C) A mutually agreed procedure for calculating and distributing fair compensation (monetary or otherwise) is in place and documented and made available to affected parties.	YES	There was no issue regarding compensation (monetary or otherwise) with villagers, local community and neighboring estate.
	4.7.3 Communities that have lost access and rights to land for plantation expansion are given opportunities to benefit from plantation development.	YES	It has been verified that the land is now legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. All the related documentation regarding the land acquisition was kept in Kretam Holdings Berhad HQ Office, Sandakan and the copy in the estate was verified by the auditor. There were no issues regarding land with villagers, local community, and neighboring estate.
4.8 The right to use the land is demo and is not legitimately contested by local people who can demo that they have legal, customary, or user rights.	4.8.1 Where there are or have been disputes, proof of legal acquisition of title and evidence that mutually agreed compensation has been made to all people who held legal, customary, or user rights at the time of acquisition is available and provided to parties to a dispute, and that any compensation was accepted following a documented process of FPIC.	YES	It has been verified that the land is now legitimately owned by Syarikat Kretam Mill Sdn Bhd CU since 1988-2005. All the related documentation regarding the land acquisition was kept in Kretam Holdings Berhad HQ Office, Sandakan and the copy in the estate was verified by the auditor. There were no issues regarding land with villagers, local community, and neighboring estate.

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Clause	Indicators	Comply Yes/No	Findings
	4.8.2 (C) Land conflict is not present in the area of the unit of certification. Where land conflict exists, acceptable conflict resolution processes (see Criteria 4.2 and 4.6) are implemented and accepted by the parties involved. In the case of newly acquired plantations, the unit of certification addresses any unresolved conflict through appropriate conflict resolution mechanisms.	YES	Land conflict is not present in the area of the unit of certification.
	4.8.3 Where there is evidence of acquisition through dispossession or forced abandonment of customary and user rights prior to the current operations and there remain parties with demonstrable customary and land use rights, these claims will be settled using the relevant reqs.	YES	There was no evidence of acquisition through dispossession or forced abandonment of customary and user rights prior to the current operations.
	4.8.4 For any conflict or dispute over the land, the extent of the disputed area is mapped out in a participatory way with involvement of affected parties.	YES	There was no conflict or dispute over the land.

Principle 5: Support smallholder inclusion

Include smallholders in RSPO supply chains and improve their livelihoods through fair and transparent partnerships.

Clause	Indicators	Comply Yes/No	Findings
5.1 The unit of certification deals fairly and transparently with all smallholders	5.1.1 Current and previous period prices paid for FFB are publicly available and accessible by smallholders.	YES	Current and past prices paid for FFB was made available at Kretam Mill POM weighbridge. However it was for collecting centre inside the mill separate ramp as this mill is an IP mill.
	5.1.2 (C) Evidence is available that the unit of certification regularly explains the FFB pricing to smallholders.	YES	There is evidence that Kretam Mill POM regularly explains the FFB Pricing to Smallholder who sent to their collection centre.

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Clause	Indicators	Comply Yes/No	Findings
(Independent and Scheme) and other local businesses.	5.1.3 (C) Fair pricing, including premium pricing, when applicable, is agreed with smallholders in the supply base and documented.	YES	In Kretam Mill POM Collection Centre, the price for FFB followed MPOB Pricing.
	5.1.4 (C) Evidence is available that all parties, including women and independent representative organisations assisting smallholders where requested, are involved in decision-making processes and understand the contracts. These include those involving finance, loans/credits, and repayments through FFB price reductions for replanting and or other support mechanisms where applicable.	YES	The Fresh Fruit Bunches were supplied from Syarikat Kretam Mill Sdn Bhd CU owned estates, which is Bode Estate, Masang Estate, Sapagaya Estate and Bukit Sekong Estate. So far, there was no third-party FFBs sent to the mill.
	5.1.5 Contracts are fair, legal and transparent and have an agreed timeframe.	YES	The Fresh Fruit Bunches were supplied from Syarikat Kretam Mill Sdn Bhd CU owned estates, which is Bode Estate, Masang Estate, Sapagaya Estate and Bukit Sekong Estate. So far, there was no third-party FFBs sent to the mill.
	5.1.6 (C) Agreed payments are made in a timely manner and receipts specifying price, weight, deductions and amount paid are given.	YES	Interviews conducted with contractors and suppliers confirmed their understanding of their rights and obligations under the contract. Both contractors confirmed the fairness of the terms of their contract, and payments are usually received within 15-30 days of invoice issuance.
	5.1.7 Weighing equipment is verified by an independent third party on a regular basis.	YES	These contractors interviewed confirmed that payments are made in a timely manner, namely within 15-30 days days of invoice.
	5.1.8 The unit of certification supports Independent Smallholders with certification, where applicable, ensuring mutual agreements between the unit of certification and the smallholders on who runs the internal control system (ICS), who holds the certificates, and who holds and sells the certified material.	YES	In Syarikat Kretam Mill Sdn Bhd CU, the FFBs are from Syarikat Kretam Mill Sdn Bhd CU owned estates. There is no third-party FFB sent to the mill. Noted that Syarikat Kretam Mill Sdn Bhd CU has invited nearby smallholder to promote on RSPO certification. But some smallholder are willing to go for MSPO only.
	5.1.9 (C) The unit of certification has a grievance mechanism for smallholders and all grievances raised are dealt with in a timely manner.	YES	A grievance mechanism which respects anonymity and protects complainants is in place at the Syarikat Kretam Mill Sdn Bhd CU. As at to date there is no complaint by stakeholders.

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Clause	Indicators	Comply Yes/No	Findings
5.2 The unit of certification supports improved livelihoods of smallholders and their inclusion in sustainable palm oil value chains.	5.2.1 The unit of certification consults with interested smallholders (irrespective of type) including women or other partners in their supply base to assess their needs for support to improve their livelihoods and their interest in RSPO certification.	YES	The Fresh Fruit Bunches were supplied from Syarikat Kretam Mill Sdn Bhd CU owned estates, which is Bode Estate, Masang Estate, Sapagaya Estate and Bukit Sekong Estate. So far, there was no third-party FFBs sent to the mill. Therefore, this indicator is not applicable.
	5.2.2 The unit of certification develops and implements smallholder support program to improve smallholder livelihood and build their capacity to enhance productivity, quality, organisational and managerial competencies, and specific elements of RSPO certification (including the RSPO Standard for Independent Smallholder).	YES	The Fresh Fruit Bunches were supplied from Syarikat Kretam Mill Sdn Bhd CU owned estates, which is Bode Estate, Masang Estate, Sapagaya Estate and Bukit Sekong Estate. So far, there was no third-party FFBs sent to the mill. Therefore, this indicator is not applicable.
	5.2.3 Where applicable, the unit of cert. provides support to smallholders to promote legality of FFB production.	YES	The Fresh Fruit Bunches were supplied from Syarikat Kretam Mill Sdn Bhd CU owned estates, which is Bode Estate, Masang Estate, Sapagaya Estate and Bukit Sekong Estate. So far, there was no third-party FFBs sent to the mill. Therefore, this indicator is not applicable.
	5.2.4 (C) Evidence exists that the unit of certification trains Scheme Smallholders on pesticide handling.	YES	The Fresh Fruit Bunches were supplied from Syarikat Kretam Mill Sdn Bhd CU owned estates, which is Bode Estate, Masang Estate, Sapagaya Estate and Bukit Sekong Estate. So far, there was no third-party FFBs sent to the mill. Therefore, this indicator is not applicable.
	5.2.5 The unit of certification regularly reviews and publicly reports on the progress of the smallholder support programme.	YES	The Fresh Fruit Bunches were supplied from Syarikat Kretam Mill Sdn Bhd CU owned estates, which is Bode Estate, Masang Estate, Sapagaya Estate and Bukit Sekong Estate. So far, there was no third-party FFBs sent to the mill. Therefore, this indicator is not applicable.

Principle 6: Respect workers' rights and conditions

Protect workers' rights and ensure safe and decent working conditions.

Clause	Indicators	Comply Yes/No	Findings
6.1 Any form of discrimination is prohibited.	6.1.1 (C) A publicly available non-discrimination and equal opportunity policy is implemented in such a way to prevent discrimination based on ethnic origin,	YES	A policy of equal opportunities policy including identification of relevant/affected groups is promoted through the Kretam Holdings Berhad Group's "Code of Conduct & Human Right Policy", available in two languages (Malay and English).

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Clause	Indicators	Comply Yes/No	Findings
	caste, national origin, religion, disability, gender, sexual orientation, gender identity, union m/ship, political affiliation or age.		
	6.1.2 (C) Evidence is provided that workers and groups including local communities, women, and migrant workers have not been discriminated against including charging of recruitment fees for migrant workers.	YES	Based on documentation reviewed such as employment contracts and letters of offer, pay slips, allocation of housing at the linesite and audit interviews, there is no evidence that local and foreign workers, women and local communities have been discriminated against. Interviews conducted with workers (male, female, local and migrant) as well as local communities also confirmed that this is so.
	6.1.3 The unit of certification demonstrates that recruitment selection, hiring, access to training and promotion are based on skills, capabilities, qualities and medical fitness necessary for the jobs available.	YES	As stipulated in the contracts, Job Description and Yearly Salary Scale for workers and Staff the recruitment selection, hiring and promotion where relevant are based on availability, skills, capabilities, qualities, and medical fitness necessary for the jobs. For monthly paid employees, interviews are done by Estate Manager/Mill before a panel of interviewers who would objectively assess the candidate for suitability. Promotions are based on recommendations, Years of service and performance.
	6.1.4 Pregnancy testing is not conducted as a discriminatory measure and is only permissible when it is legally mandated. Alternative equivalent employment is offered for pregnant women.	YES	The manurer/sprayer who confirmed her pregnancy in June 2020 was immediately re-assigned to an alternative employment i.e. general worker/sweeper.
	6.1.5 (C) A gender committee is in place specifically to raise awareness, identify and address issues of concern, as well as opportunities and improvements for women.	YES	The gender committees throughout the Kretam Mill CU are known as the Gender Committee. Membership comprise female employees and the employees' wives. Based on interviews of the committee members and review of meeting minutes, the Committees main activities are to provide awareness to its members on issues of concern. These relate to sexual harassment, domestic and other forms of abuse, children's health, immunization and education, as well as women's reproductive rights.
	6.1.6 There is evidence of equal pay for the same work scope.	YES	Comparisons were made of sampled employment contracts and payslips of Mill and Estate Workers (local and foreign). Evidence is available that sampled workers receive equal pay for equal work.
6.2 Pay and conditions for staff and workers and for contract workers always meet at least legal or industry minimum	6.2.1 (C) Applicable labour laws, union and/or other collective agreements and documentation of pay and conditions are available to the workers in national languages (English or Bahasa Malaysia) and explained to them in language they understand.	YES	Contracts for local and Indonesian foreign workers at the Kretam Mill POM Bode, Masang, Bukit Sekong and Sipigaya Estate were sampled and confirmed that all workers and the management signed a dated contract of employment. The terms and conditions of employment are contained in the employment contracts which include duration of employment, place of work, salary, working hours, medical benefits, annual leave, sick leave, termination of service, and other benefits provided (housing, employment cost, etc.). The contract was available in both languages (English and Bahasa Malaysia).

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Clause	Indicators	Comply Yes/No	Findings
standards and are sufficient to provide decent living wages (DLW).	6.2.2 (C) Employment contracts and related documents detailing payments and conditions of employment (and payroll documents give accurate information on compensation for all work performed. This includes a form of record for work done by family members.	YES	The employment contract in Kretam Mill CU is in Bahasa Melayu and English for local and foreign workers. The CU has explained the pay slip to the workers. Employment contract of foreign worker clearly stated the working hours, employee provident fund (for local only), annual leave, medical benefits and sick leave, insurance scheme, retirement, and etc. There is also addendum name "Buku Panduan Pekerja (Syarat syarat dan terma terma am)" was provided to new workers and old workers at completion of briefing.
	6.2.3 (C) There is evidence of legal compliance for regular working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice and other legal labour requirements.	YES	Evidence is available at the Kretam Mill CU that regular working hours as determined by the Sabah Labour Ordinance and stipulated in employment contracts are being adhered to. Any work in excess of 8 hours are being compensated as overtime. This is based on punch cards and pay slips reviewed, and interviews held with workers at the Kretam Palm Oil Mill. Workers who have been certified ill are given paid medical leave, and this is the same for workers who have gone on maternity were given 2 months paid maternity leave as evidenced from the pay slips. Salary deductions are made for EPF, SOCSO, EIS (local workers) and there are no deductions for foreign workers except for travel documents.
	6.2.4 (C) The unit of certification provides adequate housing, sanitation facilities, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible. National laws, or in their absence the ILO Guidance on Workers' Housing Recommendation No. 115, are used. In the case of acquisitions of non-certified units, a plan is developed detailing the upgrade of infrastructure. A reasonable time (5 years) is allowed to upgrade the infrastructure.	YES	The Kretam Mill POM and Bode, Masang, Bukit Sekong and Sipigaya Estate, have provided adequate housing, water supplies, medical, educational and welfare amenities. These were found to be in accordance with the Workers' Minimum Standard of Housing Standard of Housing and Amenities Act 1990 (Act 446). Linesite inspection findings reported by the Medical Assistant on all the above dates were sighted. The houses were all in good conditions, and each house has between 2 – 3 bedrooms. Among the facilities provided are creche, CLC school, clinic where medical treatment and facilities are provided for free, sundry shops selling daily necessities such as rice, flour, sugar, cooking oil, etc. The workers' housing areas also have a mosque, a community hall, a football field, and badminton/volleyball court. Workers interviewed confirmed that the houses and amenities provided are adequate, comfortable and requests for repairs were attended to in a timely manner. All houses have constant water supply and electricity which are provided free of charge. The clinic is managed a Medical Assistant aided by two (2) personnel. A Visiting Medical Officer visits the clinic twice a month to review cases, provide guidance to the medical assistant and to check the conditions at the workers' housing area. Children of workers' (both local and foreign workers) are given free transportation to the nearest schools. Children of Indonesian workers attend the CLC (Community Learning Centre) school where Indonesian school curriculum was taught. Pre-school children of workers were provided creche facilities.
	6.2.5 The unit of certification makes efforts to improve workers' access to adequate, sufficient and affordable food.	YES	All units within Kretam Mill CU except Bukit Sekong Estate (nearest to Kinabatangan Town) have their own canteen/grocery store which sells basic items such as eggs, flour, rice, vegetables, frozen food such as fish, meat, onions, etc. Items seen in the stores are adequate, clearly labelled and within the expiry dates.

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Clause	Indicators	Comply Yes/No	Findings
	<p>6.2.6 A "DLW" is paid to all workers, including those on piece rate/quotas, for whom the calculation is based on achievable quotas during regular work hours.</p> <p>PROCEDURAL NOTE: A written policy with specific implementation plan, committing to payment of a "decent living wage" is in place. The implementation plan with specific targets, and a phased implementation process will be in place, including the following:</p> <ul style="list-style-type: none"> • An assessment is conducted to determine prevailing wages and in-kind benefits already being provided to workers. • There is annual progress on the implementation of living wages • Where a minimum wage, based on equivalent basket of goods, is stipulated in Collective Bargaining Agreements (CBAs), this should be used as the foundation for the gradual implementation of the living wage payment. • The unit of certification may choose to implement the "living wage" payment in a specific section as a pilot project; the pilot will then be evaluated and adapted before an eventual scale-up of the living wage implementation. <p>Until such time where the Malaysian version of "decent living wage" has been endorsed by RSPO and implemented by the unit of certification, the Malaysian minimum wage has to be paid.</p>	YES	Based on pay slips sighted, all sampled workers who complete the number of days offered in a month receive at least minimum wages applicable, which is RM1,100 per month, or more. Kretam Mill CU also has carried out the calculation of prevailing wages and in-kind benefits as evidenced from prevailing wages calculation. The calculation took into account i.e. housing, electricity, water, education, child care and healthcare. Based on the breakdown given, the calculation of prevailing wages including in-kind benefits is reasonable and in line with RSPO Guidance on calculating prevailing wages.
	6.2.7 Permanent, full-time employment is used for all core work performed by the unit of certification. Casual, temporary and day labour is limited to jobs that are temporary or seasonal.	YES	Permanent and full-time employees are used to carry out core work such as harvesting, loose fruit collecting, sprayers and manurers. During the audit, site visit was done and no full-time workers were observed performing work of a casual worker and vice versa.
6.3 The unit of certification respects	6.3.1 (C) A published statement recognising freedom of association and	YES	Kretam Mill CU subscribes to the documented policy on Freedom of Association and Right to Collective Bargaining. This Policy is available in dual language, i.e. Bahasa

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Clause	Indicators	Comply Yes/No	Findings
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 ind. and free association and bargaining for all such personnel.	right to collective bargaining in national languages (English and/or Bahasa M'sia) is available and is explained to all workers, in language that they understand, and is demonstrably implemented.		Malaysia and English and it recognizes and respects of employees to join trade union of their choice and to bargain collectively subject to the provisions of relevant national legislations. Employment contracts sighted do not contain any prohibitive clause from joining any trade unions.
	6.3.2 Minutes of meetings between the unit of certification with trade unions or workers representatives, who are freely elected, are documented in national languages (English and/or Bahasa Malaysia) and made available upon request.	YES	There are no trade unions at Kretam Mill CU, but the Workers' Welfare and Social Committees have been established at every unit. The Committee comprise management and worker representatives. Evidence is available that management holds regular meetings with the Workers' Welfare and Social Committees.
	6.3.3 Management does not interfere with the formation or operation of registered unions/ labour organisations or associations, or other freely elected representatives for all workers including migrant and contract workers.	YES	Evidence is available that workers' representatives that sit in the Joint Consultative Committee (JCC) have been independently and freely elected by the workers themselves. No evidence of any management interference was observed.
6.4 Children are not employed or exploited.	6.4.1 A formal policy for the protection of children, including prohibition of child labour and remediation is in place, and included into service contracts and supplier agreements.	YES	Kretam Mill CU subscribes to Kretam Holdings Berhad Group, Social Policy. The Policy states KHB Group ensure that NO child (a person under the age of 15 years) or young person (who has attained the age of 15 years but has not attained the age of 18 years) shall be, or be required or permitted to be, engaged in any employment other than those allowed by the laws. Schools should encourage and motivate children to attend school, parents to be advised and warned verbally on the spot not to allow children to assist them, and the child sent home or to an appropriate child care facility.
	6.4.2 (C) There is evidence that minimum age requirements are met. Personnel files show that all workers are above the national minimum age or above company policy minimum age, whichever is higher. There is a documented age screening verification procedure.	YES	Based on documentation review (master checkroll, personal files containing copies of passport, KTP or Malaysian IC), interviews conducted and observations in the field, all employees were above the age of 18 when they commenced work at Kretam Mill CU. There also have a documented age screening verification procedure in the Recruitment and Selection. Evidence is available that minimum age requirements are met.
	6.4.3 (C) Young persons may be employed only for non- hazardous work, with protective restrictions in place for that work.	YES	Kretam Mill CU has a guidance document which defines young person as someone between 15 to 18 years of age and is only applicable for employment of local workers. The guidance document also lists out the types of work that can be considered for a young person to be employed. This include house cleaning, weighbridge clerk, gardening, loose fruit picking (excluding loading), FFB checker, filling polybags, EFB mulching, creche ayah helper, sundry shop helper, and line sweeping.

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Clause	Indicators	Comply Yes/No	Findings
	6.4.4 The unit of certification demonstrates communication about its 'no child labour' policy and the negative effects of child labour, and promotes child protection to supervisors and other key staff, smallholders, FFB suppliers and communities where workers live.	YES	Communication of Social Policy states KHB Group ensure that NO child (a person under the age of 15 years) or young person (who has attained the age of 15 years but has not attained the age of 18 years) shall be, or be required or permitted to be, engaged in any employment other than those allowed by the laws was given to external stakeholders during stakeholder meetings, Policy briefings to workers, and during induction trainings for new workers.
6.5 There is no harassment or abuse in the workplace, and reproductive rights are protected.	6.5.1 (C) A policy to prevent sexual and all other forms of harassment and violence is implemented and communicated to all levels of the workforce.	YES	The policy to prevent sexual and other forms of violence is contained in the Kretam Holdings Berhad Group's Social Policy.
	6.5.2 (C) A policy to protect the reproductive rights of all, especially of women, is implemented and communicated to all levels of the workforce.	YES	To protect the reproductive rights of all, especially of women, Kretam Mill CU has established a policy titled "Social Policy". All workers had been briefed on this Policy which included protection of their reproductive rights during training and the Gender Committee meetings are used as an avenue to disseminate information to its members regarding reproductive rights.
	6.5.3 Management has assessed the needs of new mothers, in consultation with the new mothers, and actions are taken to address the needs that have been identified.	NO	Gender Committee have been established at the Mill and Estate levels to help disseminate awareness on issues relating to reproductive rights and need of new mothers. Awareness on reproductive rights need of new mothers are also briefed during muster and Gender Committee meetings held at each Mill and Estates. However, no evidence assessment of new mothers were found at Sepagaya Estate. Therefore, Minor NCR MAR 02 2020 was raised.
	6.5.4 A grievance mechanism, which respects anonymity and protects complainants where requested, is established, implemented and communicated to all levels of the workforce.	YES	The system used by the Syarikat Kretam Mill CU in resolving disputes exists in the procedure called "Procedure on Complaint & Grievances". This SOP is open to all stakeholders, internal workers, NGO's, Third party etc. The system was open to all aggrieved parties as evidenced by the existence. There is also procedure name 'Whistle blowing Policy' to ensuring anonymity of complainants, community spokespersons and whistleblowers and Code of Conduct & Human Right Policy" ensuring anonymity HRD.
6.6 No forms of forced or trafficked labour are used.	6.6.1 (C) All workers have entered into employment voluntarily, and the following are prohibited: <ul style="list-style-type: none"> Retention of identity documents or passports (except for administration purposes including legalisation and renewal processes) Charging the workers for recruitment 	YES	Workers are given an option to either keep their own passports, or to keep them at the office. Those who chose to keep the passports at the office, keep them in locked pigeon holes with one key each kept by the worker, and one by the office. Workers have full access to their own passports and have given written confirmation of their agreement to keep their passports with the office. The estate and Mill do not charge their workers recruitment fee.

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Clause	Indicators	Comply Yes/No	Findings
	fees <ul style="list-style-type: none"> • Contract substitution • Involuntary overtime • Lack of freedom of workers to resign • Penalty to the workers for termination of employment • Debt bondage • Withholding of wages 		
	6.6.2 (C) Where temporary or migrant workers are employed, a specific labour policy and/or procedures are established and implemented.	YES	There is a Foreign Worker Policy stated that the company committed to: <ul style="list-style-type: none"> • Foreign workers should enter into employment voluntarily and freely, without the threat of a penalty • No Debt bondage • No Withholding of wages • No charging the workers for recruitment fees • No discrimination • Et
6.7 The unit of certification ensures that the working environment under its control is safe and without undue risk to health.	6.7.1 (C) The responsible person(s) for H&S is identified. There are records of regular meetings between the responsible person(s) and workers. Concerns of all parties about health, safety and welfare are discussed at these meetings, and any issues raised are recorded.	YES	The letter of appointment for the Managers signed by the Senior Manager was sighted. The Managers subsequently assigned duties of ESH coordinator to the Assistants for the down line implementation of ESH practices in the estates. Similar appointment was made for all the estates and the mill. All identified Executives were officially given a letter for such an appointment. All estates and the mill management conduct regular two-way communication with their employees through the quarterly ESH meeting. Minutes of meetings held by the mill and estates were verified.
	6.7.2 Accident and emergency procedures are in place and instructions are clearly understood by all workers. Accident procedures are available in national languages (English and/or Bahasa Malaysia) and explained in the language understandable to the workforce. Assigned operatives trained in first aid are present in both field and other operations, and first aid equipment is available at worksites. Records of all accidents are kept and periodically reviewed.	YES	Syarikat Kertam Plantation Sdn Bhd Estates had in place accident and emergency procedures as stated in the Occupational Safety and Health Policy of Kertam Holdings Berhad Group. Accident and emergency procedures were available in adherence to the Kertam Holdings Berhad Group, Safety and Health SOP. First aid training was conducted annually. Master list of first aid box of all estates which is available at the office was checked and verified. Observed that, first aid box is well provided for all the field mandores whose involved in harvesting, manuring and spraying works. The content of first box which is held by harvesting, manuring and spraying mandore was verified. Telephone numbers and names of the members of the Emergency Response Team (ERT) were communicated to all employees and displayed at notice boards. Telephone numbers of the PIC, Police Station, Fire Brigade, and Government Clinic were also included. Accident statistics were being maintained in a satisfactory manner and

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Clause	Indicators	Comply Yes/No	Findings
			periodically reviewed. Accident/injury record were recorded using Lost Time Accident (LTA) metrics. Quarterly review on accident cases had been carried out during quarterly OSH committee meeting. Telephone numbers and names of the members of the Emergency Response Team (ERT) were communicated to all employees and displayed at notice boards. Telephone numbers of the PIC, Police Station, Fire Brigade, and Government Clinic were also included.
	6.7.3 (C) Workers use appropriate PPE, which is provided free of charge to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, land preparation, and harvesting. Sanitation facilities for those applying pesticides are available, so that workers can change out of PPE, wash and put on their personal clothing.	YES	All Training and Briefing on the operations were provided for workers to educate them on safe working practices to ensure applicable precautions are adhered. During site visit at all estates and mill all PPE has been provided free of charge and was sighted all workers wearing appropriate PPE. Staff and workers such as the storekeepers, harvesters and sprayers were continuously trained and random interviews conducted showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner.
	6.7.4 All workers are provided with medical care and covered by accident insurance. Costs incurred from work-related incidents leading to injury or sickness are covered in accordance with Malaysian law.	YES	The Mill and Estates provide medical care and insurance coverage for all the workers. In addition, the estates and mill provide medical care to all workers using own Medical Assistant services. Cases requiring additional/serious treatment are referred to Hospital Kinabatangan 11 KM away
	6.7.5 Occupational injuries are recorded using Lost Time Accident (LTA) metrics.	YES	Records of all accidents are kept and filed. The methodology of occupational injuries is recorded using LTA. (Lost Man day MC.) This is summarized officially in the JKPP 8. Records are kept for a minimum 10 years in the office. Summary for the year is described in the JKPP 8 a mandatory requirement for submission to DOSH by Jan of the subsequent year. Cases if any are reviewed during safety meetings.

Principle 7: Protect, conserve and enhance ecosystems and the environment

Protect the environment, conserve biodiversity and ensure sustainable management of natural resources.

Clause	Indicators	Comply Yes/No	Findings
7.1 Pests, diseases, weeds and invasive introduced species are effectively	7.1.1 (C) IPM plans are implemented and monitored to ensure effective pest control.	YES	Kertam Hoding Berhad had established and documented a common IPM plan, which was reviewed yearly for the 4 Estates, Bode, Masang, Sapagaya and Bukit Sekong. The Integrated Pest Management had been implemented in Kretam Holding Berhad Group as part of compliance to the RSPO, ISCC & MSPO P&C requirements. The Kretam Holding Berhad group also has an Environment Policy and Sustainable Policy to advocate issues related to good

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Clause	Indicators	Comply Yes/No	Findings
managed using appropriate Integrated Pest Management (IPM) techniques.			agricultural practices and environment protections. Every plantations region had their IPM plan and addressed to the individual estates. The estates had in place documented the IPM plan which covered monitoring of pest, control of pest population levels at below threshold levels by using cultural, biological, physical/mechanical and use of pesticides.
	7.1.2 Species referenced in the Global Invasive Species Database and CABI.org are not to be used in managed areas, unless plans to prevent and monitor their spread are implemented.	YES	There was no evidence that species referenced in the Global Invasive Species Database and CABI.org are to be used in managed areas, as per site visited and as per the stakeholder consultation with relevant workers.
	7.1.3 There is no use of fire for pest control unless in exceptional circumstances, i.e. where no other effective methods exist, and with prior approval of government authorities.	YES	The Ketam CU had 2 policies on Zero Buring a main policy and sub policy. They were the Environmental Policy of Kertam Holding Berhad Group and Zero Burning Policy of Syraikat Kertam Plantations Snd Bhd. As advocated, both estates had practised Zero burning and there was no evidence on use of fire for any purpose inclusive of for pest control.
7.2 Pesticides are used in ways that do not endanger health of workers, families, communities or the environment.	7.2.1 (C) Justification of all pesticides used is demonstrated. Selective products and application methods that are specific to the target pest, weed or disease are prioritized.	YES	Justification of the use of pesticides had been documented. The use of selective products that are specific to the targeted pest, weed or disease had been defined in Planting Manual and SOP. The Manual and SOP had included a chemical register list which indicated the purpose of usage (intended target), hazards signage, trade and generic names. All the Estates had maintained chemical registers and were up dated periodically.
	7.2.2 (C) Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) are provided.	YES	SKOM CU continued to record areas where pesticides were used. a) Pesticides were used only when justified and as programmed. Records of pesticides used by area, quantity used, hectares applied, LD 50 and Ai/Ha were made available to auditors. b) Records were maintained in store issue chits, bin cards, program sheets, field cost books and progress reports.
	7.2.3 (C) Any use of pesticides is minimised as part of a plan, eliminated where possible, in accordance with IPM plans.	YES	All the estates on SKOM CU continued to apply pesticides by proven methods that minimise risk and impacts. As part of the IPM plans, the quantity of pesticides required for various field conditions are documented and justified in Kertam Holding Berhad's Planting Manual in the chapters Weed Control & Selective Weeding and Calibration. The implementation in the field was consistent with the Planting Manual Sections and IPM Plan.
	7.2.4 There is no prophylactic use of pesticides, unless in exceptional circumstances, as identified in national best practice guidelines.	YES	SKOM CU is committed to minimize the usage of agrochemicals by implementing IPM with the increased in the planting of beneficial plants. The chemicals used for the nurseries are as provided in the Planting Manual and where necessary by the SEM/Agronomist during the visits.
	7.2.5 Pesticides that are categorised as World Health Organisation Class 1A	YES	No use of chemicals categorized as World Health Organization (WHO) type 1A or 1B or listed by the Stockholm or Rotterdam Conventions. Paraquat has not be used since 2008 and was

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Clause	Indicators	Comply Yes/No	Findings
	or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, unless in exceptional circumstances, as validated by a due diligence process, or when authorised by government authorities for pest outbreaks. The due diligence refers to:		replaced by a systemic herbicide and glufosinate ammonium.
	7.2.5a Judgment of the threat and verify why this is a major threat.	YES	
	7.2.5b Why there is no other alternative which can be used.	YES	
	7.2.5c Which process was applied to verify why there is no other less hazardous alternative.	YES	
	7.2.5d What is the process to limit the negative impacts of the application.	YES	
	7.2.5e Estimation of the timescale of the application and steps taken to limit application to the specific outbreak.	YES	
	7.2.6 (C) Pesticides are only handled, used or applied by persons who have completed the necessary training and are always applied in accordance with the product label. All precautions attached to the products are properly observed, applied, and understood by worker. Personnel applying pesticides must show evidence of regular updates on the knowledge about the activity they carry out.	YES	Records showed that pesticides were handled, used and applied by trained persons and as per the MSDS/SDS of the pesticide, Kertam Holdings Berhad SOPs on Safety & Health Docs. The staffs and workers such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involved and how the chemicals should be used in a safe manner. The estates had a SOP for use of PPE during working. All workers involved in pesticide application were provided with appropriate PPE and replaced when damaged.
	7.2.7 (C) Storage of all pesticides is in accordance with recognised best practices.	YES	The storage of pesticides at SKOM CU was found to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. The chemical and fertiliser stores (with cemented floors and roofing) are locked & handled only by authorized personnel i.e. storekeeper. The stores in estate and mill were

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Clause	Indicators	Comply Yes/No	Findings
			ventilated (equipped with exhaust fans). All the chemicals were arranged/segreated according to the type.
	7.2.8 All pesticide containers are properly disposed of and/or handled responsibly if used for other purposes.	YES	Empty pesticide containers was punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. Inventory and consignment documents verified for confirmation of proper management and disposal. The scheduled wastes generated at SKOM CU not more than 180 days @ 20mt.
	7.2.9 (C) Aerial spraying of pesticides is prohibited, unless in exceptional circumstances where no other viable alternatives are available. This requires prior government authority approval. All relevant information is provided to affected local communities at least 48 hours prior to application of aerial spraying.	YES	Aerial spraying was not practiced by all the visited estates. There was no evidence to show that any had been carried out.
	7.2.10 (C) Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, is demonstrated.	YES	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, is demonstrated.
	7.2.11 (C) No work with pesticides is undertaken by persons under the age of 18, pregnant or breastfeeding women or other people that have medical restrictions and they are offered alternative equivalent work.	YES	The SKOM CU had a Social Policy stated that no work with pesticides shall be undertaken by pregnant or breast-feeding women. Pregnancy test was carried on doubtful cases. Monthly medical check-up for women sprayer was also being carried out by VMO. There was no evidence that the work with pesticides was undertaken by pregnant or breast-feeding women. This has also been confirmed through interviewed with workers.
7.3 Waste is reduced, recycled, reused and disposed of in an environmentally and socially responsible manner.	7.3.1 A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and hazardous characteristics, is documented and implemented.	YES	Waste management and disposal plan to avoid or reduce pollution had been documented and implemented. Procedures and guideline were used to guide the waste disposal activities and to reduce pollution on the routine operation. The waste disposed were seen only household and food waste and disposed via landfill. As for the line-site cleaning, it scheduled on weekly basis by Hospital Assistant.
	7.3.2 Proper disposal of waste material, according to procedures that are fully understood by workers and managers, is demonstrated.	YES	Procedures and guideline were used to guide the waste disposal activities and to reduce pollution on the routine operation. The documentation and identification of all waste product such as scheduled wastes, domestic wastes, clinical wastes, recyclable wastes such as metal, tins, plastics, bottles, mill wastes and polluting material e.g. EFB and POME. Disposal of empty pesticide containers were carried out as per established procedures. Triple rinsing procedures was continually implemented for empty pesticide containers. The rinsed containers were then pierced and stored prior disposal. Records on usage and disposal were well recorded and

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Clause	Indicators	Comply Yes/No	Findings																																																																								
			documented. Scheduled wastes had been disposed of through a licensed contractor approved by DOE.																																																																								
	7.3.3 The unit of certification does not use open fire for waste disposal.	YES	All estates had practised Zero burning and there was no evidence on use of fire for any purpose inclusive of waste disposal. During site visit at all Estates, there was no evidence of open burning had been used for waste disposal. Records showed that Domestic Waste was disposed into Landfills.																																																																								
7.4 Practices maintain soil fertility at, or where improve soil fertility to, a level that ensures optimal and sustained yield.	7.4.1 Good agriculture practices, as contained in SOPs, are followed to manage soil fertility to optimise yield and minimise environmental impacts.	YES	SKOM CU continued to implement the good agriculture practices as per Planting Manual to ensure optimal and sustained yield, and complied with recommendations for the application of the fertilizer.																																																																								
	7.4.2 Periodic tissue and soil sampling is carried out to monitor and manage changes in soil fertility and plant health.	YES	Fertilizer application, which was of paramount importance for maintenance of soil fertility, were carried out based on the recommendation made by the agronomist from third party service. Annual fertilizer recommendations were made based on annual foliar sampling and at the same time, soil sampling was carried out on an 8-year cycle basis.																																																																								
	7.4.3 A nutrient recycling strategy is in place, which includes the recycling of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), palm residues and optimal use of inorganic fertilisers.	YES	Only Bode and Masang Estate continued to have a nutrient recycling strategy in place. Palm fronds were stacked in the fields to decompose and EFB applied. No compost and POME were applied in both estates.																																																																								
	7.4.4 Records of fertiliser inputs are maintained.	YES	SKOM CU continued to monitor their fertilizer inputs as recommended by their agronomist from Boris Agriculture Services Sdn. Bhd. The records of the fertiliser inputs were maintained in the Fertilizer Application Record Books and the Bin Card. The amount of fertilisers applied were in accordance with the recommendation made by the agronomist.																																																																								
7.5 Practices minimise and control erosion and degradation of soils.	7.5.1 (C) Maps identifying marginal and fragile soils, including steep terrain, are available.	YES	Description of the soil characteristics such as texture, depth, drainage, parent material and key aspect for management was also available. The soil series in the estates were classified as follows as last updated on May 2014 subject to the requirement of the estates.																																																																								
			<table><tr><th></th><th>Soil Series</th><th>Bode</th><th>Masang</th><th>Bukit Sekong Estate</th><th>Sapagaya Estate</th></tr><tr><td>1</td><td>Jempol</td><td>X</td><td>X</td><td></td><td>Lungmanis</td></tr><tr><td>2</td><td>Jeram</td><td>X</td><td>X</td><td>X</td><td>Silabukan</td></tr><tr><td>3</td><td>Stom</td><td>X</td><td>X</td><td>X</td><td>Rumidi</td></tr><tr><td>4</td><td>Tanjung Lipat</td><td>X</td><td>X</td><td>X</td><td>Kertam</td></tr><tr><td>5</td><td>Kumansi</td><td>X</td><td>X</td><td>X</td><td>Gomantong</td></tr><tr><td>6</td><td>Talisai</td><td>X</td><td>X</td><td>X</td><td>Lokan</td></tr><tr><td>7</td><td>Kuah</td><td>X</td><td></td><td>X</td><td></td></tr><tr><td>8</td><td>Tebok</td><td>X</td><td>X</td><td></td><td></td></tr><tr><td>9</td><td>Kerayong</td><td></td><td></td><td></td><td></td></tr><tr><td>10</td><td>Briah</td><td></td><td>X</td><td></td><td></td></tr><tr><td>11</td><td>Selangor</td><td></td><td>X</td><td></td><td></td></tr></table>		Soil Series	Bode	Masang	Bukit Sekong Estate	Sapagaya Estate	1	Jempol	X	X		Lungmanis	2	Jeram	X	X	X	Silabukan	3	Stom	X	X	X	Rumidi	4	Tanjung Lipat	X	X	X	Kertam	5	Kumansi	X	X	X	Gomantong	6	Talisai	X	X	X	Lokan	7	Kuah	X		X		8	Tebok	X	X			9	Kerayong					10	Briah		X			11	Selangor		X		
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	7.5.2 No replanting of any individual, contiguous area of steep terrain (greater than 25°) larger than 25 Ha within the Unit of Certification.	YES	The estates visited in SKOM CU continued to have a management strategy for planting on slopes in order to minimize and control erosion and degradation of soils. The plantings on slopes between 9 and 25 degrees was guided by: a) Land Preparation for terracing in Planting Manual. b) SOP Replanting – Soil Conservation/Terracing
	7.5.3 There is no new planting of oil palm on steep terrain.	YES	This compliance being specified in the following guidelines. <i>“This compliance being addressed in the “Slope and River Protection” signed by the CEO dated Dec 2019 stating the following among others - Slope of >25 degree to be excluded from any new plantation development and replanting program. For slope <25 degree the existing crop all vegetative shall be maintained accordingly”.</i>
7.6 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.	7.6.1 (C) To demonstrate the long-term suitability of land for palm oil cultivation, soil maps or soil surveys identifying marginal and fragile soils, including steep terrain, are taken into account in plans and operations.	YES	Syraitkat Kretam Plantations Snd Bhd to demonstrate the long-term suitability of land for palm oil cultivation, had conducted soil surveys identifying marginal and fragile soils, and terrain surveys including steep terrain. As mentioned under indicator 7.5.1 soil maps and topography maps were made available. There were no peat soils, marginal soils and fragile soils on All Estates. The soil and topography of the estates were taken into account in plans and operations.
	7.6.2 Extensive planting on marginal and fragile soils, is avoided, or, if necessary, done in accordance with the soil management plan for best practices.	YES	Based on the soil maps provided and field visits there were no fragile and problem soils in all the estates.
	7.6.3 Soil surveys and topographic information guide the planning of drainage and irrigation systems, roads and other infrastructure.	YES	Auditors have verified through checking the www.globalforestwatch.com , Google Maps, Estate Maps and also through site visit to all estates. Based on the audit findings, it is confirmed that there were no new planting or new development of areas at SKOM CU.
7.7 No new planting on peat, regardless of depth after 15 November 2018 and all peatlands are managed responsibly.	7.7.1 (C) There is no new planting on peat regardless of depth after 15 November 2018 in existing and new development areas.	YES	This is <i>not applicable</i> as there is no peat soil in the entire all estates in the CU as supported by the soil maps of respective estates.
	7.7.2 Areas of peat within the managed areas are inventoried, documented and reported (effective from 15 November 2018) to RSPO Secretariat. PROCEDURAL NOTE: Maps and other documentation of peat soils are provided, prepared and	YES	This is <i>not applicable</i> as there is no peat soil in the entire all estates in the CU as supported by the soil maps of respective estates.

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	shared in line with RSPO Peat land Working Group (PLWG) audit guidance (see Procedural Note for 7.7.5 below).		
	7.7.3 (C) Subsidence of peat is monitored, documented and minimised.	YES	This is <i>not applicable</i> as there is no peat soil in the entire all estates in the CU as supported by the soil maps of respective estates.
	7.7.4 (C) A documented water and ground cover management programme is in place.	YES	This is <i>not applicable</i> as there is no peat soil in the entire all estates in the CU as supported by the soil maps of respective estates.
	7.7.5 (C) For plantations planted on peat, drainability assessments are conducted following the RSPO Drainability Assessment Procedure, or other RSPO recognised methods, at least five years prior to replanting. The assessment result is used to set the timeframe for future replanting, as well as for phasing out of oil palm cultivation at least 40 years, or two cycles, whichever is greater, before reaching the natural gravity drainability limit for peat. When oil palm is phased out, it is replaced with crops suitable for a higher water table (paludiculture) or rehabilitated with natural vegetation. This is subject to transitional (5 years: 2019 to 2025) arrangement stated in the Drainability Assessment Procedure. Within 12 months initial implementation period, company could submit other alternate methodologies to be considered by RSPO for recognition.	YES	This is <i>not applicable</i> as there is no peat soil in the entire all estates in the CU as supported by the soil maps of respective estates.
	7.7.6 (C) All existing plantings on peat are managed according to the 'RSPO Manual on Best Management	YES	This is <i>not applicable</i> as there is no peat soil in the entire all estates in the CU as supported by the soil maps of respective estates.

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	Practices (BMPs) for existing oil palm cultivation on peat', version 2 (2018) and associated audit guidance.		
	7.7.7 (C) All areas of unplanted and set-aside peatlands in the managed area (regardless of depth) are protected as "peatland conservation areas"; new drainage, road building and power lines by the unit of certification on peat soils is prohibited; peatlands are managed in accordance with the 'RSPO BMPs for Management and Rehabilitation of Natural Vegetation Associated with Oil Palm Cultivation on Peat', version 2 (2018) and associated audit guidance.	YES	This is <i>not applicable</i> as there is no peat soil in the entire all estates in the CU as supported by the soil maps of respective estates.
7.8 Practices maintain the quality and availability of surface and groundwater.	7.8.1 A water management plan is in place and implemented to promote more efficient use and continued availability of water sources and to avoid negative impacts on other users in the catchment. The plan addresses the following:	YES	SKOM CU Water Management Plan has been reviewed and updated. The objective was to meet the needs of existing and future populations and ensure that habitat and ecosystems are protected, the nation water must be sustainable and renewable.
	7.8.1a The unit of certification does not restrict access to clean water or contribute to pollution of water used by communities.	YES	Based on stakeholder consultation with local communities and field visit, there was evidence that the CU does not restrict access to clean water or contribute to pollution of water used by communities. In order to ensure supply of clean drinking water to workers treated water sampling was carried out twice a year. Drinking water quality has been monitored by a third party lab. Results from analysis were showed all the parameters within the limits NSDWQ.
	7.8.1b Workers have adequate access to clean water.	YES	As verified at SKOM CU facilities for workers and through interview with workers, all workers have obtained adequate access to clean/treated water via Water Treatment Plant and complied with Workers Minimum Standard of Housing and Amenities Act 1990.
	7.8.2 (C) Water courses and wetlands are protected, including maintaining and restoring appropriate riparian and other buffer zones in line with 'RSPO	YES	All estates had continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways within the estate.

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	Manual on BMPs for the management and rehabilitation of riparian reserves' (April 2017).		
	7.8.3 Mill effluent is treated to be in compliance with national regulations. Discharge quality of mill effluent, especially Biochemical Oxygen Demand (BOD), is regularly monitored.	YES	Treated effluent discharge method for land irrigation. The discharge parameters result were within the stipulated limit stated in " <i>Jadual Pematuhan</i> ". Monthly monitoring on effluent and water sighted and the results from the analysis were indicated below the stipulated limits.
	7.8.4 Mill water use per tonne of FFB is monitored and recorded.	YES	Mill management has reviewed and updated the plan by yearly basis. Sighted the record an evidence water consumption for FFB processing by monthly basis.
7.9 Efficiency of fossil fuel use and the use of renewable energy is optimised.	7.9.1 A plan for efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and documented.	YES	The plan for efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and documented. Record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy.

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7.10 Plans to reduce pollution and emissions, including greenhouse gases (GHG), are developed, implemented and monitored and new developments are designed to minimise GHG emissions.	7.10.1 (C) GHG emissions are identified and assessed for the unit of certification. Plans to reduce or minimise them are implemented, monitored through the Palm GHG calculator and publicly reported.	YES	<p>The CU had used RSPO Palm GHG version 4 Calculator as a tool to calculate the GHG emissions. The input data was verified, and the following were determined:</p> <table><tr><th>Description</th><th>tCO₂e/tProduct</th><th>Production</th><th>t/yr</th></tr><tr><td>CPO</td><td>0.56</td><td>FFB Processed</td><td>171,237.46</td></tr><tr><td>PK</td><td>0.56</td><td>CPO Processed</td><td>35470.85</td></tr></table> <table><tr><th>Land Use</th><th>Ha</th></tr><tr><td>OP Planted Area</td><td>9612.84</td></tr><tr><td>OP Planted on Peat</td><td>0.00</td></tr><tr><td>Conservation (forested)</td><td>543.81</td></tr><tr><td>Conservation (non-forested)</td><td>0.00</td></tr><tr><td>FFB production per ha</td><td>17.95</td></tr></table> <p>Milling extraction rate:</p> <table><tr><td>OER</td><td>20.71</td></tr><tr><td>KER</td><td>4.33</td></tr></table> <p>Mill Emission</p> <table><tr><th colspan="3">Own Crop</th></tr><tr><th>Emission source</th><th>tCO₂e</th><th>tCO₂e/tFFB</th></tr><tr><td>POME</td><td>12338.76</td><td>0.07</td></tr><tr><td>Fuel consumption</td><td>305.22</td><td>0.00</td></tr><tr><td>Grid electricity utilization</td><td>0.00</td><td>0.00</td></tr><tr><td>Credits</td><td>0.00</td><td>0.00</td></tr><tr><td>Export of excess electricity to housing & grid</td><td>0.00</td><td>0.00</td></tr><tr><td>Sale of PKS</td><td>-5324.37</td><td>-0.03</td></tr><tr><td>Sale of EFB</td><td>0.00</td><td>0.00</td></tr><tr><td>Total</td><td>7319.62</td><td>0.04</td></tr></table>	Description	tCO ₂ e/tProduct	Production	t/yr	CPO	0.56	FFB Processed	171,237.46	PK	0.56	CPO Processed	35470.85	Land Use	Ha	OP Planted Area	9612.84	OP Planted on Peat	0.00	Conservation (forested)	543.81	Conservation (non-forested)	0.00	FFB production per ha	17.95	OER	20.71	KER	4.33	Own Crop			Emission source	tCO ₂ e	tCO ₂ e/tFFB	POME	12338.76	0.07	Fuel consumption	305.22	0.00	Grid electricity utilization	0.00	0.00	Credits	0.00	0.00	Export of excess electricity to housing & grid	0.00	0.00	Sale of PKS	-5324.37	-0.03	Sale of EFB	0.00	0.00	Total	7319.62	0.04
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	7.10.2 (C) Starting 2014, the carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development are estimated and a plan to minimise them prepared and implemented (guided by the RSPO GHG Assessment Procedure for New Development).	YES	There was no new development or new planting at Syarikat Kretam Mill CU. It was confirmed through site visits and hectareage statements. Auditors also has verified through checking through www.globalforestwatch.com, Google Maps, and Estate Maps to all estates. Based on the audit findings, it was confirmed that no land clearing at Syarikat Kretam Mill CU since Nov 2005.																																																						
	7.10.3 (C) Other significant pollutants are identified and plans to reduce or	YES	Syarikat Kretam Mill CU maintained its documented identified wastes and sources of pollution in Waste Management Plan. The Waste Management Plan among others contains information																																																						

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	minimise them implemented and monitored.		pertaining to mitigate and control the identified wastes and source of pollution.
7.11 Fire is not used for preparing land and is prevented in the managed area.	7.11.1 (C) Land for new planting or replanting is not prepared by burning.	YES	There was no land preparation in SKOM CU by burning ever since KHB practice zero burning as per the policy.
	7.11.2 The unit of certification establishes fire prevention and control measures for the areas under its direct management.	YES	There was no land preparation in SKOM CU by burning ever since KHB practice zero burning as per the policy.
	7.11.3 The unit of certification engages with adjacent stakeholders on fire prevention and control measures.	YES	This is no relevant as KHB practices zero burning throughout the plantation properties within the management.
7.12 Land clearing does not cause deforestation or damage any area required to protect or enhance High Conservation Values (HCVs) or High Carbon Stock (HCS) forest. HCVs and HCS forests in the managed area are identified and protected or enhanced.	7.12.1 (C) Land clearing since November 2005 has not damaged primary forest or any area required to protect or enhance HCVs. Land clearing since 15 November 2018 has not damaged HCVs or HCS forests. A historic Land Use Change Analysis (LUCA) is conducted prior to any new land clearing, in accordance with the RSPO LUCA guidance document.	YES	Auditors has verified through checking through www.globalforestwatch.com , Google Maps, Estate Maps and also through site visit to all estates. Based on the audit findings, it was confirmed that no land clearing at Syarikat Kretam Mill CU since Nov 2005.
	7.12.2 (C) HCVs, HCS forests and other conservation areas are identified as follows:	YES	The report "HCVF Assessment Two Parcels of Forest at Masang Estate, Kota Kinabatangan" is available. The finding from Assessment stated that 'There is no fauna of significance that is found in these parcels of forest. There is no ERT or Endangered, Rare and Threatened species within these forests. In general, Kretam Mill CU had identified 4 potential HCV 1.2, 1.4, 4.1 and 5 at Parcel A Masang Estate and Parcel B Bode Estate, and no HCV identified at Bukit Sekong Estate and Sepagaya Estate The stated HCV area is 250 Ha in total.
	7.12.2a For existing plantations with an HCV assessment conducted by an RSPO-approved assessor and no new land clearing after 15 November 2018, the current HCV assessment of those plantations remains valid.	YES	
	7.12.2b: Any new land clearing (in existing plantations or new plantings) after 15 November 2018 is preceded by an HCV-HCS assessment, using the HCSA Toolkit and the HCV-HCSA Assessment Manual. This will include stakeholder consultation and take into	YES	Auditors has verified through checking through www.globalforestwatch.com , Google Maps, Estate Maps and also through site visit to all estates. Based on the audit findings, it was confirmed that no land clearing at Syarikat Kretam Mill CU since Nov 2005.

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Clause	Indicators	Comply Yes/No	Findings
	account wider landscape-level considerations.		
	7.12.4 (C) Where HCVs, HCS forests after 15 November 2018, peatland and other conservation areas have been identified, they are protected and/or enhanced. An integrated management plan to protect and/or enhance HCVs, HCS forests, peatland and other conservation areas is developed, implemented and adapted where necessary, and contains monitoring requirements. The integrated management plan is reviewed at least once every five years. The integrated management plan is developed in consultation with relevant stakeholders and includes the directly managed area and any relevant wider landscape level considerations (where these are identified).	NO	In managing the HCVs, the CU had a regular programme to educate its employees pertaining to the protection of the RTE as well as the protection of buffer zone and all protected areas. The CU has conducted a regular patrol of HCV areas, access and boundary of estates in its monitoring programme. Signage, such as "HCV attributes", "No Hunting", "No Fishing", "Buffer Zone" was erected on sites. No use of chemicals had been applied in the buffer zone as prohibited by the CU. In general, the action plan has been implemented accordingly as per detailed of action plan concerning HCV contained in the report section The action plan for these HCVs had been incorporated in the HCV report section '6.2.2 HCV Management and Monitoring Recommendations'. However it was found that the HCV integrated management plan is not developed in consultation with relevant stakeholder, even though in the stakeholders meeting was held on 22/1/20 the stakeholder affected was invited. Thus, Major NCR MZK 01 2020 has been raised.
	7.12.5 Where rights of local communities have been identified in HCV areas, HCS forest after 15 November 2018, peatland and other conservation areas, there is no reduction of these rights without evidence of a negotiated agreement, obtained through FPIC, encouraging their involvement in the maintenance and management of these conservation areas.	YES	There was no local communities living nearby with Syarikat Kretam Mill CU. So, this indicator was not applicable with this CU.

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Clause	Indicators	Comply Yes/No	Findings
	7.12.6 All rare, threatened or endangered (RTE) species are protected, whether or not they are identified in an HCV assessment. A programme to regularly educate the workforce about the status of RTE species is in place. Appropriate disciplinary measures are taken and documented in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect, trade, possess or kill these species.	YES	A training programme for year 2020 was available at All estates and conducted accordingly.
	7.12.7 The status of HCVs, HCS forests after 15 November 2018, other natural ecosystems, peatland conservation areas and RTE species is monitored. Outcomes of this monitoring are fed back into the management plan.	YES	The implementation of HCV monitoring followed prescriptions in the "The HCV and RTE action plan was as in 'Monitoring Checklist of Biodiversity Area by Monthly'. The main approach taken included conservation of species and maintenance of connectivity between protected forest within and surrounding Kretam Mill CU. Management included demarcation, education (awareness briefing) and constant monitoring. The status of HCV and RTE species that are affected by plantation or mill operations had also been documented in the report.
	7.12.8 (C) Where there has been land clearing without prior HCV assessment since November 2005, or without prior HCV-HCSA assessment since 15 November 2018, the Remediation and Compensation Procedure (RaCP) applies.	YES	Auditors has verified through checking through www.globalforestwatch.com , Google Maps, Estate Maps and also through site visit to all estates. Based on the audit findings, it was confirmed that no land clearing at Syarikat Kretam Mill CU since Nov 2005.

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Clause	Indicators		Comply Yes/No	Findings
4.5.3 Time-bound plan Note: Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised;	(a)	As a minimum, all estates and mills shall be certified within 5 years after obtaining RSPO membership. Any new acquisitions shall be certified within a 3-year timeframe. Any deviations from these maximum periods requires approval by the RSPO Secretariat.	Yes	KHB Plantation is in progress to certify all the CU as verified through Time Bound Plan dated Jan 2020. Silimpopon 2 Estate will be targeted to be certified by 2020. The uncertified management unit was due to non-compliant on land clearance before 1 Nov 2005. Total hectareage of land clearance was 53.89 ha and total area of final conservation liability was 22.30 ha. Malaysian Environmental Consultants (MEC) has been used to conduct the LUC analysis. As per current status (29/07/2019) KHB has sent the concept note to the RSPO secretariat and still in the reviewing process from compensation panel.
	(b)	Progress towards this plan shall be verified and reported on in subsequent annual surveillance audits by the CB. Where the CB conducting the surveillance audit is different from the CB which first accepted the time-bound plan, the later CB shall accept the appropriateness of the time-bound plan at the moment of first involvement and shall only check continued appropriateness;	Yes	The time bound plan set for one uncertified unit i.e. Silimpopon 2 estate, was appropriate and within the timeframe of three years for RSPO certification.
	(c)	Any revision to the time-bound plan or to the circumstances of the company shall cause the time-bound plan to be reviewed by the CB. Changes to the time-bound plan are permitted only where the organization can demonstrate to the CB that they are justified. The requirements will also apply to any newly acquired subsidiary from the moment that the company is legally registered with the local notary or chamber of commerce (or equivalent);	Yes	CB has received and verified time bound plan for one uncertified unit as at July 2020. The time bound plan was revised and endorsed by the Sustainability Team.

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<p>4.5.4 Requirements for uncertified management units:</p>	(a)	No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since 1 st January 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;	Yes	For uncertified management unit, the HCV assessment has been carried out in Nov 2007 by Dr Edwin J Bosi from Fauna Consultant (wildlife management) and has been upgraded on Sept 2018 by Malaysian Environmental Consultants Sdn Bhd.
	(b)	Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	Yes	There was no issue on land. Silimpopon 2 estate has a valid land title which is combined with Silimpopon 1 Estate. Land title status has been described below: Government.Land title no: country lease 105523911, containing 8090 ha (Silimpopon 1 (3934.82 ha) & Silimpopon 2 (4155.18 ha)), lease from state from 01/01/1998 until 31/12/2096. Land status for purpose of cultivation of agricultural crop of economic value. Sighted an evidence changes of status of land development to Oil Palm cultivation from Jabatan Pertanian Dan Industri Makanan, Sabah on 05/06/2018. Stakeholder consultation has been carried out on 14/08/2019. During the meeting there was no issues related to land conflict has been raised by stakeholder.
	(c)	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	Yes	Procedure was established to resolve any labour disputes i.e. Complaints & grievances procedure, document no: KHB-HR-P05. Sighted the grievance book (aduan pembaikan kerosakan rumah) established for workers to channel complaint related to housing complaint, etc.
	(d)	Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	Yes	KHB complied with all the related legal requirement. Evidences & document reference such as HCV report results, land title, Racp status, LUCA status, planting statement, SOP for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, SOP calculating and distributing fair compensation, etc. were concluded adequate in the report for all uncertified management units.

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	(e)	The audit team shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a) – (d) above by the audit team based on self-declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach:	Yes	<p>Internal audit has been carried out on 27/08/2019 by sustainability team (7 auditor) at Silimpopon 2 Estate. Checklist as per RSPO P&C MYNI (RSPO Documentation Audit Checklist 2019) has been used as a guidance to conduct the internal audit. Generally, there are positive results for the estate facilities and documentation toward preparation for external audit by CB in year 2020.</p> <p>KHB – Silimpopon 2 Estate has been invited NGO such as WWF Malaysia, Sabah Family Planning Association Tawau Branch, the East Malaysia Planter Association (EMPA), Wild Asia Kinabatangan, Sabah Environment Protection Association to the stakeholder consultation on 22/07/2019. Until the completed the stakeholder meeting there was no complaint has been highlighted to uncertified unit.</p> <p>During time of audit, there was no comment receive to the uncertified unit. This can be confirmed through website and interview with Ketua Kg Silimpopon (Mr. Bahar Bin Bacho), Ketua Kg Murut (Mr. Staincen Kary), Ketua Kampung Kalabakan (Mr. Haji Imran Bin Hj Omar)</p>
		<ul style="list-style-type: none"> A positive assurance statement is made, based upon self-assessment (i.e. internal audit) by organization. This would require evidence of the self-assessment against each requirement; 		
		<ul style="list-style-type: none"> Targeted stakeholder consultation, including consultation with the relevant NGO's will be carried out by the audit team. 		
		<ul style="list-style-type: none"> Desktop study e.g. web check on relevant complaints 		
		<ul style="list-style-type: none"> If necessary, the audit team may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements. 		
<p>4.6.4</p> <p>The CB shall review whether oil palm operations have been established in areas which were previously owned by users and/or are subject to customary rights of local communities and indigenous peoples. If applicable, the CB shall consult directly with all of these parties to assess whether land transfers and/or land use agreements have been developed with their free, prior and informed consent and check compliance with the specific terms of such agreements.</p>		No additional indicators		<p>It has been verified that Kretam Mill CU has bought the land of Bode Estate, Bode Division from Colony Of North Borneo (Sabah Government) in 3 March 1953, as Country Lease. Interviews with Surrounding Villagers from Kg Batu 8, Kg Buang Sayang, Kg Berjaya 1, Kg Sri Tanjung confirmed that they do not have any issue on that. There is Also 2 Division in Bode Estate namely Capakaya division which is partly 281.93 ha from whole Bode Estate. The land in Capakaya Division is legitimately owned by Syarikat Kretam Plantation Sdn Bhd but originally bought from Capakaya Sdn Bhd. Auditor also sighted that all Land title has already change the owner to Syarikat Kretam Plantations Sdn bhd on 9/8/2005. Another division Timberwood Division is partly 139.49 ha from whole Bode Estate, The land in Timberwood Division is legitimately owned by Syarikat</p>

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			<p>Kretam Plantation Sdn Bhd but originally bought from Timberwood Sdn Bhd. Auditor also sighted that all Land title has already change the owner to Syarikat Kretam Plantations Sdn bhd on 9/8/2005 The land titles were for planting either oil palm or agricultural crops for economic value.</p> <p>For Bukit Sekong Estate, the Land was owned by Brinchang Plantation, Brinchang Realty, Merjaya and Nunuyan which is previously bought from Sabah Land Development and bought by Abedon Sdn Bhd in 22/1/97. After that Abedon Sdn Bhd has merged with Kretam Holdings Berhad in 2012 and the Estate has been managed by Kretam until now. Interviews with surrounding area from Kg Batu 8, Kg Buang Sayang, Kg Berjaya 1, Kg Sri Tanjung confirmed that, there is no issue regarding Land title at Kretam. It has been confirmed that Kretam has the right to use the land which is legitimately owned by their company. There is Also 1 Division in Bukit Sekong Estate namely Sukau division which is partly 103.63 ha from whole Bukit Sekong Estate. The land in Sukau Division is legitimately owned by Abedon Sdn Bhd but originally bought from Nunuyan Plantation. Auditor also sighted that all Land title has already change the owner to Abedon Sdn Bhd on 27/9/2000. Previous landowner of this Plantation is a villager which is originally from Kinabatangan villagers. Auditor has make attempt to find the previous land owner, but couldn't get the owner due to untraceable. Auditor also call the Sabah Land department Kinabatangan to get the previous land owner phone number, but couldn't get it due to untraceable.</p> <p>For Sepagaya Estate, the Land was legitimately own and bought by Syarikat Kretam Plantations Sdn Bhd in 1980 from Sabah Government. Interviews with Villagers from Kg Batu 8, Kg Buang Sayang, Kg Berjaya 1, Kg Sri Tanjung confirmed that, there is no issue regarding Land title at Sapagaya Estate. It has been confirmed that Kretamhas the right to use the land which is legitimately owned by their company.</p> <p>For Masang Estate, the Land was previously owned by</p>
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				<p>several Company and Several villagers, which is previously bought from Sabah Government in 1980 - 1984 and bought by Syarikat Kretam in year 1988 - 1992. The Estate has been managed by Kretam until now. Previous landowners of this Plantation were some villagers which are originally from Kinabatangan villagers and outsider. Auditor has make attempt to find the previous land owner, but couldn't get the owner due to untraceable. Auditor also call the Sabah Land department Kinabatangan to get the previous land owner phone number, but couldn't get it due to untraceable. Interviews with surrounding area from Kg Batu 8, Kg Buang Sayang, Kg Berjaya 1, Kg Sri Tanjung confirmed that, there is no issue regarding Land title at Kretam. It has been confirmed that Kretam has the right to use the land which is legitimately owned by their company. Evidence of legal ownership of the land including history of land tenure was verified during this audit. Each estate was provided with legal use of the land through a Country Lease signed by the Registrar of Titles following the payment of premium. This document were made available by all the individual estates.</p>
<p>Note:</p> <p>1. For requirements 4.5.4 (a)-(d) above, the definition of major and minor NC is stated in the RSPO P&C. For example, if an NC against a major indicator in a non-certified management unit is identified, the current certification assessment cannot proceed to a successful conclusion unless that is actively addressed;</p> <p>2. Failure to address any outstanding NC within uncertified unit(s) regarding 4.5.4 (a)-(d) may lead to certificate suspension(s) to the certified unit(s), in accordance with the provisions of these Certification Systems.</p>				

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Attachment 4

Details of Non-conformities and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor												
MAR 01 2020 (2.2.3)	Minor	Finding: Contracts agreements does not contain clauses disallowing child, forced and trafficked labour. Where young workers are employed, the contracts include a clause for their protection. Objective evidence: Contract Agreement between Kretam Mill CU and suppliers contain no clauses on disallowing child, forced and trafficked labour, and clause for young workers protection (if employed).	Top Management has decided Starting from 06/08/2020, all contract document produced by estates and mill will include the clauses on disallowing child, forced and trafficked labour, and clause for young workers protection (if employed). This includes yearly and monthly contracts.	Corrective action plan accepted; the effectiveness of implementation will be verified during the next audit. Status: Open												
DA 01 2020 (3.6.1)	Major	Finding: Certain operations/activities has not been risk assessed to identify H&S issues. Objective evidence: Certain operations/activities has not been risk assessed in the HIRARC: 1) Replanting activities 2) Water sampling activities 3) FFB Crop Evacuation via Bin System	The management has conduct a risk assessment for these 3 activities been on 06/08/2020. And will remind the PIC of the Estate.	Sighted the new Assessment for Replanting activities, Water sampling activities and FFB Crop Evacuation via Bin System has been Risk Assessed by the management on 6/8/20. Status: Closed. The effectiveness of implementation will be verified during the next audit.												
RAR 01 2020 (3.8.7)	Major	Finding: The mill did not informed the CB about overproduction of certified volume. Objective evidence: <table><tr><td>Last year projected</td><td>CSPK</td><td>CSPK</td></tr><tr><td></td><td>41,217 mt</td><td>8,430.75mt</td></tr><tr><td>Actual</td><td>CSPK</td><td>CSPK</td></tr><tr><td></td><td>48,685.64mt</td><td>10.422.14mt</td></tr></table>	Last year projected	CSPK	CSPK		41,217 mt	8,430.75mt	Actual	CSPK	CSPK		48,685.64mt	10.422.14mt	Syarikat Kretam Mill POM has applied volume extension in July 2020. In the future, Mill will immediately request for more CPO and CSPK volume if deemed necessary.	Sighted Email dated 29/7/20 requested for extension and email from RSPO dated 11/9/2020 that RSPO has approved the request. Status: Closed. The effectiveness of implementation will be verified during the next audit.
Last year projected	CSPK	CSPK														
	41,217 mt	8,430.75mt														
Actual	CSPK	CSPK														
	48,685.64mt	10.422.14mt														

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MZK 01 2020 (7.12.4)	Major	<p>Finding : HCV management plan have been not developed with participation of affected stakeholders</p> <p>Objective evidence : It was found that the HCV integrated management plan at Kretam Mill CU is not developed in consultation with relevant stakeholder, even though in the stakeholders meeting was held on 22/1/20 the stakeholder affected was invited.</p>	All discussion and comments from stakeholder during past year Stakeholder Consultation will be included inside Baseline Biodiversity Assessment Document. This includes recommendation from NGOs such as Danau Girang and WWF.	<p>Sighted an evidence of stakeholder consultation which has been carried out at Kretam on October 2020.</p> <p>Among issues discussed with relevant affected stakeholder i.e. PERHILITAN, Danau Girang and WWF were related to illegal hunting, the effected stakeholder has no issues related to HCV action plan has been carried out by CU.</p> <p>Status: Closed. The effectiveness of implementation will be verified during the next audit.</p>
MAR 02 2020 (6.5.3)	Minor	<p>Finding: Management did not assess the needs of new mothers, in consultation with the new mothers, and actions are taken to address the needs that have been identified.</p> <p>Objective evidence: No evidence assessment of new mothers were found at Sapagaya Estate.</p>	All the pregnant workers will be assessed on their needs by the estate management.	<p>Corrective action plan accepted; the effectiveness of implementation will be verified during the next audit.</p> <p>Status: Open</p>

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ATTACHMENT 5

STATUS OF NON-CONFORMITIES PREVIOUSLY IDENTIFIED

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Verification by Assessor
2.1.3	Minor	<p>The women workers are pay for maternity allowance after return for works from confinement period. KHB Sandakan region did not establish a mechanism to monitor following:</p> <p>a) When the confinement period starts and return to work?</p> <p>b) When the allowance be paid?</p> <p>c) In the event the woman worker is required to have early confinement period when certified by an approved medical practitioner to start 14 days earlier according to Sabah Labour Ordinance clause 83 (3). Subject to section 87, maternity leave shall not commence earlier than a period of thirty days immediately preceding the confinement of a female employee or later than the day immediately following her confinement.</p> <p>Provided that where a medical officer or the registered medical practitioner appointed by the employer certifies that the female employee as a result of her advanced state of pregnancy is unable to perform her duties satisfactorily, the employee may be required to commence her maternity leave at any time during a period of fourteen days preceding the date of her confinement as determined in advance by the medical officer or the registered medical practitioner appointed by the employer.</p>	<p>Auditor has verify the new workers contract stated that company will follow Sabah Labour Ordinance clause 83 (3). Subject to section 87, maternity leave shall not commence earlier than a period of thirty days immediately preceding the confinement of a female employee or later than the day immediately following her confinement. And currently has been implemented at CU.</p> <p>Status : Closed</p>
4.1.1	Major	<p>The following SOP is not established:</p> <p>Safe Working Procedure for Tank Cleaning that include the requirement for Confine Space Entry, that is, the requisite to conduct Gas Test in the Permit to Work.</p>	<p>KHB has established procedure for confine space, document number: KHB-SOP-26-S&H. Auditor has verify The SOP and form they used when entering the confined space area.</p> <p>Status : Closed</p>
4.1.3	Minor	<p>SOP Water and River Contamination Handlings Doc. No. KHB/G/SOP-09 rev.04 dated 09/02/2018 is established to monitor water source and river are the two protected area from any pollutions or water contamination that can harm to the human, livestock/animals and plants. A monitoring checklist established did not include monitoring of points (b) and (c).</p>	<p>Action plan dated in March 2020 is reviewed. The objective was to meet the needs of existing and future populations and ensure that habitat and ecosystems are protected, the nation water must be sustainable and renewable.</p> <p>A monitoring checklist for water and river contamination handlings has been reviewed. Sighted the checklist for the year 2020 from Jan to June, has been included the (b) monitoring visually on any changes of the water colour or sign of pollution and (c) monitoring on the smell of the water.</p> <p>Status : Closed</p>

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4.6.10	Minor	Landfill SOP Waste Disposal KHB/G/SOP-08 Rev. 4 dated 04/05/2018, Effective date 18/08/2018 did not address handling of SW found at Sorting Shed. Sighted at Sapagaya estate landfill site at Block 07.SD.02 Waste Sorting shed the presence of Scheduled Waste SW 102 – Waste of Lead Acid batteries and SW 109 – Waste containing mercury or its compound such as fluorescent tubes.	Procedures and guideline were used to guide the waste disposal activities and to reduce pollution on the routine operation. The documentation and identification of all waste product such as scheduled wastes, domestic wastes, clinical wastes, recyclable wastes such as metal, tins, plastics, bottles, mill wastes and polluting material. Disposal of empty pesticide containers were carried out as per established procedures. Triple rinsing procedures was continually implemented for empty pesticide containers. The rinsed containers were then pierced and stored prior disposal. Records on usage and disposal were well recorded and documented. Scheduled wastes had been disposed of through a licensed contractor approved by DOE. During site visit at landfill for all estates, sighted only household and food waste. There is no presence of scheduled wastes or recycles waste in the landfill. Interviews with workers revealed that they understood and aware on issues pertaining to waste management. Status : Closed
6.1.4	Minor	Kretam Sandakan Region has established the SIA and reviewed annually. An action plan is included for mitigating negative impacts and promote positive impacts. However, the following are not define clearly: 1. Timeline of completion 2. When it was completed? 3. Are the affected parties involved in the mitigation process?	The Social Impact Assessment (SIA) for For Kretam Mill Sdn Bhd CU, it was done in Nov 2018 and reviewed in Dec 2019. The reports had covered all workers and Staff. Records on stakeholder meeting and JCC meeting were verified. Both meetings were attended by workers, staff, workers' representative, suppliers, contractors, and teachers. Within the CU, Kretam Mill Sdn Bhd CU mitigate negative impacts and promote positive ones by calling for meetings with their respective stakeholders. Meetings with the stakeholder included the workers, Gender Committee meetings, OSH meetings, JCC Meetings and external stakeholder's meetings. Based on minutes of the meetings, the issues raised were discussed and documented. These issues were subsequently incorporated into the Time Bound Social Plan to mitigate negative impacts and to promote positive impacts. The Time Bound Social Plan dated in July 2020 was presented and verified. Person-in-charge has not been named on the document, but verbally the auditor was informed that it will be under the purview of the person appointed as management official responsible under SOP. The social management and monitoring plans of all estates and mill within Kretam Mill CU have been developed with participation of affected stakeholders after getting both positive and negative inputs during meetings. Status : Closed
6.12.3	Major	KHB Sandakan region adopted KHB group Recruitment of Foreign Worker Procedure Doc. No. KHB-HR-P04 rev. 3 effective date	KHB has established new foreign workers policy. The policy describes on foreign workers entering work voluntary, freely, no discrimination

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		<p>01/02/2019. However, the SOP does not address following:</p> <ol style="list-style-type: none"> 1. Hiring through a recruitment agency 2. Type of arrangement between foreign recruitment agencies and Consulate of the home country. 3. Type of arrangement between local and foreign recruitment agencies. 4. Records and monitoring of fees paid by the workers to the recruitment agencies of the home country. 5. Hiring of walk in workers. <p>The SOP allows hiring of workers without identification documents, valid travel document or work permits. However this contradicts the Social Policy dated 01/09/2018 states the company's commitment to prohibit any form of forced or trafficked labour or unlawful employment of people.</p> <p>The hiring flow chart in the SOP include a 1 month notice for termination for those workers who are unsuccessful in obtaining valid travel and work permits after 6 months will be terminated. However, the workers' employment contract did not include the condition of termination.</p>	<p>and no retention of documents.</p> <p>The revised Social Policy excludes the statement 'prohibit any form of forced or trafficked labour'.</p> <p>KHB has revised SOP recruitment for foreign workers, document number KHB-HR-P04. The SOP includes:</p> <ol style="list-style-type: none"> 1. Process on hiring foreign workers who have valid passport or social work pass. 2. Human Resource Department to liaise with agency appointed by company to check balance of company quota for recruitment of foreign workers. 3. Checking and send workers passport to agency for submission to immigration department. 4. Received amount to pay for foreign workers from agency. <p>Flow chart for recruitment processes included in page 5 of the procedure.</p> <p>KHB has established SOP recruitment of temporary workers document number KHB-HR-P12, revision 01. The SOP describes:</p> <ol style="list-style-type: none"> 1. Process on hiring foreign works with no valid documents. 2. Recruitment of temporary or casual workers are limited to 6 months, and if they are still needed by company, their contract will be continuing for another 6 months period via Contract Extension Letter. 3. Repatriation will be arranged for workers with due date on temporary or extended contract. <p>The SOP recruitment of temporary workers, revision 01, is made available to all estates and mill during ASA 4 2020 Audit. Sighted Also there is a new workers contract for early 2020 to include all requirement SLO.</p> <p>Status : Closed</p>
4.5.3 (c) & (d) RSPO Cert. Sys. Req.	Minor	A revised time bound plan is not establish to demonstrate the cause of the delay for certification of Silimpocon region unit.	<p>Revised time bound Plan was available, and currently Silimpocon CU has been certified under the SiRIM. Only Silimpocon 2 Estate still not certified due to RACP progress under RSPO.</p> <p>Status : Closed</p>
5.12.3 RSPO SC 2017	Major	Management review conducted did not address supply chain standard sufficiently on output for any follow up actions.	<p>Management review has been conducted in July 2020 and has covered input that could affect the management system and also include the output review as required.</p> <p>Status : Closed</p>

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ATTACHMENT 6 – Timebound Plan

**Kretam Holdings Berhad
Time-bound Plan for RSPO Certification**

Certification Unit	2016	2017	2018	2019	2020	2021	2022
	1	2	3	4	5	6	7
Syarikat Kretam Mill Sdn Bhd (Kretam Mill) *							
Abedon Sdn Bhd (Abedon Mill) *							
Syarikat Kretam Mill Sdn Bhd (Silimpopon Mill) and Silimpopon 1 Estate							
Syarikat Kretam Mill Sdn Bhd (Silimpopon Mill) - Silimpopon 2 Estate							