



# Sustainability Framework Evaluation for Kelani Valley Plantations PLC

## **Assessment 2021**

**Evaluation date:** 11/12 January 2021

**Report date:** 10 May 2021

**Sustainability Framework V0.1 – Rubber Adaptation (draft)**

## **Organisation Contact**

Kushani Rajapaksha  
Assistant Manager – Sustainability and Resource Development  
Kelani Valley Plantations PLC  
400, Deans Rd, Colombo 10  
Sri Lanka.

## **Preferred by Nature Contact**

NEPCon OÜ  
Filosoofi 31 Tartu, 50108, Estonia - Baltics  
Christian Sloth, Sustainability Program Director  
+45 3158 7981

## TABLE of CONTENTS

1.	<a href="#">INTRODUCTION TO THE PILOT TEST</a>	3
2.	<a href="#">AUDIT CONCLUSIONS</a>	4
3.	<a href="#">AUDIT PROCESS</a>	14
4.	<a href="#">ORGANISATION DETAILS AND EVALUATION SCOPE</a>	17
5.	<a href="#">EVALUATION FINDINGS</a>	Error! Bookmark not defined.

## 1. INTRODUCTION TO THE PILOT TEST

Preferred by Nature is an international non-profit organisation working to support better land management and business practices that benefit people, nature and the climate. We do this through a unique combination of sustainability certification services, projects supporting awareness raising, and capacity building.

The purpose of this report is to document conformance with the requirements of the Sustainability Framework by Kelani Valley Plantations PLC, hereafter referred to as "Organisation". The report presents the findings of Preferred by Nature auditors who have evaluated the Organisation's systems and performance against the applicable requirements.

The report has been developed with the dual purpose of providing the Kelani Valley Plantations PLC, with information on their performance towards meeting key sustainability issues, as well as acting as a pilot evaluation of how well the draft Conformance Indicators for Land Managers, of the Sustainability Framework, can be applied in the field.

The objective is to pilot test adaptation of the Sustainability Framework to a specific commodity. We are aiming to focus the Sustainability Framework on areas with lack of existing certification scheme or limited uptake (indicating potential bottlenecks with current schemes). The pilot test includes following steps:

1. Developing commodity specific indicators through adapting the generic indicators to rubber (completed)<sup>1</sup>
2. Risk assessment to identify low risk indicators
3. Field verification using the adapted checklist (low risk indicators will also be screened at this stage to test the accuracy of the risk assessment process)
4. Preparation of pilot report, including compliance findings AND feedback to the adaptation process and usability of the adapted framework (see next section for specific questions).

If there are any necessary follow-up actions required by your Organisation, they are outlined in the Audit Conclusions section of this report.

Dispute resolution: If Preferred by Nature clients encounter organisations or individuals having concerns or comments about Preferred by Nature services, these parties are strongly encouraged to contact the relevant Preferred by Nature regional office or any member of the Preferred by Nature Chain of Custody Programme. Formal complaints and concerns should be sent in writing.

Impartiality commitment: Preferred by Nature commits to using impartial auditors and our clients are encouraged to inform Preferred by Nature management if violations of this are noted. Please see our Impartiality Policy here: <http://www.preferredbynature.org/impartiality-policy>.

## 2. AUDIT CONCLUSIONS

This section provides the conclusion of the assessment and details specific items that need follow-up (if any). The follow-up items in this report are findings relevant to the organisation's conformance with the Rubber Conformance Indicators of the Sustainability Framework. Please see the section "Evaluation Findings" for full compliance info and detailed findings about all applicable criterion.

The required follow-up items have been classified as non-conformities or observations. Non-conformities are mandatory to address within the specified time period and they are graded as major or minor. Observations are optional to address.

This section also includes feedback from the Organisation regarding the use and applicability of the Sustainability Framework as part of the pilot test.

### 2.1 Audit compliance conclusion

Based on Organisation's conformance with Sustainability Framework requirements, the following recommendation is made:

- ☒ Certification approved
- ☐ Certification not approved until the major non-compliances have been addressed

Additional comments, including issues identified as controversial or hard to evaluate and explanation of the conclusion reached: No special issues were noted.

### 2.2 Non-conformities and observations issued

<b>NCR: 01/2021</b>	<b>Compliance Conclusion: Major</b>
<b>Criteria:</b>	10.4. Legal requirements related to wages and other payments shall be complied with.
<b>Type of Criteria:</b>	Legal
<b>Description of Non-conformance:</b>	
Minimum wage of tea plantation is decided as per the plantation workers' wage collective agreement. This collective agreement is acknowledged by the government. It is also revised periodically (once in two years). The daily wages are decided as per collective agreement between the Employers' Federation of Ceylon and the Ceylon Workers' Congress, Lanka Jathika Estate Workers' union and Joint plantations Trade Union Center. Last wage agreement is signed and effective from 28th January 2019. A daily wage of LKR 700 which is eligible for Employees Provident Fund (EPF) and employees' Trust Fund (ETF). A fixed Price Share Supplement (PSS) of a sum of LKR 50.00 is also paid and over kilo rate of LKR 40. Other benefits such as EPF, ETF, Annual Bonus, Workman Compensation, Plucking Incentives, Gratuity, Over Time, Leave with Wages, are paid to workers according to the Collective Agreement. Workers are paid LKR 750.00 per day without EPF and ETF and that amount is greater than the minimum wage of the country defined for Tea Growing & Manufacturing Trade. During the interviews and document review, it was found that all the workers are benefiting the daily wagers as per the new collective agreement. Overtime payments are according with the legal requirement. However, in Sunday OT rate is 1.25 instead of 2 times as per the law.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the

	root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	One month from the report finalization
<b>NCR Evaluation Type</b>	On-site <input type="checkbox"/> Desk Review <input checked="" type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	Company instruction letter Pay slips of the workers Check roles Payment calculation records OT record book Factory in and out record
<b>Findings for Evaluation of Evidence:</b>	Soon after the SF audit, estates have instructed to follow the legal requirement and email sent on 18 <sup>th</sup> February 2021 with all instructions. After the SF audit there were less crops in the estates and there is no OT on Sundays. During the documents review and interviews with the workers it was confirmed that there is no Sunday overtime after the SF closing meeting. Also on 5 <sup>th</sup> March 2021, worker unions resign from the collective agreement and all estates need to comply with the wage board ordinance. There are lot of dissections going on related to new gazette notification. 22 plantation companies file a caught case against the gazette notification and court order is still pending. Till the court order comes, plantations are asked to pay the minimum wage as per the new gazette notification. Since collective agreement is not applicable at the moment, there are number of cases still under discussion including workers norm, other benefits listed in the collective agreement. During the interviews with the workers, it was observed that all are waiting the court order and after that that they are planning to do the OT. Based on the evidence nonconformity is closed.
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	

<b>NCR: 02/2021</b>	<b>Compliance Conclusion: Major</b>
<b>Criteria:</b>	11.5. Personal Protective Equipment and tools, shall be available to and used by workers, be in good condition, and appropriate for the purpose.
<b>Type of Criteria:</b>	Core
<b>Description of Non-conformance:</b>	
PPE are provided to factory workers. However, there is no PPE who is working in the rubber coagulation take. Workers enter into tank without PPE. Also, there is no safety shoes for the mechanic.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	One Month from the report finalization
<b>NCR Evaluation Type</b>	On-site <input type="checkbox"/> Desk Review <input checked="" type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PPE Purchasing records Photographs of the workers wearing PPE
<b>Findings for Evaluation of Evidence:</b>	Estates has purchased PPE on 21 <sup>st</sup> May 2021, and it is distributed to the workers. Coagulation takes worker and mechanic got the PPE and it was confirmed during the interviews with them. Based on the evidence nonconformity is closed

<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	

<b>NCR: 03/2021</b>	<b>Compliance Conclusion: minor</b>
<b>Criteria:</b>	8.4. Regular working hours of all workers shall not exceed 48 hours per week, with at least one full day of rest for every six consecutive days worked. Workers receive one meal period break for every six hours worked.
<b>Type of Criteria:</b>	Core
<b>Description of Non-conformance:</b>	
At the estate level, workers are working less than eight hours per day. However, starting and ending time differ from season to season, but not more than eight hours per day including the lunch break. Workers are starting their works early in the morning and work will finish before 12.00 noon. This is depend on the climate condition of the area. The regular working hours are not more than 48 hours per week. However, during the cropping period workers are doing tapping all seven days and workers are not taking one day rest since they are paying premium rate on Sunday. The NCR has been raised as minor, since in most days the workday is shorted than normal 8 hours, resulting in lower regular working time than the maximum allowable.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By the next annual surveillance audit, but not later than 12 months from report finalization.
<b>NCR Evaluation Type</b>	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>NCR: 04/2021</b>	<b>Compliance Conclusion: minor</b>
<b>Criteria:</b>	8.5. Overtime shall be voluntary and shall not result in a work week exceeding 60 total hours, except under circumstances of shorter duration where additional labour is required (e.g. peak harvest seasons).
<b>Type of Criteria:</b>	Core
<b>Description of Non-conformance:</b>	
During the cropping season factory workers are doing overtime. During the audit, it was found that all overtime is voluntary, and no overtime exceedance and workers are paid overtime rate as specified in law. Month of December and January are the high cropping months for the rubber and during those two months workers are doing more overtimes.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By the next annual surveillance audit, but not later than 12 months from report finalization.

<b>NCR Evaluation Type</b>	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	OPEN
<b>Comments (optional):</b>	

<b>NCR: 05/2021</b>	<b>Compliance Conclusion: Minor</b>
<b>Criteria:</b>	11.1. Legal requirements related to workplace health and safety shall be complied with.
<b>Type of Criteria:</b>	Legal
<b>Description of Non-conformance:</b>	
<p>There is generally good level of legal compliance, however in some areas it still should be improved. In accordance with the Factories Ordinance, it is obligatory for the employer to ensure health, safety and welfare of persons at workplace.</p> <p>The establishment should be monitored to check the quality of the premises; cleanliness; overcrowding; maintain reasonable temperature; ventilation; lighting; drainage of floors and sanitary convenience.</p> <p>Safety of the worker must be ensured by installing and maintaining the machinery, mechanisms, transmission apparatus, tools, equipment and machines in best possible safety conditions. Tools, equipment, machines, or products used must be organized properly guaranteeing the safety of workers.</p> <p>Safety conditions of an establishment should also be monitored regarding risks of falling; moving heavy objects; protection from dangerous machines and apparatus; preventive measures to be taken for work in confined areas or for work done in an isolated environment; risks of liquids spilling and fire prevention.</p> <p>Factories Ordinance further contain provisions which specifically call for the employers to put in place all practicable measures to protect the persons employed against inhalation of the dust, fume or other impurity. Moreover, specific conditions for the usage of internal combustions engines are dictated such as the need to conduct the exhaust of gases from the engine into the open air; and to partition the rooms so that any injurious fumes from are not shifted to other persons other than those attending to the engine.</p> <p>Source: §6-60 of the Factories Ordinance, 1942</p> <p>KVPL has established and implemented an OHS risk assessment and OHS plan. Number of activities are implemented by KVPL. However, all legal requirements are not implemented by the KVPL. There is no light, temperature and ventilation tests carried out by the KVPL as per the law. In the Kiriporuwa factory, small crane is used and there is no inspection report as per the law.</p>	

<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By the next annual surveillance audit, but not later than 12 months from report finalization.
<b>NCR Evaluation Type</b>	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>NCR: 06/2021</b>	<b>Compliance Conclusion: minor</b>
<b>Criteria:</b>	11.2. Production equipment and utilities shall be equipped with machine guards and emergency stops and undergo routine preventive maintenance.
<b>Type of Criteria:</b>	Core
<b>Description of Non-conformance:</b>	
All equipment are properly guard and emergency stops are available in the machines. As an exception, in Devalakanda estate factory there are two rolling machis without emergency stops.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By the next annual surveillance audit, but not later than 12 months from report finalization.
<b>NCR Evaluation Type</b>	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>NCR: 07/2021</b>	<b>Compliance Conclusion: minor</b>
<b>Criteria:</b>	11.3. The workplace shall be hygienic with adequate lighting, ambient temperature, ventilation, sanitation, potable drinking water, sanitary facilities, and food storage.
<b>Type of Criteria:</b>	Core
<b>Description of Non-conformance:</b>	



KVPL is maintaining workplace in hygienic condition and drinking water test report is carried based on the Sri Lankan standards. KVPL has not conducted lighting, ambient temperature, ventilation tests for the factory

<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By the next annual surveillance audit, but not later than 12 months from report finalization.
<b>NCR Evaluation Type</b>	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>NCR: 08/2021</b>	<b>Compliance Conclusion: minor</b>
<b>Criteria:</b>	11.7. Workers shall have access to first-aid equipment, as well as medical services in case of emergencies.
<b>Type of Criteria:</b>	Core
<b>Description of Non-conformance:</b>	
Dispensary is available in the estate and workers can access to Estate Medical Assistant during an emergency. First aid boxes are available in the estate. However expired medications were found and in some cases, there is no adequate medications in the boxes.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By the next annual surveillance audit, but not later than 12 months from report finalization.
<b>NCR Evaluation Type</b>	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>NCR: 09/2021</b>	<b>Compliance Conclusion: minor</b>
<b>Criteria:</b>	12.5. Procedures for emergency management, ensuring emergency exits, first-aid supplies, fire detection and suppression equipment, training and drills, shall be in place and implemented.

<b>Type of Criteria:</b>	Core
<b>Description of Non-conformance:</b>	
In most places there are two emergency exits, however in one facility there is only one exit (E.g. Drying area). In one factory also there was no proper fire detection system and suppression equipment in place. Only fire extinguishers are available in the factory, which is not sufficient. Also see findings and NC under 11.7 in relation to first aid supplies.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By the next annual surveillance audit, but not later than 12 months from report finalization.
<b>NCR Evaluation Type</b>	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>NCR: 10/2021</b>	<b>Compliance Conclusion: minor</b>
<b>Criteria:</b>	14.1. Organisations shall pay at least a price to the producer that enable producers to meet requirements of this Framework, including paying workers at least the minimum "living wage".
<b>Type of Criteria:</b>	Core
<b>Description of Non-conformance:</b>	
Based on the Global living wage, for Sri Lankan plantation sector Living Wage is LKR23,785. All workers are getting legal minimum wage as per the collective agreement. However, estates have not met the living wage.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By the next annual surveillance audit, but not later than 12 months from report finalization.
<b>NCR Evaluation Type</b>	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>NCR: 11/2021</b>	<b>Compliance Conclusion: minor</b>
<b>Criteria:</b>	20.4. Chemical drift, run-off or spills shall be effectively controlled.

Type of Criteria:	Core
<b>Description of Non-conformance:</b>	
KVPL has established buffer zones close to aquatic ecosystems. Also, as per the RRI recommendation chemical are using by the estates. However, there is no mechanism to control chemical drift in roadside where human activities are high.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalization.
NCR Evaluation Type	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	

NCR: 12/2021	<b>Compliance Conclusion: minor</b>
Criteria:	21.4. Waste storage, treatment and disposal practices shall not pose health or safety risks to farmers, workers, other people, or natural ecosystems.
Type of Criteria:	Core
<b>Description of Non-conformance:</b>	
Organization has established the mechanisms to collect waste and disposed as per the best management guidelines. Hazardous waste handover to authorized collectors and organic waste use for the composting. However, in the premises of the Dewalakanda factory area observed that waste disposal practices not enough and that practices have risk to environmental and people. Open waste burning was observed during the audit and waste dump here and there without segregation	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalization.
NCR Evaluation Type	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	

NCR: 13/2021	<b>Compliance Conclusion: minor</b>
--------------	-------------------------------------

<b>Criteria:</b>	21.5. Waste shall not be burned, except in incinerators technically designed for the specific waste type.
<b>Type of Criteria:</b>	Core
<b>Description of Non-conformance:</b>	
Organization has established the policy to avoid burning waste. However, during the audit observed that waste are burn on open area and pose to health and safety risk as well.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By the next annual surveillance audit, but not later than 12 months from report finalization.
<b>NCR Evaluation Type</b>	On-site <input checked="" type="checkbox"/> Desk Review <input type="checkbox"/>
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	

<b>Observation 01/2021</b>	<b>Observation</b>
<b>Criteria:</b>	10.6. A living wage approach to fair compensation should be implemented.
<b>Type of Criteria:</b>	Best Practice
<b>Description of Observation</b>	
Living wage benchmark is provided for the Sri Lanka. Group estates have not developed a living wage plan, to progress towards payment of living wage. See also findings under criteria 14.1 on living wage.	

<b>Observation 02/2021</b>	<b>Observation</b>
<b>Criteria:</b>	22.3. Organization should have in place a water management plan that includes the following: a) Measurement and monitoring of water resources b) Set target for water management c) Define actions to achieve targets d) Set timelines to reach targets e) Resource allocation.
<b>Type of Criteria:</b>	Best Practice
<b>Description of Observation</b>	
Organization has water conservation policy and guidelines. In water management policy mentioned and implementing the conservation measurement such as buffer zone establishment. However, KVPL has not developed and implement water management plan.	

<b>Observation 03/2021</b>	<b>Compliance Conclusion: Observation</b>
<b>Criteria:</b>	27.6. Organizations in the supply chain should identify suppliers that may contribute to mitigating climate change and should proactively engage with their suppliers to take an active role in facilitating positive climate action.

<b>Type of Criteria:</b>	Best Practices
<b>Description of the Observation</b>	
This scenario has identified as the exclusion regarding the GHG quantification level. At the moment organization does not implemented the supply chain level awareness or programme about the contribution with climate change reductions or facilitating positive climate actions enhancement.	

<b>Observation 04/2021</b>	<b>Compliance Conclusion: Observation</b>
<b>Criteria:</b>	27.7. Organizations in the supply chain should develop and share actions plans with key suppliers demonstrating how the suppliers may reduce negative climate change impacts.
<b>Type of Criteria:</b>	Best Practices
<b>Description of Observation:</b>	
Organizations does not have any methodology or progarmmes to aware or communicate to supply chain level about the reductions of Climate change or GHG gas emissions utilizations.	

<b>Observation: 05/2021</b>	<b>Observation</b>
<b>Criteria:</b>	29.2. The organization should seek to further enhance its positive climate impacts through appropriate restoration activities, with a focus on regaining ecological functionality and enhancing human well-being, with a consideration to the reference ecosystem and the changing environmental, social and economic conditions of the area.
<b>Type of Criteria:</b>	Best Practices
<b>Description of the the Observation:</b>	
Organization does not analyzing or identified the positive climate impact through the appropriate restoration activities, with a focus on regaining ecological functionality and enhancing human well-being with a consideration to the references ecosystem as per the environmental, social and economic conditions of the area.	

## 2.3 Feedback from Organisation Prior to Report Finalisation about the framework and its applicability

KVPL management team is happy about the SF audit process. Since they are already certified with FSC and RA standards, they feel that it is relatively easy to implement SF standard. However, there are also areas in SF standard which are not covered in other standards, and it is good to improve estates sustainability and achieve the company goals.

## 3. AUDIT

## PROCESS

### 3.1 Audit Team

Auditor name(s)	Role	Qualifications
Oshada Kumarasiri (A)	Lead Auditor	M.Sc. in Environmental Forestry Postgraduate Institute of Agriculture, University of Peradeniya. Graduate of B.Sc. Special (Agri), Faculty of Agriculture and Plantation Management, Wayamba University of Sri Lanka. Lead Auditor for Rainforest Alliance, Forest Stewardship Council (FSC FM) Sustainable Rice platform (SRP), ISO 14001. Completed SA 8000 Lead auditor training. Visiting Lecturer at Wayamba University of Sri Lanka.
Anuranga Herath(B)	Support Auditor	M.Sc. in Forestry and Environmental Management - Department of Forestry Environmental Science, University of Sri Jayewardhenapura. Graduate B.Sc.(Biological Science)-Faculty of Science-University of Colombo. Lead auditor- Rainforest Alliance Certifications

### 3.2 Audit Overview

Site(s)	Audit date	Auditor(s)	Total on-site audit time (Hours)	Key activities conducted
Dewalakanda Estate	11/01/2021	A,B	6 hours	Field Visits, Factory Visit, Interviews with Workers, Staff and Management, Documentation.
Kiriporuwa Estate	12/01/2021	A,B	6 hours	Field Visits, Factory Visit, Interviews with Workers, Staff and Management, Documentation.

Lavant Estate	12/01/2021	A,B	6 hours	Field Visits, Factory Visit, Interviews with Workers, Staff and Management, Documentation.
---------------	------------	-----	---------	--

**Note:** more details about audit process are provided in a separate audit plan.

### 3.3 Description of Overall Audit Process

This is the first Sustainability Framework audit for the Kelani Valley plantations PLC. Normally the total audit time would have been more, however recently Preferred by Nature had audited the same organisation for FSC and Rainforest Alliance standard, providing detailed information on some aspects.

#### Sampling methodology

There are nine estates, and those nine estates are located in the different location. Three samples were selected based on the activities taken place during the year and the nature of the estates. The nine estates are located in the different location. Square root of the estates were taken as the sample for this audit. Three samples were selected based on the activities carried out by the estates and the nature of the estates. Based on the bellow calculation, rest of the samples were selected.

Number of Estates within the scope (y)	Formula applied	Minimum estates to be sampled (X)
9	$X = \sqrt{y}$	$\sqrt{9} = 3$

Kiriporuwa Estate, Lavant Estate and Dewalakande Estates were selected randomly to assess the SF requirements.

#### Audit description

Opening Meeting at 9:00AM on 11<sup>th</sup> January 2021 and was attended by estate management team and staff of Kelani Valley Plantations.

During the Opening Meeting, the Audit Team Leader presented information required by SF to be included in an opening meeting (inter alia: confidentiality, public information, triangulation, transparency and keeping the client informed, confirmation of the proposed audit plan including time and location of the Closing Meeting, types of NCRs, requirement for CVA if major NCRs raised, etc.); and thanked the Kelani Valley Plantations for accommodating the SF pilot audit within Kelani Valley Plantations PLC.

Following the Opening Meeting, the Audit Team met with the Management Representative and other operational staff to confirm the program of field site visits – based on SF sampling requirements.

Following the meeting to discuss field visit arrangements, the Audit Team spent the next three hours reviewing documents and interviewing several company staff, including in relation to the standard requirements.

At about 12.30 PM, the Audit Team started the audit in Deawalakanda Estate interviewing a group of workers and their supervisor; and then Audit team reviewed the documentation maintained by Estate office and factory. After, Audit team attended to a field visit, factory visit to meet workers for interview.

The following day, the Audit Team departed the Dewalakanda estate Manager's Bungalow at 8.00 am to Kiriporuwa Estate. Audit team started auditing the documentation part at Kiriporuwa Estate's office at 8.45 am. After short lunch break at Kiriporuwa estate's manager's bungalow, Audit team travelled to the Estate's processing area at 1.00 PM to interview factory workers and factory staff. During the interviews with the staff, audit team has checked the opportunities that workers are getting from the estates, whether estate has given opportunity to the workers, PPE requirements

and what kind of PPEs given to the workers, etc. At the processing area, Audit team interviewed factory staff personal and factory workers. Then audit team started to visit field and near to the muster shed of Kiriporuwa estate, four of estate workers interviewed.

For rest of day, until evening, the Audit team travelled to Lavant Estate processing area and followed by documentation review. Audit team stayed in Lavant estate until late evening and visited sited including uprooted rubber field.

On 12<sup>th</sup> January late evening the Closing Meeting took place and was attended by the senior management including Management Representative, and several operational staff. The Audit Team Leader presented information according to SF requirements. Also presented open NCRs. The Audit Team Leader stressed the preliminary nature of the findings, and the requirement for qualify for the SF.



## 4. ORGANISATION DETAILS AND EVALUATION SCOPE

### 4.1 General Overview of the Organisation

Established in 1992, Kelani Valley Plantations PLC (KVPL) was listed on the main board of the Colombo Stock exchange in 1996. Celebrating its 25th year in 2017, KVPL today is among the leading manufacturers of Tea and Rubber. The Company owns and manages 25 estates covering over 13,000 hectares of Tea and Rubber plantations.

The rubber plantations too have been endorsed by The Rainforest Alliance as Forest Stewardship Council Certified Producers of sole crepe, centrifuge latex and crepe rubber.

Designed to uplift the quality of life of people in all aspects, a unique multi-dimensional initiative branded as Home for Every Plantation Worker was launched in 2006 and has been featured at the UNGC Network Conference in Mexico in 2017.

KVPL emerged relatively unscathed, primarily due to their long-sighted investments and sustainable agricultural practices. KVPL Has performed with excellent progress in their Smart Agriculture Plan, inserting the essence of ICT, automation and drone technology into plantation business operations.

KVPL, has always been intricately connected to people as well as to environmental eco systems that makes the business grow and flourish. KVPL has taken a holistic approach, by developing multiple strategies to focus on enhancing not only our financial performances, but also crucially looking at how they can enrich the lives of people.

### 4.2 Stakeholder inputs

This section provides description of any complaints, disputes, or allegations of non-conformance with the standards raised against the Organisation during the audit period from stakeholders and related actions taken.

This was the first assessment. No complaints from others were raised in relation to the assessment. A month prior to this assessment, an FSC audit was conducted, and stakeholder consultation was conducted in relation to that. No issues were raised by stakeholders from the consultation. Due to COVID situation, the stakeholder consultation was though somewhat less extensive, and relied more on remote means. For the purpose of this pilot test, a decision was made to rely on the recently conducted consultation, rather than undertaking a new separate process.

### 4.3 Scope Details

Below is general and additional information on the scope of the operations of the organisation.

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
<b>Certificate Type:</b>	<input type="checkbox"/> Single <input checked="" type="checkbox"/> Multi-site <input type="checkbox"/> Group	<input type="checkbox"/>
<b>Primary Activity:</b>	Primary Processor	<input type="checkbox"/>
<b>Secondary Activity:</b>	Secondary Processor	<input type="checkbox"/>
<b>Total number of Sites:</b>	9 Estates (Dewalakanda Estate, Lavant Estate, Kiriporuwa Estate, Ganepalla Estate, Edurapolla Estate, Kelani Estate, Panawatte Estate, Kithulgala Estate, Kalupahana Estate)	<input type="checkbox"/>