



**PUBLIC SUMMARY  
FIRST SURVEILLANCE ASSESSMENT**

**AUDIT DATE : 16<sup>th</sup> - 18<sup>th</sup> NOVEMBER 2011**

**IOI CORPORATION BERHAD  
BUKIT LEELAU CERTIFICATION UNIT**

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**Abbreviations:**

B.Sc.	Bachelor of Science
B. Tech	Bachelor of Technology
BOD	Biochemical Oxygen Demand
CA	Collective Agreement
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CUs	Certification Units
DID	Drainage and Irrigation Department, Malaysia
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EAI	Environmental Aspect Identification
EARA	Environmental Auditors Registration Association
EB	Executive Board
EFB	Empty Fruit Bunch
EHA	Estate Hospital Assistant
EIA	Environmental Impact Assessment
EIE	Environmental Impact Evaluation
EMP	Environmental Management Plan
EMS	Environmental Management System
EPF	Employees Provident Fund
EQA	Environmental Quality Act
EQMS	Estate Quality Management System
ERT	Endangered, Rare and Threatened Species
FFB	Fresh Fruit Bunch
FMA	Factory Machineries Act
FRIM	Forestry Research Institute Malaysia
FSC	Forest Stewardship Council
GAP	Good Agricultural Practice
GPS	Global Positioning System
Ha	Hectares
HCV	High Conservation Value
IEMA	Institute for Environmental Management and Assessment
IPM	Integrated Pest Management
ISO	International Organization for Standardization
ISP	Incorporated Society of Planters
IRCA	International Register of Certificated Auditors
IUFRO	International Union of Forest Research Organization
JCC	Joint Consultative Committee
M.A	Master of Arts
MBA	Master in Business Administration
M.Sc	Master of Science
MSDS	Material Safety Data Sheet
MOA	Memorandum of Alliance or Agreement
MTCC	Malaysian Timber Certification Council
MYNI	Malaysia National Interpretation
NADDOPOD	Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease
NGO	Non Governmental Organisation
OER	Oil Extraction Rate
OHD	Occupational Health Doctor
OG	Oil & Grease
OSHA	Occupational Safety and Health Act
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PTW	Permit To Work
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SS	Suspended Solids
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health

## SUMMARY

### 1. Scope of the Surveillance Assessment Report

#### 1.1. Introduction

The certification unit (CU) being assessed was Bukit Leelau Palm Oil Mill Complex (Bukit Leelau POM), a wholly-owned subsidiary company of IOI corporation. It was assessed for continuing certification against the RSPO Principles and Criteria for Sustainable Palm Oil Production MYNI (RSPO MYNI) and this assessment is the Surveillance Assessment no. 1.

The scope of certification is production of palm oil from Bukit Leelau Palm Oil Mill that is sourced from its supply base.

The Complex and more commonly shall be referred to as Bukit Leelau CU comprised of Bukit Leelau Palm Oil Mill and the following six company-owned estates as its supply base: Bukit Leelau Estate, Leepang A Estate, Laukin A Estate, Detas A Estate, Merchong Estate and Mekassar Estate. The assessment did not cover the two (2) smallholdings that contribute to about 0.7% of total FFB processed.

Bukit Leelau POM commenced its operations in 1992 with a processing capacity of thirty (30) metric tonnes of FFB per hour. The first estate that was established within the CU dated back to 1978 at Merchong and Mekassar and the last estate developed was in 2002 at Laukin A.

The total combined land area of the six (6) estates is 11,588.10 hectares (ha) of which 9,953 ha were planted with oil palm. There was no change in the combined land area and planted area with oil palms of the six estates.

#### 1.2. Location of Mill and Estates

The Bukit Leelau CU is scattered in three districts i.e. Pekan, Rompin and Kuantan, in Pahang, Malaysia. Bukit Leelau Palm Oil Mill, Merchong Estate and Mekassar Estate are located in the district of Pekan. The Leepang A Estate and Laukin A Estate are in the district of Rompin, while the Detas Estate is under the district of Kuantan. The distance of this CU from Kuala Lumpur is about 280 km.

The locations of Bukit Leelau POM and all the six estates are shown in the map in **Attachment 1**, while their respective GPS coordinates are given in **Table 1**. The GPS coordinate readings were taken at the respective administrative offices.

**Table 1: Location of Mill and Estates**

Operating Unit	Latitude	Longitude
Bukit Leelau Palm Oil Mill	03°18'00" N	103°08'24" E
Bukit Leelau Estate	03°18'00" N	103°07'48" E
Merchong Estate	03°01'12" N	103°12'00" E
Mekassar Estate	02°59'24" N	103°10'12" E
Leepang A Estate	03°00'36" N	103°01'48" E
Laukin A Estate	03°01'26" N	103°02'33" E
Detas Estate	03°33'00" N	103°03'00" E

In the immediate vicinity of the mill and all the estates are few villages and other oil palm plantations. For the Bukit Leelau Estate, to the northeast is Kampung Tanjung and to its south is Kampung Runchang. For Detas Estate, Kampung Mencupu is located on its eastern side. For Leepang A Estate, Kampung Gadak is located on its northeast while Kampung Inoi is located in the southeast.

The Pekan Forest Reserve is located on the eastern side of the Bukit Leelau Estate with a buffer of 800 meters from the estate boundary. On the western and southern boundaries of Detas Estate is the Lepar Forest Reserve, which is the only forest reserve bordering this CU.

Other oil palm plantations which are neighbours to this CU are FELCRA Kemajuan Tanah Runcang and Nafas Dara Estate (Bukit Leelau Estate), Lembaga Kemajuan Pertanian Pahang (Detas Estate), Felda Keratong 10 (Leepang A Estate) and Ibam Estate (Merchong Estate).

Each of the estate and oil mill has its own living quarters to accommodate their executives, staff and workers.

### 1.3. Production volume of All Certified Products

The approximate annual tonnage of CPO and PK produced as well as the tonnage claimed for certification are as follows:

**Table 2: Actual (July 2008 to December 2011) and forecasted (January 2012 to June 2012) annual tonnage of CPO and PK produced and claimed for certification**

FFB Processed (mt)	CPO Production (mt)	PK Production (mt)	% of FFB from company owned estates	% of FFB from 3 <sup>rd</sup> party / smallholder	CPO claim for certification: (mt)	PK claim for certification: (mt)
<b>Period of reporting : July 2008 to June 2009</b>						
158,093.09	31,344.30	9,353.53	99.22%	0.78%	31,099.81	9,280.57
<b>Period of reporting : July 2009 to June 2010</b>						
181,995.96	36,635.32	10,149.26	99.34%	0.66%	36,393.53	10,082.27
<b>Period of reporting : July 2010 to June 2011</b>						
144,967.23	29,687.68	8,070.40	99.33%	0.67%	29,488.77	8,016.33
<b>Period of reporting : July 2011 to October 2011</b>						
66,257.82	13,388.74	3,400.53	99.62%	0.38%	13,337.86	3,387.61
<b>Period of reporting : November 2011 to December 2011</b>						
32,631.37	6,320.41	1,793.69	99.57%	0.43%	6,293.23	1,785.98
<b>Period of reporting : January 2012 to June 2012</b>						
88,194.00	18,398.00	4,850.00	99.34%	0.66%	18,276.57	4,817.99

**Table 3: Actual and Estimation of FFB contribution by estate**

Estate undergoing RSPO certification	FFB Production July 2008 – June 2009		FFB Production July 2009 – June 2010		FFB Production July 2010 – June 2011		FFB Production July 2011 – October 2011		FFB Production Nov 2011 – Dec 2011		FFB Production Jan 2012 – June 2012	
	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%	Tonne	%
Bukit Leelau	48,999.94	31.49	54,481.66	30.42	52,241.27	36.38	19,668.97	29.88	10,196.86	31.39	22,440	25.62
Merchong	18,023.33	11.58	23,577.19	13.17	23,031.29	16.04	9,807.38	14.90	4,592.64	14.13	15,020	17.14
Mekassar	11,065.00	7.11	12,269.47	6.85	14,371.99	10.01	7,496.36	11.39	2,926.87	9.01	10,810	12.34
Leepang A	15,665.12	10.07	24,085.51	13.45	6,385.22	4.45	5,007.20	7.61	3,162.02	9.73	9,500	10.84
Laukin A	7,097.18	4.56	10,885.75	6.08	1,993.19	1.39	5,906.81	8.97	2,881.90	8.87	8,600	9.82
Detas	54,749.29	35.19	53,780.59	30.03	45,556.08	31.73	17,938.78	27.25	8,732.35	26.87	21,240	24.24
<b>Total</b>	155,599.86	100.00	179,080.17	100.00	143,579.04	100.00	65,825.50	100.00	32,492.64	100.00	87,610	100.00

It is to be noted that there is no third party contribution of FFB for claiming of CPO and PK.

#### 1.4. Description of Supply Base

All the six estates continued to supply FFB to the Bukit Leelau POM. Apart from them, there were two smallholders who also regularly sent their harvests to the same mill. The average annual FFB contribution from each estate is summarised in **Table 3** while the percentage of planted area in each estate is detailed in **Table 4**.

## 1.5 Total Plantation and Area Planted

**Table 4** below detailed out year of oil palm establishment and their respective total and planted areas.

**Table 4: Areas of plantations**

Estate	Year of oil palm establishment	Area (ha)				Planted Area (%)	
		Total	Planted	Mature	Immature	Mature	Immature
Bukit Leelau	1989	2,096.00	1,976	1,976	-	100.0	-
Merchong	1978	1,952.13	1,794	1,397	397	77.9	22.1
Mekassar **	1978	1,215.70	1,132	846	286	74.79	25.3
Leepang A	2001	2,403.70	1,823	1,823	-	100.0	-
Laukin A	2002	1,619.90	1,051	1,051	-	100.0	-
Detas	1983	2,300.70	2,177	1700	477	79.1	21.9
Total		11,588.13	9,953	8,793	1,160	88.3	11.7

*Note: replanting initiated in Merchong Estate in 2003;  
replanting initiated in Mekassar Estate in 2004;  
replanting initiated in Detas Estate in 2010*

## 1.6. Other certification Held

Both mill and all estates do not hold any form of third party certification for any management system such as ISO 9001 and ISO 14001

## 1.7. Organizational information / contact person(s)

IOI Corporation Berhad  
Bukit Leelau Palm Oil Mill  
71000 Jasin, Melaka,  
Malaysia

Contact person: Tay Wai Chian  
Designation : S.P.O Executive  
Address : IOI Research Centre,  
73309 Batang Melaka,  
Negeri Sembilan,  
Malaysia.  
Telephone : +606 4317323/4317334/4317366  
Fax : 06 4319101  
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## 2. Assessment Process

### 2.1. Certification Body

SIRIM QAS International Sdn. Bhd. is the oldest and 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 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), the International Automotive Task Force (IATF), and the Secretariat of the United Nations Framework Convention for Climate Change (UNFCCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessment related to RSPO assessment. We have certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. We have also conducted pre assessment against RSPO Principle and Criteria.

SIRIM QAS International was approved as a RSPO certification body on 21<sup>st</sup> March 2008.

## 2.2. Assessment Team

The details of the assessors and their qualification are detailed below:

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Mahzan Bin Munap	Assessment Team Leader / Occupational health & safety and related legal issues	<ul style="list-style-type: none"> <li>• CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997.</li> <li>• Occupational Safety and Health Trainer at INSTEP Petronas</li> <li>• Successfully completed RSPO Lead Assessor Course – 2008.</li> <li>• Successfully completed Lead Assessor Course for OHSAS 18001-2000.</li> <li>• Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006</li> <li>• Successfully completed RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2008.</li> <li>• MBA, Ohio University.</li> <li>• B.Sc. Petroleum Engineering, University of Missouri, USA.</li> </ul>
Ruzita Abdul Gani	Assessor, environmental issues related to mill and plantation	<ul style="list-style-type: none"> <li>• Working experience in palm oil milling</li> <li>• Completed RSPO Lead Assessor Course – 2008</li> <li>• Successfully completed IRCA accredited Lead Assessor training for ISO 9001:2004</li> <li>• Successfully completed IRCA accredited Lead Assessor training for OHSAS 18001-2005</li> <li>• Successfully completed EARA approved Lead Assessor training for ISO 14001:2002</li> <li>• B.Sc. (Hons) Chemical Engineering</li> </ul>
Dr. Zahid	Assessor / community	<ul style="list-style-type: none"> <li>• Attended a training on RSPO P&amp;C and</li> </ul>



Emby	issues	<p>certification requirements in 2008, November 2009 and February 2011</p> <ul style="list-style-type: none"> <li>• Doctor of Philosophy</li> <li>• M.A. (Social Anthropology)</li> <li>• B.A. Hons (Social Anthropology/Sociology)</li> <li>• Lecture on sociology and social anthropology at undergraduate and graduate level at the Universiti Putra Malaysia beginning 1977</li> <li>• Head, Department of Social Development Studies, Faculty of Human Ecology, Universiti Putra Malaysia 1992-1994.</li> <li>• Head, Department of Social and Development Science, Universiti Putra Malaysia 1998-2001</li> <li>• Head, Department of Music, Universiti Putra Malaysia 2003-2006</li> <li>• Currently serving as contract Senior Lecturer, Department of Social and Development Sciences, Faculty of Human Ecology, Universiti Putra Malaysia.</li> </ul>
Abdul Aziz Bin Abu Bakar	Assessor / Good Agricultural Practices (GAP) and workers issues	<ul style="list-style-type: none"> <li>• Thirty five years experience in plantation management covering rubber and oil palm.</li> <li>• Plantation Advisor to Farmers' Association, Perak.</li> <li>• Technical Advisor to Bio-Industry Solution Sdn. Bhd.</li> <li>• Involved in feasibility study of palm oil development of 20,000 ha in Pekan Baru, Riau Indonesia.</li> <li>• Head of Special Project (M) Kumpulan Guthrie Bhd.- to conduct independent assessment on GAP and estates cost management.</li> <li>• President Director of Minamas Plantation, Kumpulan Guthrie, Indonesia. – 2005 Official retirement.</li> <li>• Director of Management Information Services (MIS) &amp; Knowledge Management of Kumpulan Guthrie Bhd covering Malaysia and Indonesia plantations.</li> <li>• Plantation Advisor and Quality Assurance, Kumpulan Guthrie Bhd.</li> <li>• Estate Manager, Kumpulan Guthrie Bhd.</li> <li>• Plantation Advisor, Sime Darby Plantation Sdn. Bhd.</li> <li>• Management Development Programme (MDP), Asian Institute of Management (AIM), Philippine.</li> <li>• Diploma in Agriculture, Universiti Pertanian Malaysia.</li> </ul>
Dr. Pan Khang Aun	Assessor on criteria related to HCV, habitats & ecology	<ul style="list-style-type: none"> <li>• Ph. D. (Environmental Education) University of Salford (United Kingdom)</li> <li>• M. Sc (Zoology) University of Malaya.</li> <li>• B.Sc. (Forestry), University Pertanian Malaysia.</li> </ul>

		<ul style="list-style-type: none"> <li>• 20 years experience in the Department of Wildlife and National Parks (DWNP), Peninsular Malaysia</li> <li>• 5 years experience with the Forest Research Institute Malaysia (FRIM)</li> <li>• Member of the IUCN Commission on Ecosystem Management.</li> <li>• Malaysian delegate/negotiator to Subsidiary Body for Science, Technological and Technical Advice (SBSTTA) and Conference of Parties (COP), Convention on Biological Diversity</li> <li>• Environmental consultant for EIA and Forest Management Plans</li> </ul>
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### 2.3. Assessment Methodology

The Surveillance Assessment 1 was conducted on 16<sup>th</sup> to 18<sup>th</sup> November 2011. The main objective of this assessment was to:

- A) determine conformance against the RSPO MYNI:2008 Principles & Criteria
- b) verify the effective implementation of corrective actions arising from the findings of main assessment
- c) make appropriate recommendations based on the current assessment findings.

Planning for the Surveillance 1 assessment was guided by the RSPO Certification Systems Document. As has been applied during the Stage 2 Main Assessment it was decided that the sampling formula of  $0.8\sqrt{y}$  to determine the number of estates to be audited would not be used as each supplying estate selected has its own issues of interest or activities related to RSPO MYNI to be verified (see section 1.2 above).

The assessment was conducted by visiting the fields, mill, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. The approach for collection of objective evidence to confirm ongoing compliance included physical site inspection, observation of tasks, interviews with management, employees, contractors and other relevant stakeholders, review of documentation and monitoring data. Checklists and questionnaire were also used to guide the information gathering. Details of the Surveillance 1 assessment programme are in Attachment 3.

Verification of non-conformity raised during the last assessment was done through on-site (mill and field) confirmation based on the corrective action evidence submitted to the assessment team. All of the non-conformances issued have been closed. Details of the verified nonconformities are in Attachment 5.

Detail of new findings arising from the Surveillance 1 assessment is discussed under item 3.1 below.

### 2.4. Date of Next Surveillance Visit

The next surveillance assessment will be conducted within nine to twelve month from this audit.

## 3. Assessment findings

### 3.1. Summary of findings

Objective evidence was obtained separately for each of the RSPO Indicators for the Mill and the Estates. The results for each indicator from each of these operational areas have been compiled to provide an assessment of overall conformance of the Bukit Leelau CU's operations within each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

The details of the NCR and the corrective actions taken are as in Attachment 4. Evidences of the actions taken by the CU had been submitted to the assessment team. It was reviewed and accepted by SIRIM QAS. In addition, the assessment team had made ten opportunities for improvement, which the Bukit Leelau CU should improve upon in complying with the requirements of the RSPO MYNI.

The detailed findings of the assessment on the CU's compliance with the requirements of the RPSO MYNI are as follows:

#### **PRINCIPLE 1: COMMITMENT TO TRANSPARENCY**

Criterion 1.1

Oil palm growers and millers provide adequate information to other stakeholder on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.

#### **Audit findings:**

Bukit Leelau CU continued to use the existing procedure for responding to requests for information on issues relevant to the RSPO criteria. Adequate information had been provided to interested stakeholders on matters related to environmental, social and legal issues.

Assessment of the implementation of the procedure showed that records of communication between management and internal and external stakeholders (namely public/workers/suppliers/contractors/local authorities/local community) had been maintained. For example, IOI Group still made available its website, [www.ioigroup.com](http://www.ioigroup.com) where the public can access and view ten (10) policies related to RSPO as well as annual report that provide information on environmental, social and legal issues related to the CU's operations. The ten policies are:

1. Roundtable on Sustainable Palm Oil
2. International Sustainability & Carbon Certification
3. Safety and Health
4. Environmental
5. Agrochemical Management
6. Prevention of Sexual Harassment
7. Equal Opportunity
8. Employment of Foreign Workers
9. No Child Labour
10. Quality

Other records sighted were communications with workers and minutes of stakeholder consultation forum with the local communities as well as actions taken to handle complaints made by workers. In consultations with workers, auditors noted the responses were made in a timely manner. There were no records of complaints by local communities and suppliers as no complaints were made by these stakeholders.

From the sightings of the above records and interviews held, it was clear that the CU had been committed to be transparent in its dealings with its internal and external stakeholders.

**Criterion 1.2**

Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Documents that must be publicly available include, but are not necessarily limited to:-

- 1.2.1 Land titles / user rights (C 2.2)
- 1.2.2 Safety and health plan (C4.7)
- 1.2.3 Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3)
- 1.2.4 Pollution prevention plans (C 5.6)
- 1.2.5 Details of complaints and grievances (C 6.3)
- 1.2.6 Negotiation procedures (C 6.4)
- 1.2.7 Continuous improvement plan (C 8.1)

**Audit findings:**

Bukit Leelau CU continued to hold copies of all the documents listed under Criterion 1.2 and ensured that these management documents are publicly made available upon request. In addition to the ten policies mentioned above IOI also made available information relating to procedures on Boundary Disputes Handling, Squatters Dispute Handling and Social Issues Handling via the following web address:

[http://www.ioigroup.com/Corporateresponsibility/environment\\_plantation.cfm](http://www.ioigroup.com/Corporateresponsibility/environment_plantation.cfm)

Other management documents not accessed via website but made available for public viewing at the estate and mill offices were copies of land titles, licenses issued by authorities, company policies, safety management plan, environmental impact assessment, management action and continuous improvement plans, social impact assessment plan, HCV assessment, negotiation procedures and report of complaints and grievances.

To meet IOI policy statements on Safety & Health and Environmental, the estates and mill visited have established and documented a Safety and Health as well as Environmental Objectives, target and programme, and also a Training plan on sustainability for year 2010/11.

A liaison officer had been appointed at Bukit Leelau POM and at each of its supply base estates to ensure the OSH and Environmental objectives are met, and the environmental, as well as the social and safety and health issues are properly managed. The officers are executives in the mill or estate being either Assistant Manager or at least a Cadet Assistant.

**PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

**Criterion 2.1**

There is compliance with all applicable local, national and ratified international laws and regulations

**Audit findings:**

Bukit Leelau CU continued to implement and maintain the established documented system for identifying, accessing, tracking (for updates) and monitoring of compliance with the legal requirements that are applicable to its operations.

The person responsible to track and update changes and to monitor compliance is the Sustainability Palm Oil Executive of Sustainability Department from IOI Research Centre, Melaka. The evaluation of compliance was last conducted by them on 12<sup>th</sup> October 2011. The commitment to ensure the CU had complied with all the legal requirements was verified at the mill and fields visited as reported below.

A legal register and the monitoring of compliance to all applicable laws had been sighted both at the estate and mill levels. However, as an improvement, the Animal Act 1953 (Act 647), has yet to be included in the register to support its operation on utilization of buffalo for in-field FFB evacuation.

As required by the criterion, copies of relevant licenses and permits were seen displayed appropriately in the mill and estate offices visited. Among the licenses and permits being displayed in the mill were MPOB License for purchasing FFB, DOE License for milling operate and mill effluent discharge, Energy Commission License for electricity generation and permits to keep diesel from the Domestic Trade Ministry. The inspection by the assessors had found that all of them were still valid.

Operational performance monitoring activities that had been conducted include employee audiometric test, hearing conservation programme, workplace inspection and monitoring of smoke & dust particulates emission from the boiler and discharges from the effluent treatment plant. The monitoring of boiler emissions and effluent discharges had also included measurements conducted by external accredited laboratories.

Visit to Bukit Leelau POM processing areas and effluent treatment plant showed there was evidence of compliance against the Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulation 1977 where the effluent discharges were within the stipulated requirements and there were no signs of effluent pond over flow or bund rupture.

The scheduled waste generated from mill workshop and Laukin A estate as depicted respectively were managed in accordance with Environmental Quality (Scheduled Wastes) Regulation 2005. Waste containers were labelled and stored in the designated area. Records of waste generation and disposal were available and up-to-date.

Trip to the workers' housing in Detas, Leepang A and Bukit Leelau Estates had confirmed that the housing specifications were in accordance with the Minimum Standards of Housing and Amenities Act 1990. The number of houses was found to be sufficient to accommodate all the workers.

In spite of the evaluation of compliance and internal audit conducted in October/November 2011 a major Non-conformity (MM1) against Indicator 2.1.1 had been raised, Detail of nonconformity was described in the Attachment.

Even though evaluation of compliance had been conducted the comprehensiveness of evaluation to include applicable clauses and sub-clauses was not demonstrated as they were left out in the legal register. An OFI had been raised against this.

The inspection of linesites was carried out by Visiting Medical Officer and the Medical Assistants on a monthly and weekly basis respectively. Reports of these inspections were kept in the office.

There was no crèche in operation as the workers (local and foreign) did not bring their children along with them to stay in the estates.

During the site inspection it was observed that workers had been allocated with land for grazing and cultivation.

**Criterion 2.2**

The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.

**Audit findings:**

Bukit Leelau CU continued to be the legal owner and has relevant proof of ownership of the land in the assessed estates. The CU had a lease on the land granted by the Pahang State government and their title numbers and lease periods remained unchanged.

Copies of land titles were sighted and Bukit Leelau CU complies with the terms of the land title designated for oil palm plantation purposes.

The recent Surveillance Audit envisaged that there were still insufficient boundary stones and boundary pegs in most estates within the Bukit Leelau CU. Hence, an OFI has been raised. It is imperative that both boundary stones and boundary pegs be planted to ease visibility and identification of boundaries within these estates. Haphazard and simple boundary pegs should be appropriately replaced with proper boundary stones and boundary pegs such as those found in Leepang A Estate.

**Criterion 2.3**

Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

**Audit findings:**

The assessment had verified that the property was bought by Bukit Leelau CU and no customary rights issues are involved (refer to C2.2). The two cases of land encroachment reported in the Main Assessment report had been resolved between IOI Corporation Bhd and the affected land owners. Also interviews with stakeholders confirmed that there was no more disputes on land rights in the area. In other words, this Criterion 2.3 now is not applicable to Bukit Leelau CU.

**PRINCIPLE 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY**

**Criterion 3.1**

There is an implemented management plan that aims to achieve long-term economic and financial viability.

**Audit findings:**

Bukit Leelau CU persevered to make commitment to long-term economic and financial viability. As required by this criterion our assessors sighted management plan that had been implemented to achieve the long-term viability for both Bukit Leelau CU and IOI Corporation Berhad. There were in place annual budgets with projections to years 2014/15. split into each estate and mill. The budget covered the provision of allocation for operations, maintenance, training, occupational safety and health and environmental

upkeep. The cost of production were reviewed annually and compared against expenditure for each year.

A replanting programme with projection until the year 2018/19 had been established for all of the six estates and the programme was reviewed once a year by the CU's management. Replanting activity had started since 2003 and to-date, a total of 3,403 ha had been replanted.

#### **PRINCIPLE 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS**

##### **Criterion 4.1**

Operating procedures are appropriately documented and consistently implemented and monitored.

##### **Audit findings:**

Essentially there had hardly been any change to the documented operating procedures at the Bukit Leelau CU (estates and mill). The CU continued to use the established Standard Operating Procedures (StOP) dated April 2008 for the mill and December 2007 for the estates.

The StOP for the estate operations had included activities on land development, harvesting and evacuation, field maintenance, replanting and transportation. Relevant employees had been briefed on the StOP by their respective supervisors. The simplified versions of the StOP, for example, FFB harvesting, herbicides spraying and emergency response procedures were made available in Bahasa Malaysia at the *muster ground* notice board while at the estate office and nearby facilities they were posted on sign boards at areas such as at the General store, Chemical store, and Chemical Premix area, Diesel Storage tank and Workshops. See Photos 3, 4 and 5 below.

Similar to the estates, the mill had in place its specific Bukit Leelau POM simplified versions of the StOP's translated into Bahasa Malaysia were also sighted being displayed at all workstations for the employees to refer. The operations which had been included in the mill's StOP were Safe driving of shovel (see photo 5), boiler operations, effluent treatment plant, products analysis method, workshop activity, chemical and waste handling.

Through random interviews held with the staff and workers, both at the estate and mill levels, it was observed that the level of their understanding on the contents of the StOP was found to be satisfactory.

Although StOP for Buffalo Healthcare had been established the procedure was found silence on the issue of "Prevention Of Cruelty To Animal - Animal Act 1953 (Act 647)". It was observed a pregnant buffalo was still being used to evacuate FFB from the field in spite of she being at advance 8 month's gestation (pregnant period) and this was against the Group StOP for Buffalo dated September 2007. Hence, a non-conformity (AAB1) was raised against this criterion.

The assessment team confirmed had seen relevant records of monitoring on the implementation of the StOP at the estates and mill over the last twelve months and some beyond. Among the records which had been sighted were manuring and spraying reports agrochemicals usage, vehicle running hours, laboratory analysis report on product losses and volume of effluent discharge.

The StOPs were consistently implemented and monitored where the shift supervisors were tasked to check that all log books, log sheets, check sheets were completed accordingly as required by schedule by area, that is, hourly, 2 hourly, daily, weekly, fortnightly, quarterly or annual check. This was done by signing the log book, a copy of which was kept by mill management. The StOP's were further supported by routine regular scheduled preventive maintenance.

Additionally as part of its operations control, the Bukit Leelau POM continued to use the established procedure on 'Permit to Work" (PTW) system. The assessment team had verified that the PTW system had been implemented effectively at site.

In addition, Bukit Leelau CU also has established Group safe Operating procedure (referred as SaOP). These procedure were also displayed at strategic area at work place as to remind the workers on the safe working practise.

**Criterion 4.2**

Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.

MY-NIWG recommends that the indicators in criterion 4.2 and 4.3 are linked

**Audit findings:**

All the estates assessed in the Bukit Leelau CU continued practising monitoring their fertilizer input. The assessors had sighted records on the fertilizer movement and confirmed that they were current. The fertilizer dosage varies from one field to another field in accordance to the Agronomist's annual fertilizer recommendations. Note, the soil sampling was done as part of a five year rolling programme whereby 20% of the total field planted in each estate was sampled each year. In addition to the soil sampling there was annual leaf sampling that cover the whole oil palm planted fields except for immature palms below the age of 2 years old.

To supplement the inorganic fertilizers, palm by products such as fronds and empty fruit bunch (EFB) were continued to be recycled as organic nutrients input. EFB was applied mainly (90%) in Bukit Leelau Estate as logistically it was the nearest and easier to transfer it from the Bukit Leelau POM and some to replanted areas in Detas and a small fraction were transferred to Leepang A Estate's laterite hills.

The rate of application has been 40 – 50 mt/ha and applied in between the palms. The assessors had checked the records on the amount of EFB applied which was found to be in accordance with the standard practice.

Also when in the field (replanting area in Detas Estate), a check was made for sign of open burning and there was no evidence of it detected. This practice was consistent with the company's policy and standard operating procedure on zero-burning.

**Criterion 4.3:** Practices minimise and control erosion and degradation of soils.

**Audit findings:**

IOI Bukit Leelau CU continued to adopt the various methods it had used to minimize soil erosion and degradation. The methods being used were sighted at the estates assessed. It included (i) planting of leguminous cover plants and *Vetiver* grass on slopes; (ii) frond



stacking at the inter-terraces; (iii) EFB mulching; (iv) construction of terrace in the hilly terrain; (v) sprayers follow the spraying guidelines as set out in the StOP and avoidance of over spraying and (vi) maintained soft vegetations such as grasses and ferns to avoid bare soil in the matured fields of the estates.

The assessors had sighted topographic maps kept at the estates, which indicated among other information slope gradients and land elevation from sea level. Likewise, soil maps with agro-management plan were also available in the environmental management plans and annual agronomy reports.

All of the estates have had their own annual road maintenance programme. Among the programmes which had been implemented to keep the roads in good condition were re-surfacing, grading and compacting, construction and maintenance of road side drains.

Whilst there were documented evidence of practices to minimise and control erosion and degradation of soils, there exists an Opportunity For Improvement. It would be helpful had there been a well developed programme of road grading, maintenance and construction and subsequently be implemented for close monitoring during execution of work. By doing so it could have averted the formation of gullies crossing the roads at Field 89C at Bukit Leelau Estate and if it had been scrutinized should have included building of roadside drains and installation of sufficient culvert at road crossing / junctions. In another respect, a minor non-conformity (PAN 2) was issued as against 4.3.1. The Surveillance Audit found that there were some areas in Bukit Leelau Estate that might be too steep for the coming replanting programme. Proper GIS maps and documented evidence should be made available to show earnest efforts made to minimize soil erosion and degradation in these areas before the upcoming replanting programme.

There was no peat soil area as well as fragile and problem soils in the Bukit Leelau CU. Therefore, Indicators 4.3.4 and 4.3.5 are not applicable.

**Criterion 4.4**

Practices maintain the quality and availability of surface and ground water.

**Audit findings:**

Bukit Leelau CU continued to use the established procedures on the maintenance and management of riparian reserves areas. Each of the estates inspected had demarcated riparian buffers along the major water ways. Painted marks on the palm trunks marking the boundary of the buffers were observed as an indication for workers not to blanket spray along buffer zones of streams.

However, it was noted that this practice can be improved as the zone close to some small streams had not been clearly marked and in an older oil palm area in Detas Estate, palm trunks have yet to be marked. In the new replanted area, the absence of a clear marking has resulted in replanting of a few new palms within the riparian buffer zone in Mekassar (field PR 88C) and Detas Estates. Therefore, a major non conformity (PAN 1) was raised again to remind Bukit Leelau CU of the importance of these riparian reserves be set aside to prevent sedimentation and soil erosion in the riverine ecosystems of these estates.

Although Bukit Leelau CU has taken necessary action to rectify the non conformity in the previous audit, additional effort should be accorded to ensure this provision is adhered with Verification through photographs have to be showed to ensure a clear marking of riparian buffer zone at replanting area and future replanting areas. New palms which were planted within the riparian buffer have to be removed and relocated appropriately.

There has been no construction of bunds, weirs or dams across any water ways and rivers in any of the Bukit Leelau CU estates. The natural rivers flowing through each estate are being monitored and measurements are taken at six monthly interval.

The palm oil mill in Bukit Leelau had identified the source of outgoing water from the mill, which led into natural waterways. The sources identified were run-offs of discharges from the effluent treatment plant (ETP) and monsoon drain from the mill. The monitoring of these discharges and the water quality of down streams was conducted quarterly.

For each estate, water quality index (WQI) for two selected streams was monitored at the point of entrance (or inlet) to the estate, mid stream and at the point where the streams flow out (outlet) of the estate. The purpose of monitoring of the natural rivers and streams is to determine whether the activities of the estates have any detrimental effects on the water sources. The test results reveal that the water samples from the rivers were mostly within the quality index ranging from 60 to 75, which falls into slightly polluted or class III category in accordance to Interim national water quality standard 2006 (INWQS) of DOE. Copies of reports on the water sampling from each estate and the recommendations to improve the quality of river water had been presented and viewed during the assessment

All monitoring results were well within limits prescribed in the environmental permit and national regulations.

Both the mill and estates had been monitoring the rainfall data as well as their water consumption as required by RSPO criteria & indicator.

**Criterion 4.5**

Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.

**Audit findings:**

There was a documented integrated pest management (IPM) system in the CU's StOP and Environmental Management Plan (EMP). Among the documented pest control were on rats, bagworms and rhinoceros beetles. The IPM techniques being used include detection, census and treatment controls to be applied when pests population or crop damages has reached the threshold level. In addition, the Bukit Leelau CU had encouraged the planting of beneficial plant such as *Turnera subulata* and *Cassia cobanensis* as part of the IPM as biological control over bagworms and nettle caterpillars.

Rat was still the main pest in the Bukit Leelau CU. The estates had been monitoring the damage through their daily infield FFB grading report. In addition, the mill had also been checking the damage as part of its FFB quality grading.

Bukit Leelau CU continued to promote the use of barn owl as one of its IPM practices to control the rat attack. The assessors had seen a number of barns owl in the field with their locations being identified on a map. Monitoring records were sighted and it had been established to include population census and plan(s) to preserve the population.

However, an OFI exist where barn owl boxes placed in the field could be increased to improve on the density per hectare and for uniformity where plastic (blue) containers were used it be replaced with wooden boxes.

It was observed that the field staff and storekeepers had been keeping records on the location, quantity and type of pesticides that have been applied in their Cost Books. These records would then be verified by the Assistant Managers to ensure consistency.

The estates had also been maintaining the records of agrochemicals being applied based on per hectare and per metric ton of CPO units since 2004. These records were prepared by the Assistant Managers and verified by the Managers.

**Criterion 4.6**

Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

**Audit findings**

Bukit Leelau CU continued to use the chemicals that are registered under the Pesticide Act 1974, chemicals listed in the World Health Organization Type 1A or 1B or Stockholm or Rotterdam Convention and in accordance with USECHH Regulations (2000) and Chemicals Packaging and Labelling of Hazardous Chemicals Regulations (1997) of the Occupational Safety and Health Act 1994. As sighted in a circular dated 23<sup>rd</sup> September 2010, signed by the Group Managing Director, the use of paraquat shall be discontinued by 31<sup>st</sup> December 2011.

A chemical register that showed the purpose of chemical usage, hazards classification, trade and generic names and MSDS for each chemical used were available at the store. All relevant stores at mill and estates (agrochemicals, fertilizer, lubricants, general spares and scheduled waste) visited had been well ventilated and secured. Only authorized personnel were allowed to access them.

Bukit Leelau CU had justified the usage of all agrochemicals in the StOP which attempt to ensure that the most effective and least harmful chemicals were always the first choice. This includes the specific targets and the correct dosage of agrochemicals to be used. Updated records since 2004 to show agrochemicals purchase, storage and consumption - areas treated, amount applied and frequency of application - were recorded and were available in every estate visited.

Pre-mixing of agrochemical was practiced at the estate stores for delivery to field. This is to avoid human exposure to concentrated chemicals and it was confirmed that no in-field mixing of agrochemicals by sprayers were observed.

There was no aerial spraying of pesticides.

The staff and workers such as the storekeepers, sprayers, fertilizer applicators and rat bait applicators whose works were being exposed to chemical had been trained and they had understood its hazards and how to handle the chemicals in a safe manner. The trade and generic names of the chemicals were made known to the workers through the MSDS training. Sprayers, mixers, fertilizer and rat bait applicators were given PPE and instructions on its use were demonstrated in the StOP's. They were told to wash their PPE at the pesticide mixing areas in a specially constructed wash area. This eliminated the need to take their PPE home and therefore avoid the risk of cross contamination among themselves.

The Bukit Leelau Estate had been implementing an annual medical surveillance as required by the CHRA to personnel at both the estate and mill level who are exposed to chemicals. The assessment had confirmed that medical surveillance had been conducted by

occupational health doctor (OHD) and the relevant records were maintained. The results showed that their level of exposure were below permissible limits.

In addition to the annual medical surveillance by the OHD, Bukit Leelau Estate had also monitored the sprayers' health condition through a monthly medical check-up by the Medical Assistants. The records on medical check-ups had been updated in the sprayers' Medical Check-Up Book and generally were found satisfactory. All workers involved in spraying and applying fertilizer were male.

Empty chemical containers were triple rinsed, pierced and stored for disposal in accordance with the legal requirements. Methods of storage and disposal of chemicals (pesticides) were included in training provided.

To date, Bukit Leelau CU has not received any request from buyers to test chemical residue in CPO.

**Criterion 4.7**

An occupational health and safety plan is documented, effectively communicated and implemented

**Audit findings**

The Bukit Leelau CU continued to adopt the IOI Group's occupational safety and health policy which was recently revised on 11/7/2011 and signed by top management. Inclusive of the subsidiary policy there were 10 policies sighted in total. For instance, the latest version of this policy dated 11<sup>th</sup> July 2011 was seen displayed on the notice board at Laukin A estate. From the policy to meet its commitment an OSH plan for the mill and individual estate had been established.

The policies had been communicated to all employees through briefings and were also seen displayed on the mill and estates notice boards. Similarly with documented OSH plan and programmes. Interviews with employees showed that they were aware of the OSH policy, objectives and programmes and generally understood their requirements. Training given on the policies and OSH plan were verified in their records.

Although the OSH Policy was recently revised it could be further improved to include commitment to prevention of injury and ill health and continual improvement to safety and health.

The OSH plan sighted had continued to address among others issues related to hazard identification, risk assessment and risk control (HIRARC), emergency preparedness, response and recovery, treatment of illness/injury during the job, compliance with regulations such as Occupational Safety and Health Regulations - Safety and Health Committee 1996, Use of Chemicals Hazardous to Health 2000, Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease 2004; and Factories and Machinery Regulations - Steam Boiler and Unfired Pressure Vessel 1970 and Noise Exposure 1989. HIRARC register was reviewed annually and updated accordingly as in the case in determining controls following an occurrence of accident. Likewise the Legal register was reviewed in October 2011 for compliance by the Sustainability Department.

The HIRARC and CHRA that had been carried out covered all activities in the estates and the mill. It included chemical mixing and spraying, harvesting, FFB evacuation, transportation to the ramps and mill in the estates, and, boiler operation, FFB sterilization,

kernel extraction and oil extraction and clarification in the mill. Appropriate risk control measures had been determined and implemented. For examples,

- designated chemical mixing area, pesticide and fertilizer stores and trained operators to handle chemicals
- in the estate eye wash and shower room were made available at chemical mixing area;
- at Detas Estate, corroded ramp railing and structure had been repaired or in progress of being repaired;
- tractors for use in the field had been equipped with anti roll bars;
- a vehicle safety checklist was used to check the condition of the estate vehicle prior to being used;
- in the mill machines which have moving parts had been well guarded, emergency evacuation route marked, oxygen and acetylene gas bottles restrained, and safety signages displayed were to OHS requirements.

The HIRARC register could be improved to include the identification of hazards associated with narrow bridge. The bridge was constructed using 4-slab (2 ft wide/slab x 12 ft long crossing the river at Field 88C, Detas Estate) along a 12 feet wide road. Further, there was no safety railings, signage, luminescent indicator installed

As sighted at Laukin A estate and the Bukit Leelau POM the medical surveillance for workers who were being exposed to chemical was carried on 21<sup>st</sup> April 2011 and 25<sup>th</sup> October 2011 respectively and assessment result showed their exposure were below PEL and were therefore fit to continue work.

During the estates visit, it was observed that signage (to remind workers to wear appropriate PPE) was posted at the appropriate places including spraying operations stating "Spraying In Progress" were exhibited. However, the sign or notice for "Re-entry Interval" after spraying was sighted not made available in the previous completed fields and therefore an OFI were raised.

At the mill similar requirements to use the PPE was prominently displayed near the mill office building. Pictures of mill management and element of the RSPO they had been assigned responsibility for were clearly made known to all employees, contractors and other interested parties. Other lack of controls that yield to issuance of OFI were

- overloading of FFB on tractors that need to be looked into as the tractors were not provided with side guard to prevent FFB from falling;
- the roof structure of the tube-well building at Detas Estate was not inspected nor maintained thus pose a risk of collapse at anytime as it had been infested by white ants;
- the tube-well building was not fenced and the electric switches at the door were easily accessible to workers at the nearby linesite.

At all sites visited local management continued to provide appropriate PPE to workers to cover all potentially hazardous operations such as pesticide application, harvesting, boiler operations, sterilizer door opening and all maintenance works carried out by workshop personnel. PPEs that had been commonly used were safety boots, helmets, goggles, ear plugs, rubber and cotton gloves, aprons and breathing masks.

PPE issuance were verified via viewing the issuance log book and found acceptable. Workers interviewed showed that they understood the reason and the importance of wearing PPE provided by the company. Those who worked with chemicals had been trained on the use of PPE, material safety data sheet (MSDS) and safe chemical handling procedures. At

the time of assessment all employees at mill and estates were found to adhere to the requirements of donning them in their workplace.

The organization structure responsible for OHS at Bukit Leelau CU remained the same. With the support and guidance of OHS Manager from Corporate, the Mill and respective Estate Manager have responsibilities and duty of care for OHS in their areas where they have control and influence. These managers had appointed the mill engineer and assistant estate manager and cadet officers to assist and also be responsible for the OSH implementation.

As has been the practice the mill and estates regularly hold meetings to discuss OHS matters. Interviews with members of the Safety Committee and review of records confirmed that the scheduled 3-monthly OHS Committee meeting had been carried out following workplace inspections. The minutes of meeting were sighted (kept at site at least for a year) and distributed to Responsible Party to carry out actions as a result of these meetings and corrective actions completed within the given timeline. Tool-box meeting had also being held to disseminate current or topical OHS information or to reinforce safety like the use of PPE and the correct work methods as per StOP.

The same (2007/2008) accident and emergency procedures were maintained and instructions were clearly understood by all workers. The assessor tested them to confirm their understanding which was found good. Contact numbers of mandore, office personnel and emergency service providers were sighted and found correct. These numbers were also seen displayed at estate and mill offices.

Although the Bukit Leelau POM had carried out an annual evacuation drill an OFI was raised. It ought to consider a night Emergency Response Drill since it persistently operate round the clock and throughout the year.

Medical clinics continued to be made available at the estates assessed. They were staffed by trained Estate Hospital Assistants (EHA) and on call 24 hours a day. At Leepang A estate the EHA just joined the company 1-½ months ago. The clinics were fortnightly checked by the VMO to ensure they were hygienic and sharps and medical waste handled correctly. Nevertheless an OFI was raised as stretcher as well as a fridge to store Atropin, Anti Tetanus Toxoid, Suppository and other temperature sensitive drugs were not considered for the Leepang A Estate Clinic.

Review of shift records showed that workers trained in First Aid were present on all shifts in both field and mill operations. First aid kits were provided to field supervisors as well as made available at several strategic locations at the mill and chemical mixing areas. They were checked and restocked regularly. However, on inspections the contents of the first aid boxes were different, inconsistent and vary between estates. An OFI was raised against these differences to align it to the requirements of DOSH First Aid Guideline Ed. 2, 2004

On-going monitoring of OSH performance was visible as evidence by accident scoreboard been made available at the mill and estates office and updated regularly to show the current OSH performance status. An example is as shown in photograph 10. All accident cases were managed in accordance with OSH Regulations. Data were submitted to the Department of Occupational Safety and Health (DOSH) by the Safety Officer (Corporate OHS Manager). Accident case on foreign workers was also reported to Labour Department.

All injuries and incidents were investigated to determine cause and eliminate recurrence where possible and its HIRARC register revisited and reassessed. The mill and estates had taken the necessary corrective actions to improve on their safety performance. Accidents were also reviewed at quarterly Safety Committee meetings.

Besides the accident statistics and OSH Committee meeting other measures of safety performance continued to be monitored include workplace inspection, audiometric test and health surveillance. Although audiometric test was conducted on 8<sup>th</sup> August 2011 for the first batch of employees but the results of the test was received on 10<sup>th</sup> November 2011. The lateness in obtaining the report had resulted in the follow-up retest for three employees with Standard Threshold Shift within 3-months of the date of last test had exceeded the time frame as allowed by the FMA (Noise Exposure) Regulation 1989. An OFI was given for the Mill to monitor the due date to ensure it received the audiometric report prepared by the Competent Person on audiometric promptly.

As seen in the previous assessment, there still exist fire fighting facilities at strategic locations in the mill, office and workers' houses. Inspection on the fire extinguisher had been carried out periodically. Inspection certificate was found to be still valid and pasted on the fire extinguisher's body.

The estates of Bukit Leelau CU kept on providing designated vehicle fitted with safety features to transport their workers as this was necessary to shuttle them to and from workplace in the field.

The assessor also had noted that Bukit Leelau CU had their workers covered by accident insurance. Through examination of records, the insurance was valid at the point of the assessment. All workers are covered by workers compensation accident insurance.

**Criteria 4.8**

All staff, workers, smallholders and contractors are appropriately trained.

**Audit findings**

There continued to be in place training programs for 2010/2011 for estates and mill at Bukit Leelau CU to improve RSPO awareness, reinforce safe work methods as per StOP, environmental compliance and increase staff skills when seen as required by management. All training needs had been identified by the operating unit management and jointly with the Safety, Health and Environmental Department thereon established the relevant training programs. All staff, workers, suppliers and contractors had been appropriately trained. The training programs for 2010/2011 for both estates and mill were made available and the focus was mainly on safety, environmental, standard operating procedures and good agricultural practice. Budget had been allocated to conduct the identified training courses.

The training involved requirements, to name a few, such as pesticide application, pesticide mixing, chemical storage and management, empty chemical container and scheduled waste management and other field training such as harvesting, Safe Tractor Driving, Safe Motorcycle Driving, etc. for estate personnel while for the mill the training conducted included Contractor SOP, Workshop and Production staff SOP, HIRARC, OSH Committee meeting, PPE, Confined Space Entry, Emergency Response, First Aid, Understanding MSDS, etc.

Although Basic First Aid training had been conducted by EHA, an OFI to be considered as Basic CPR training has yet to be included in the syllabus.

All training records along with photographic records of all training conducted within each area of operations had been properly filed. Attendance list on training was sighted. It included information on the name of the course, name and signature of attendees, name of trainer, time and venue. Also some form of understanding assessment such as quiz was

held and those who failed were asked to repeat the course. Based on random interviews held with workers (sprayers, harvester, fertilizer application workers, mill operators, workshop staff, clerks and management), it was confirmed that they had attended the training and had been aware on the safety, health and environment issues related to their tasks, their roles and responsibilities, the importance in achieving conformity to RSPO requirements and the consequences of departure from specified procedures.

Likewise interviewing those suppliers and contractors (FFB transporters, mill general workers) who had been trained on matters related to safety and environment confirmed that they had a good awareness and understanding on these subjects.

The records of training completed for 2010/2011 complied with the training plan for that year. Formal training records for all supervisory staff up to the level of Senior management was also sighted. It included recording of external course and skills attained.

## **PRINCIPLE 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY**

### **Criterion 5.1**

Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

### **Audit Findings**

Since the main RSPO Assessment Bukit Leelau CU had continued to conduct the environmental aspects and impacts risk assessment for all activities related to estate and mill operation including supporting facilities such as the workshop, chemical and waste storage, the effluent and water treatment plants and the laboratory.

Among the environmental risk identified related to the mill operation was boiler smoke emission. The environmental improvement to mitigate the negative impacts was identified and carried out. There were records on inspection of the boiler house. Smoke Density Meter (SDM) had been installed to monitor boiler smoke emission. Periodic calibration of the SDM had been carried out to ensure accuracy of the reading. However, on the day of assessment the SDM reading was found inaccurate to reflect the actual smoke emission therefore a minor nonconformity (RA 01) was raised.

For the estate operation among the environmental aspect and impact identified include potential of lubricant oil spill at workshop and lubricant oil store. For example, Laukin A has installed oil trap to avoid pollution in to water stream. As required by this criterion the aspect-impact register at all sites were reviewed and updated annually. However, assessment on the documented environmental improvement plan was found that periodic reviewed was not transparent (refer OFI).

### **Criterion 5.2**

The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exists in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

### **Audit Findings**



All estates visited in this Surveillance Assessment had produced their HCV Management Action Plans and Continuous Improvement Programme in accordance to the Proforest HCV Guidelines. However, an OFI was issued to Merchong and Mekassar on their HCV Management Action Plans and Continuous Improvement Programme for failing to acknowledge and endorsed the reports.

These reports had classified HCV into external and internal sites which were made available during the assessment..

Internal HCV sites were mainly riparian buffers of streams flowing through the estates, flooded sites in Leepang A and Laukin A Estates and a burial ground used by the local Orang Asli in the Leepang A Estate (HCV 6).

At Laukin A estate there was evidence of elephant encroachment and site visit showed there was adequate maintenance of electric fence and night patrolling in these areas. However, the maintenance of trenches could be improved as there were some degradation in some sections of the trench. There were evidence of communications with the Department of Wildlife and National Parks and this rapport should be strengthen in case there will be further elephant encroachment in future.

**Criterion 5.3**

Waste is reduced, recycled, re-used and disposed off in an environmentally and socially responsible manner.

**Audit Findings**

Bukit Leelau CU continued to practice 3R (reduced, recycle, re-use) on waste management and had disposed them off in an environmentally and socially responsible manner. Among those identified were general/domestic waste, scheduled waste, scrap metal, crop residue/biomass from the estates and mill and fibre, shell, EFB and POME from the mill and they were segregated into recyclables and non recyclables.

Among the approach was the implementation of a three-bin color-coded system each for segregation of paper, plastic and glass for recycle were strategically located at the mill and estates assessed while at the line sites the use of empty fertilizer bags to dispose off general/domestic waste were employed. The general/domestic wastes were collected from the labor lines and disposed by burying them in layers to optimize usage of pit at designated landfill areas within the estate twice weekly.

The domestic waste landfills, although constructed away from the line sites, but were dug out in the midst of harvesting rows as seen at Leelau A Estate. Being located in the harvesting path they posed safety and health hazards to harvesters in respect of accessibility to safely stand when requiring harvesting FFB at the edge of the dugout hole, exposure to flies, mosquitoes and unpleasant odor environment. Moreover, the area was not fence, no proper signage erected prohibiting trespassing and scavenging by Orang Asli nor proper landfill treatment carried out. The pit was seen neither covered with soil nor sprayed with insecticide. It was covered with soil only when full. Please see OFI raised.

Domestic and office recyclable non-scheduled wastes such as plastics, paper and glass continued to be collected and sold to a recycle vendor. Similarly, with scrap metal accumulated as a result of equipment and machinery maintenance activities were also recycled. Recycle wastes collection centre was seen at Laukin A Estate.

Gloves contaminated with chemicals, spent lubricant oil, spent oil filter, agrochemical plastic containers, fertilizer bags and clinical wastes were disposed off in accordance with company procedure and EQA (Scheduled Waste) Regulation 2005.

The assessment team had visited the scrap metal and scheduled waste storage areas, found them well segregated and labelled satisfactorily. Generation of the identified wastes were recorded and monitored on a monthly basis. The scheduled waste disposal note/consignment note were sighted and found acceptable.

An Opportunity For Improvement exist to recycle or harvest rainwater for usage at office or workshop premises as rainfall data seen at the estates in these areas are high annually. Crop residue / biomass from mill, i.e. fibre and shell, continued to be used as fuel in the boiler while EFB and POME were sent to estate for mulching and land application.

**Criterion 5.4**

Efficiency of energy use and use of renewable energy is maximized.

**Audit Findings**

Bukit Leelau CU continued committed to use renewable energy in the mill. Fibre and shell were still being used as boiler fuel to generate steam for the process, as well as electricity for the mill complex and labour lines. The usage of this renewable energy has been continuously monitored by Bukit Leelau CU. The same goes on monitoring the usage of fossil fuel as required by the RSPO P&C indicator.

**Criterion 5.5**

Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN Guidance or other regional best practice.

**Audit Findings**

There was no evidence of open burning seen at estates visited. Interviews with workers and view of records further confirmed the adherence to IOI Group policy on Zero burning. In the replanting areas, oil palm trees were felled, chipped/shredded and left to decompose as soil enrichment to the newly planted palms.

**Criterion 5.6**

Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

**Audit Findings**

The documented plans to mitigate all polluting activities associated with mill and estate operation were available and record showed it was reviewed annually except in the Laukin A estate (refer OFI).

Among the planned actions developed were to raise bund height at effluent treatment pond to avoid effluent overflow or leaking which can lead into water stream. Another improvement plan was aimed at emission reduction and fuel consumption reduction. For example, for FFB evacuation, wheelbarrow were used instead of machinery at certain areas of the field. In hilly areas the use of buffalo had been implemented. Vehicle inspection was carried out daily and preventive maintenance was carried out as per schedule.

## **PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS**

### **Criterion 6.1**

Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

### **Audit Findings**

A documented social impact assessment (SIA) had been sighted. The assessment was conducted from 8<sup>th</sup> September 2009 to 8<sup>th</sup> December 2009 by IOI RSPo team with the participation of the affected stakeholders (consisting of surrounding communities as well as estate communities). The records of meetings held were made available. A timetable for mitigating and monitoring the negative impacts as well as their progress has been established, incorporating the issues identified by the main SIA and a supplementary SIA (submitted to the assessor on 21<sup>st</sup> May 2010) thus closing out the minor non-conformity raised against Indicator 6.1.3 in the last assessment.

### **Criterion 6.2**

There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

### **Audit Findings**

Consultation and communication procedures for communicating with external communities and other stakeholders as well as internal estate communities were in place. The complaint form for written complaints, a suggestion box, morning briefings and verbal complaints made to the official in charge of social issues, to the workers' representatives or gender representatives were means and channels for estate communities, workers and staff to communicate their grievances or suggestions to the management. A grievance file was kept for this purpose. In the case of external communities and other stakeholders, they were informed that complaints and suggestions can be made, verbally or in writing to the estate office. These complaints and suggestions had been sighted filed in the grievance file which also recorded actions taken to address these complaints and suggestions.

A management official at the operating unit level had been nominated to be responsible on issues related to consultations and communication between growers and/or millers with local communities and affected or interested parties.

Each estate had identified and maintained a list of stakeholders consisting of contractors/suppliers, community institutions, local community heads and workers' representatives. The list had been updated since the last assessment.

### **Criterion 6.3**

There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

### **Audit Findings**

As found in the last assessment, there was documentation of the process by which a dispute was recorded as well as action/actions taken to overcome it. There was evidence that the system was open to all aggrieved parties - estate communities as well neighbouring communities and the general public. The complaints and their outcomes were recorded and filed in the grievance file. The complaint/grievance file contains numerous suggestions and complaints made by workers and staff all of them in relation to house repairs and recreational facilities.

It was observed that grievances and complaints had been resolved in an effective, timely and appropriate manner. This was evident from the records being kept. The assessment found no outstanding grievance or complaint.

**Criterion 6.4**

Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

**Audit Findings**

There was a specific procedure in place for identifying legal and customary rights and for identifying people entitled to compensation. It is continued to be in use.

The procedure for calculating and distributing fair compensation would not be carried out at the estate/mill level. This would be done at the company level. As to-date, there has been no claim for compensation made against the CU.

**Criterion 6.5**

Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

**Audit Findings**

There was an Agreement signed between the staff union (AMESU) and the Company to adopt the pay and conditions for their staff. However in the case of workers, even though there was a revised pay and conditions of employment effective 1 October 2011 to 31 October 2013, no record of consultations with NUPW (related to Court Award No. 1514/2010) had been sighted. Therefore, a major non-compliance was raised against Indicator 6.5.1.

However since the surveillance assessment, the client had submitted two letters from NUPW (dated 24<sup>th</sup>. November 2011) confirming the implementation by IOI Group Plantations and Palm Oil Mills the FFB harvesters and palm oil mill employees Collective Agreement as per MAPA/NUPW Industrial Court Award 1514/2010, and MAPA/NUPW Collective Agreement for field and general employees. Based on this evidence the major non-compliance raised against Indicator 6.5.1 is now closed.

Additionally an OFI was assigned to Indicator 6.5.1 as under terms and conditions of service (Offer of Employment) for foreigners, item 14e, Death of the Employee, the employer undertakes to bear all expenses necessary to send the remains back to his home country. However, the wording is slightly different for workers of different nationalities. For example in the case of the Nepali worker it was stated that "his remains will be sent to his next of kin in Nepal" without stating his home district/village while in the case of the Indonesian worker his remains "dihantar pulang ke daerah asal di Indonesia" (the remains are sent to his home

district). This could be improved by using the same wording for all foreign workers regardless of country of origin, stating that the remains will be sent to the next of kin in the late employee's home village.

Contracts of employment detailing payments and conditions of employment (e.g. working hours, overtime, deductions, sickness, holiday entitlement and maternity leave) as stated in the MOA and letter of offer were explained to the workers by the plantation management official. This was confirmed during random interviews held with the employees.

Adequate housing, water supplies, medical, educational and welfare amenities were in accordance with the Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) had been provided by the estates and mill for all the local or foreign workers. This was confirmed through consultations with the workers as well as visits made to the line sites in the estates. However, there was evidence from test reports submitted by Nalco Industrial Services (M) Sdn Bhd that pH value at 4.5 was detected for domestic water supply at Detas Estate. This was beyond the range set by WHO (6.5 – 8.5). Note, its water source was from tube well which was not treated as opposed to treated river-sourced water for other estates. Turbidity of domestic water at Laukin A Estate (22) was also above the accepted WHO level (5). Therefore, a minor non-compliance was raised against Indicator 6.5.3.

All workers had been paid similar wage rate and provided with individual contracts and pay slips. They had also been paid with decent living wages sufficient to provide absolute essentials of food, shelter and clothing as well as education for children and protection against ill health and accidents through medical benefits.

As for medical facilities, dispensaries (staffed by trained personnel) were made available in the estates and at the nearby government hospitals for use by all sick employees and their dependants. Social community centers and recreational facilities were made available for use by all workers and their families. This was confirmed through perusal of the relevant files as well as consultations with the workers.

**Criterion 6.6**

The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

**Audit Findings**

An official published statement in Bahasa Melayu/Indonesia and languages understood by the workers recognizing freedom of association was available and exhibited in public places. The workers who were consulted had confirmed that they were aware of their right to join the union. However none of the plantation workers, almost all of whom were foreign workers, were members of NUPW.

Documented minutes of meetings between the management with workers' representatives were also available. The NUPW representative interviewed informed the assessor that there was no regular formal meetings held. A meeting was held whenever an issue arises. Interviews with employees and workers representatives revealed that they had understood the requirement of Criterion 6.6.

**Criterion 6.7**

Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes.

Children are not exposed to hazardous working conditions.

### **Audit Findings**

There was clear evidence that the minimum age requirement had been met in line with IOI Group No Child Labour Policy. There was no record of persons under the age of eighteen, the minimum working age under Malaysian Labor Laws (Am. Act A1238) hired by the company. The assessment team had also observed that no children were seen picking oil palm fruits.

This was also confirmed by the workers interviewed by the assessors and verified through employment card and copies of passports.

#### **Criterion 6.8**

Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.

### **Audit Findings**

An equal opportunities policy was publicly made available in languages understood by the workers.

Job openings were made available to any qualified person regardless of his/her socio-cultural, political or gender background. This was evident by a perusal of the job advertisements taken out by the company.

All workers (local or migrant, male or female) were covered by the same payments and conditions of employment associated with the jobs they are hired for. This was confirmed by an examination of the letter of offer to the employees and by consultations with workers.

#### **Criterion 6.9**

A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

### **Audit Findings**

There was a published policy on sexual harassment and violence made available to employees in languages they understand.

There was a specific grievance mechanism to handle on issues related to sexual harassment and violence. A gender committee whose responsibilities among others are to look into gender issues had been established in each estate/mill being assessed. Meetings of this committee were held twice a year, the last meeting being held ranging from July to October 2011 at the various estates/mill assessed. Minutes of the meetings recorded the activities held to sensitize women workers sexual harassment as well as educating them about their rights and actions to be taken if they were faced with sexual harassment on the job. This was also confirmed by information gathered during consultations held with the female employees as well as members of the gender committee.

#### **Criterion 6.10**

Growers and mills deal fairly and transparently with smallholders and other local businesses.

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### **Audit Findings**

Bukit Leelau POM had received a small percentage. The owner of Ladang Manna had been interviewed during the assessment. The trading had been ongoing since the mill started operation in 1992, and in the case of Ladang Manna since they began harvesting in 1994.

The outcome of the interview revealed that generally, he had been happy on the FFB trading with the mill. Among the comments received were that the prices offered by the CU had followed the MPOB's guidelines and payments were promptly made. A cross check made against the documentation i.e. agreement showed that the pricing mechanisms for FFB had been well documented.

Apart from the FFB suppliers at the estate and mill, interviews had also been conducted with a hardware supplier, a contractor (who transports FFB from IOI estates to the mill and CPO from the mill to the refinery at Pasir Gudang) and a restaurant owner whose restaurant was on the estate. Among the outcomes were that the hardware supplier and transport contractor had been aware of the contract terms and conditions of the contracts for a job awarded to them and that payments had been made to them in a timely manner. The restaurant owner had no complaints or suggestions for improvement on his relationship with IOI.

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#### **Criterion 6.11**

Growers and millers contribute to local sustainable development wherever appropriate.

### **Audit Findings**

Bukit Leelau CU had initiated consultations with the estate (internal) communities as well as neighboring (external) communities. This was evident from the records being kept. Information obtained during the stakeholders' consultations in preparing the main (end of 2009) and supplementary (early 2010) SIA was used to work out a social management plan, aimed at minimising negative impacts and maximizing positive ones and in this way will help contribute to local social development.

However as the consultations with local communities (internal and external) had only been conducted during the main and supplementary SIA, the estates' and mill's contribution to local development was still rather limited. Regular consultations with local internal and external communities would assist the company in its efforts to contribute to local development. To date the estate's efforts have been limited to informing the neighboring communities of job opportunities available on the estate and donations to local institutions such as schools, while at the estate it continues in its efforts to improve housing and living conditions for its workers. In addition issues such as access and use rights of the estate areas by the Orang Asli have been resolved.

### **PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTING**

The establishment of Bukit Leelau CU started with Mekassar and Merchong Estate in 1978 and continued with Detas Estate in 1983, Bukit Leelau Estate in 1989, Leepang A Estate in 2001 and finally Laukin A Estate in 2002.

Since there was no new oil palm plantings at the Bukit Leelau CU since November 2005, therefore RSPO P&C 7 is considered not applicable.

## **PRINCIPLE 8: COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY**

### **Criterion 8.1**

Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations. MY NIWG commits to demonstrate progressive improvement to the following but not limited to:

- 8.1.1 Minimise use of certain pesticides (C4.6)  
Major compliance
- 8.1.2 Environmental impacts (C5.1)  
Major compliance
- 8.1.3 Maximizing recycling and minimizing waste or by-products generation.  
Major compliance

### **Specific Guidance:**

To work towards zero-waste (C5.3)

- 8.1.4 Pollution prevention plans (C5.6)  
Major compliance
- 8.1.5 Social impacts (C6.1)  
Major compliance
- 8.1.6 A mechanism to capture the performance and expenditure in social and environmental aspects.  
Minor compliance

## **Audit Findings**

Bukit Leelau CU continued to utilize the already established system to regularly monitor and review their key activities at the mill and estates, and initiated where relevant action plans for continuous improvement in its key areas of operations.

Evidence on action taken sighted for continuous improvement included the following:

- The mill had installed Continuous Emission Monitoring System (CEMS) where the smoke emission result was transmitted directly to Department of Environment (DOE) at Putrajaya.
- Commitment to minimize the use of certain pesticides by implementing IPM (constructing more in field barn owl containers and planting more variety of beneficial predator plants other than tunera).
- Commitment to zero waste, use of by-products such as EFB and POME in the fields and also increasing the awareness of workers on 3R's initiatives (i.e. reduce, reuse, recycle).

Additional SIA had been carried out from 22-24 April 2011 following the comments made by SIRIM QAS during the Main Assessment. In particular it centred around the Orang Asli of Kg. Runchang, Kg. Gadak and Kg. Noi. Among the IOI management plan established following the SIA conducted were:

- to introduce the handicrafts produced by the villagers to IOI visitors when they visit the estate;
- to continue allowing the villagers to use the estate road to collect their needs from the nearby forest;
- assist the villagers to buy good quality oil palm seedlings from IOI Research Centre; and
- welcome the Orang Asli to work in the estate.



The IOI Management has yet to review and report the outcome of their action plan which will be assessed in the coming surveillance audit.

### **3.2. Identified Non-conformance**

Details of the non-conformities, corrective actions taken by all assessed estates and mill, and assessors' verification of the corrective actions taken are in Attachment .

### **3.3. Status of Assessments Findings Previously Identified**

All previous nonconformities raised during previous assessment were verified for the corrective actions effectiveness. Corrective action has been taken and verified by the assessor. Details of the verified nonconformities are in Attachment.

### **3.4. Noteworthy Positive Observations**

Bukit Leelau CU is committed to RSPO certification, for example, those evidences that include upgrades and continuous improvements in key areas as mentioned in Principle 8. Overall, Bukit Leelau CU as a Division is found committed to meeting the time bound plan.

### **3.5. Issues Raised by Stakeholders and Findings with Respect to the issues**

There was no new issue raised by stakeholders. Two out of three issues raised during the Main Assessment remained to be resolved. They are Land Dispute in the Middle Tinjar, Miri, Sarawak and encroachment on peat land and open burning by IOI in its operations in Ketapang District, West Kalimantan, Indonesia. On the customary land dispute, IOI Pelita and the community involved had agreed for mediation. Mediator had been engaged through the RSPO Dispute Settlement Facility. Mediation process Stage 1 began in September 2011 and is on-going. On the encroachment on peat land and open burning, IOI had arrived at an agreement with RSPO in committing to improvements in operational procedures, as well as to comply with all RSPO requirements as means of moving forward.

## **4. Certified Organization's Acknowledgement of Internal Responsibility and Formal sign-off of assessment findings**

I, the undersigned, representing Bukit Leelau CU acknowledge and confirm the contents of the assessment report and findings of the assessment.



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Name : TAY WAI CHIAN

I, the undersigned on behalf of SIRIM QAS International Sdn. Bhd. confirm the contents of the assessment report and findings of the assessment.



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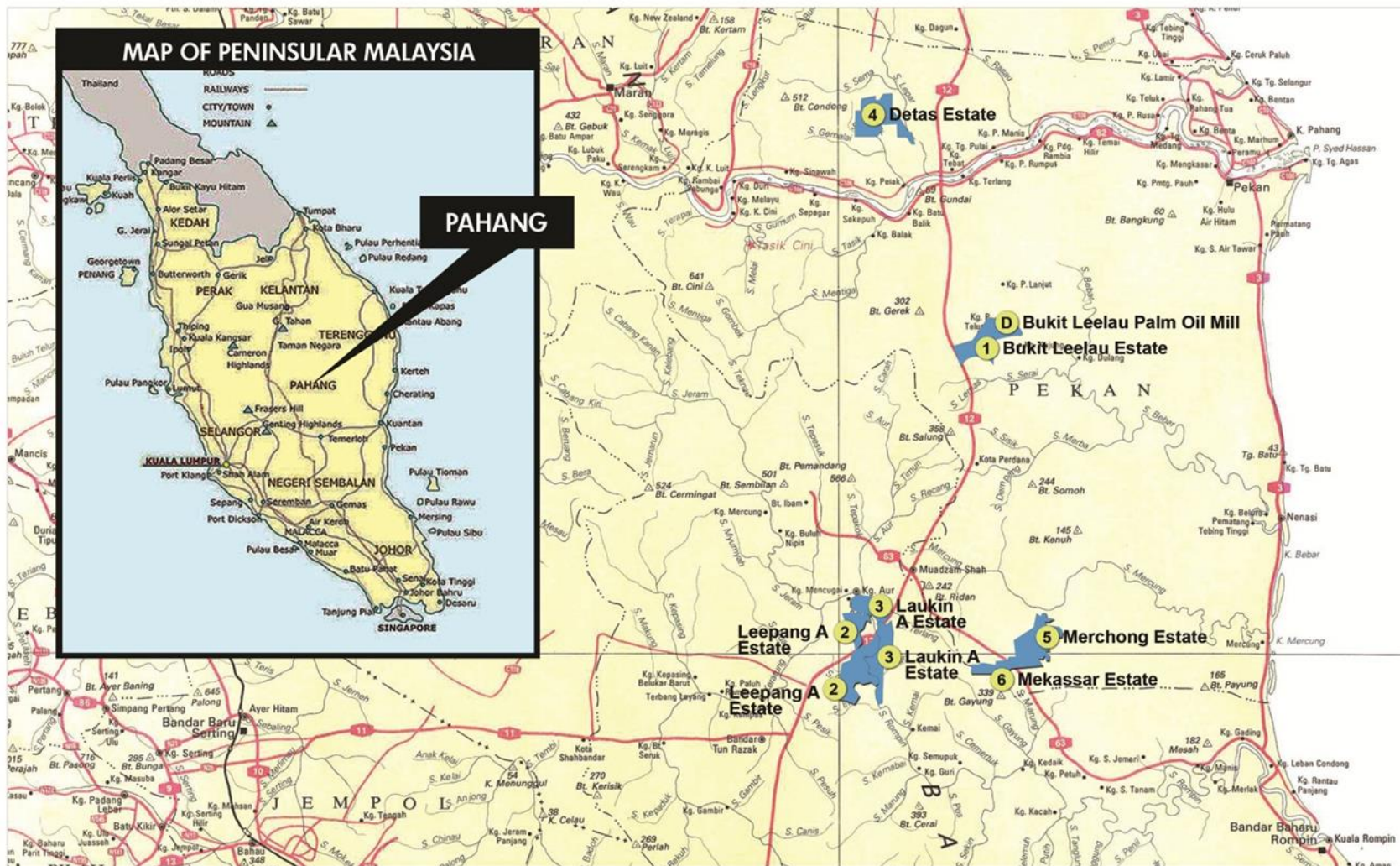
Name : MAHZAN BIN MUNAP  
(Lead Assessor)

### **Recommendation**

Based on the evidence gathered it can be concluded that **IOI Corporation Berhad, Bukit Leelau Certification Unit** continue to conform to the requirements of the RSPO MY-NI: 2010. All nonconformities have been closed out through verification of corrective action records.

Therefore, the assessment team recommends **IOI Corporation Berhad, Bukit Leelau Certification Unit**, to continue to be certified against RSPO MY-NI: 2010.

LOCATION MAP FOR BUKIT LEELAU CERTIFICATION UNIT IN PAHANG, MALAYSIA



<b>SURVEILLANCE ASSESSMENT PLAN</b>
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**1. Objectives**

The objectives of the assessment are as follows:

- (i) To determine IOI Corporation Bhd. Bukit Leelau CU 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 assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

**2. Date of assessment** : 16<sup>th</sup> – 18<sup>th</sup> November 2011

**3. Site of assessment** : IOI Corporation Berhad  
Bukit Leelau Palm Oil Mill,  
Bukit Leelau Estate,  
Leepang A Estate,  
Laukin A Estate,  
Detas Estate,  
Merchong Estate,  
Mekassar Estate,  
KM 75, Kuantan-Segamat Highway,  
Muadzam Shah, Pahang, Malaysia

**4. Reference Standard**

- a. RSPO P&C MYNI:2008
- b. Company's audit criteria including Company's Manual/Procedures

**5. Assessment Team**

- a. Lead Assessor : Hj Mahzan Munap
- b. Assessor : Pn Ruzita Abd Gani  
Hj Abdul Aziz B Abu Bakar  
Dr.Zahid Emby  
Dr. Pan Khang Aun

*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 (employees, nearby population, etc.), documentation evaluation and evaluation of records.

**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**

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : Sixty days after the date of assessment
- d) Distribution list : client file

**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 Programme Details** : As below

**Day One: 16<sup>th</sup> November 2011 (Wednesday)**

Time	Activities / areas to be visited					Auditee
	Hj Mahzan	Hj Abdul Aziz	Pn Ruzita	Dr. K A Pan	Dr. Zahid	
8.30 – 8.45 am	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader at Laukin A Estate office. <i>Kindly note all IOI estate and mill managers are required to attend the opening meeting at Laukin A Estate office.</i>					Top mgmt & Committee Member
8.45 – 9.00 am	Briefing on the organization implementation of RSPO at Bukit Leelau Certification Unit (i.e. changes on organization activities, if any), time bound plan and corrective action taken to address previous assessment findings.					Management Representative
9.00 - 1.00 pm	<p>Site visit and assessment at Leepang A Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to SH Management System</li> <li>Witness activities &amp; assessment at site i.e. (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>Line site</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, gensets, chemical store, fertilizer store, etc)</li> <li>Interview ESH Committee</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> <li>Verify corrective actions taken from the last audit</li> </ul>	<p>Site visit and assessment at Mekassar and Merchong Estates</p> <ul style="list-style-type: none"> <li>View documentation and records relating to Estate management</li> <li>Nursery (if any)</li> <li>Good Agricultural Practice</li> <li>Witness activities &amp; assessment at site (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>EFB mulching</li> <li>Riparian Zone</li> <li>River system including POME discharge</li> <li>Plantation on hilly/swampy area</li> <li>Waste management at field and line site</li> <li>Chemical store</li> <li>Fertilizer store</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Commitment to long-term economic and</li> </ul>	<p>Site visit and assessment at Laukin A Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to EIA and management plan</li> <li>Source of water supply</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, gensets, chemical store, fertilizer store, etc)</li> <li>Waste Management at estate, line site and dump site</li> <li>Interview ESH Committee, workers and dependents (related to Safety and Health, Environment, Social and welfare)</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> <li>Verify corrective</li> </ul>	<p>Site visit and assessment at Mekassar, Merchong and Laukin A Estates</p> <ul style="list-style-type: none"> <li>View documentation and records relating to estates boundary, HCV and management plan</li> <li>Conservation area management</li> <li>Boundary and land use by neighbour</li> <li>Forested area</li> <li>Riparian Zone</li> <li>Water bodies</li> <li>River system including POME discharge</li> <li>Plantation on hilly/swampy area</li> <li>Interview with stakeholders and relevant government agencies, if applicable</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> </ul>	<p>Site visit and assessment at, Mekassar and Merchong Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to local community and indigenous peoples issues such as EIA, SIA and management plans</li> <li>Interviews with Administration staff, Union members, FFB Suppliers.</li> <li>Visit and discussion with management (CSR, community affairs), workers and dependents at line site, surrounding local community (village headmen and kampong folks shop keepers), indigenous people issues on EIA, SIA and management plan.</li> <li>Facilities at workplace (surau, rest area, canteen, etc)</li> <li>Consultation with relevant government</li> </ul>	Guide for each Assessor

		financial viability <ul style="list-style-type: none"> <li>• Continuous Improvement Plan</li> <li>• Verify corrective actions taken from the last audit</li> </ul>	actions taken from the last audit		agencies, if applicable <ul style="list-style-type: none"> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> </ul>	
1.00 – 2.00pm	<b>LUNCH BREAK</b>		All			
2.00 – 5.30 pm	<ul style="list-style-type: none"> <li>• Continue Assessment</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P4 (4.1, 4.6, 4.7, 4.8), P6 (6.5, 6.10), P8	<ul style="list-style-type: none"> <li>• Continue Assessment</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P4 (4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8), P5 (P5.1, 5.3, 5.5, 5.6), P8	<ul style="list-style-type: none"> <li>• Continue Assessment</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P4 (4.1, 4.8), P5 (5.1, 5.3, 5.4, 5.5, 5.6), P8	<ul style="list-style-type: none"> <li>• Continue Assessment</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P4 (4.1), P5 (5.2, 5.5), P6 (6.2) P8	<ul style="list-style-type: none"> <li>• Continue Assessment</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P6, P8	Guide for each Assessor
8.00pm 9.00 – 10.00pm	<b>Dinner</b> Assessment team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document / record					All Assessors

**Day Two: 17<sup>th</sup> November 2011 (Thursday)**

Time	Activities / areas to be visited					Auditee
	Hj Mahzan	Hj Abdul Aziz	Pn Ruzita	Dr. K A Pan	Dr. Zahid	
8.00 am – 1pm	<p>Site visit and assessment at Bukit Leelau Palm Oil Mill on Safety and Health practices</p> <ul style="list-style-type: none"> <li>• FFB unloading, grading, processing to storage</li> <li>• Utilities (boiler, WTP, chemical store &amp; etc)</li> <li>• Interview Safety Committee and contractors</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Verify corrective actions taken from the last audit</li> <li>• Continuous Improvement Plan</li> </ul>	<p>Site visit and assessment at Detas and Bukit Leelau Estates on Estate Operation</p> <ul style="list-style-type: none"> <li>• Good Agricultural Practice including replanting</li> <li>• Witness activities &amp; assessment at site (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>• EFB mulching</li> <li>• POME application</li> <li>• Riparian Zone</li> <li>• Plantation on hilly/swampy area</li> <li>• Line site &amp; other community facilities</li> <li>• River system including POME discharge</li> <li>• Waste management</li> <li>• Worker issue</li> <li>• Verify corrective actions taken from the last audit</li> <li>• Continuous Improvement Plan</li> </ul>	<p>Site visit and assessment at Bukit Leelau Palm Oil Mill on Environmental area of concerns</p> <ul style="list-style-type: none"> <li>• Process area, boiler, ETP, Scheduled Waste store, Diesel generator set etc.</li> <li>• Environmental Aspect, Impact and their controls</li> <li>• Waste Management plan and activities</li> <li>• Source of water supply</li> <li>• Interview RSPO Committee members and contractors</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Verify corrective actions taken from the last audit</li> <li>• Continuous Improvement Plan</li> </ul>	<p>Site visit and assessment at Leepang A, Bukit Leelau and Detas Estate on conservation of natural resources and biodiversity</p> <ul style="list-style-type: none"> <li>• Conservation area management</li> <li>• Boundary and land use by neighbour</li> <li>• Forested area</li> <li>• Riparian Zone</li> <li>• Water bodies</li> <li>• River system including POME discharge</li> <li>• Plantation on hilly/swampy area</li> <li>• Verify corrective actions taken from the last audit</li> <li>• Interview with stakeholders and relevant government agencies, if applicable</li> </ul>	<p>Site visit and assessment at Laukin A and Bukit Leelau Estate and Bukit Leelau Palm Oil Mill on responsible social considerations</p> <ul style="list-style-type: none"> <li>• Interviews with Admin staff, FFB suppliers, contractors, RSPO committee members and Union representatives</li> <li>• Visit and discussion with management (CSR, community affairs), workers and dependents at line site, surrounding local community (village headmen and kampong folks shop keepers), indigenous people issues on EIA, SIA and management plan.</li> <li>• Consultation with relevant government agencies (if applicable)</li> <li>• Facilities at living quarters (surau, rest area, canteen, etc)</li> <li>• Continuous Improvement Plan</li> <li>• Verify corrective actions taken from the last audit</li> </ul>	Guide for each Assessor



1.00 – 2.00 pm	<b>LUNCH BREAK</b>					All
2.00- 5.30pm	<ul style="list-style-type: none"> <li>Continue with unfinished elements</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P4 (4.1, 4.6, 4.7, 4.8), P6 (6.5, 6.10), P8</p>	<ul style="list-style-type: none"> <li>Continue with unfinished elements</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P4 (4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8), P5 (P5.1, 5.3, 5.5, 5.6), P8</p>	<ul style="list-style-type: none"> <li>Continue with unfinished elements</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P4 (4.1, 4.8), P5 (5.1, 5.3, 5.4, 5.5, 5.6), P8</p>	<ul style="list-style-type: none"> <li>Continue with unfinished elements</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P4 (4.1), P5 (5.2, 5.5), P6 (6.2) P8</p>	<ul style="list-style-type: none"> <li>Continue with unfinished elements</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P6, P8</p>	Guide for each Assessor
8.00pm 9.00 – 10.00pm	<p><b>Dinner</b> Assessment team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document / record</p>					All Assessors

**Day Three: 18<sup>th</sup> November 2011 (Friday)**

Time	Activities / areas to be visited					Auditee
	Hj Mahzan	Hj Abdul Aziz	Pn Ruzita	Dr. K A Pan	Dr. Zahid	
8.00 – 11.00am	Verification on outstanding issues for Bukit Leelau Certification Unit Assessor to inform auditee on required document / record					Guide for each Assessor
11.00 – 12.30pm	Audit team discussion and preparation on assessment findings					All Assessors
12.30 -2.30pm	<b>LUNCH BREAK &amp; FRIDAY PRAYER</b>					All
2.30 -3.45pm	Continue Audit team discussion an preparation on assessment findings					All Assessors
3.00- 3.45 pm	Discussion and acceptance on audit findings with representatives from SOU 17					Auditee
3.45 - 4.30 pm	Closing meeting at Bukit Leelau Estate Office presentation of Bukit Leelau Certification Unit assessment findings					All
4.30pm	End of assessment & Travel from Bukit Leelau to SIRIM Shah Alam					

## Detail Of Non Conformity And Corrective Actions Taken

P & C, Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
2.1.1	<p>The requirements of Fire Services Act 1988 and the Electricity Supply Act 1990 and Suruhanjaya Tenaga was not complied with as follows:.</p> <ol style="list-style-type: none"> <li>1. Every designated premises shall have a Fire Certificate.</li> <li>2. The electrical plant equipment was not in charge by competent person.</li> </ol>	<p>a) Oil mill has engaged a consultant to assist in the process of obtaining Fire Certificate for Bukit Leelau Oil Mill. Consultation quotation and budget request by oil mill for the fire certificate were attached in <i>Attachment 5</i> as evidence of corrective actions.</p> <p>b) Oil mill has engaged a competent chargeman which initiated his work since 2nd January 2012. Document evidences such as employment letter and qualification of the employee is in <i>Attachment 6</i></p>	<p>In the process of obtaining the fire certificate Status: Open</p> <p>Competent chargemen is available and started his work from 2nd January 2012. a) Status: Closed</p>
4.1.1	<p>It was observed that pregnant buffalo is being allowed to still evacuating FFB in the field, inspite of being at advance 8 month's gestation (pregnant period) and this is against the Group StOP for Buffalo Procedure dated September 2007.</p>	<p>Sustainability Team had consulted Muadzam Shah's Veterinary Department and some experienced estate managers to obtain relevant information and guidance on the Buffalo management practice to incorporate into the current Group StOP. The reviewed draft StOP based on the information obtained from the consultation and some reading materials are in <i>Attachment 7a</i> (StOP for Buffalo assisted harvesting system) and <i>Attachment 7b</i> (StOP for Buffalo healthcare).</p> <p>Documented interview session with Veterinary officer has been obtained in <i>Attachment 7c</i>.</p>	<p>Draft reviewed StOP for buffalo management practice is available and submitted to higher management for approval.</p> <p>Status: Open. The revised StOP to be verified during the next surveillance assessment if it was endorsed by a Veterinary Doctor.</p>
4.3.1	<p>Slope protection for areas are not designated at Bukit Leelau Estate</p>	<p>Slope areas that required attention of erosion control practices has been identified and included into Bukit Leelau Estate's Environmental Management Plan</p>	<p>Status: Open. Assessor to verify the implementation of slope protection based on the action plan proposed during the next surveillance assessment / replanting programme.</p>

4.4.1	Riparian buffer zones are not adequately established and set aside in some estates (Detas and Mekassar)	<p>Standard operating procedure (StOP) on maintenance of buffer zone has been reviewed and the final draft submitted to higher management for approval. Refer <i>Attachment 2</i> for the reviewed StOP on Buffer Zone maintenance.</p> <p>Detas Estate has taken immediate actions by relocating the seedlings planted in the buffer zone and ensure no new seedlings planted in the stream buffer zones. Photo of corrective action is in <i>Attachment 3</i>.</p> <p>Mekassar Estate has been giving training to the harvesters to prohibit them from stacking the excised fronds in the stream buffer zones. Evidence of training and implementation in <i>Attachment 4</i>.</p>	<p>Status: Open, to verify the new StOP in the next surveillance assessment.</p> <p>Status: Closed</p> <p>Status: Closed</p>
5.1.2	The mill has installed smoke density meter (SDM) to monitor boiler smoke emission and the SDM was recently calibrated i.e. 10 November 2011 however the result of smoke emission found inaccurate.	Mill management had engaged LKS (M) Sdn. Bhd. for re-calibrating the SDM flowmeter on 7th December 2011. Refer <i>Attachment 8</i> for document evidence on action plans.	Status: Closed. Re-calibration of SDM flowmeter on 7th December 2011 by LKS (M) Sdn. Bhd.
6.5.1	There is a revised terms and conditions of employment effective 1 October 2011 to 31 October 2013 for palm oil mill employees (in relation to Industrial Court Award No. 1514/2010) issued by the company. However there is no record of communication between NUPW and IOI Corporation Berhad regarding the matter.	A copy of correspondence letter to show that NUPW is aware on the company's revised employment terms and conditions based on Industrial Court Award No.1514/2010 has been obtained from HR Department for the non-conformance. Document evidence in <i>Attachment 1</i> .	Done. Status: Closed.
6.5.3	pH value of domestic water supply in Detas Estate (4.3) is not within the range set by WHO (6.5 – 8.5). Turbidity of domestic water in Laukin A	Detas Estate and Laukin A Estate have engaged NALCO to give recommendation on the required actions based on their recent domestic water	Status: Open. Assessor to verify during next surveillance assessment.

	<p>Estate (22) is also above the accepted WHO level (5).</p>	<p>analysis report. Attached are the recommendations given by NALCO to improve the domestic water quality and corrective actions based on the recommendations (<i>Attachment 9</i>).</p>	<p>Detas Estate is in the process of installing a soda ash pumping system to improve the pH level of the water.</p> <p>Laukin A Estate is treating the domestic water based on the recommendations by NALCO. Another water testing will be conducted to verify the improvement of the water quality</p>
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**Verification Of Previous Audit Findings**

<b>P &amp; C, Indicator</b>	<b>Detail Non-conformances</b>	<b>Corrective Action Taken</b>	<b>Verification by Assessor in 2011</b>
<p>Criterion 2.1 Indicator 2.1.1</p>	<p>Written approval for the boiler and diesel generator set were not made available during the audit at Bukit Leelau Palm Oil Mill.</p> <p>The mill also does not have adequate competent Persons-In-Charge as required by Code of Practice for safe working in a confined space</p> <ol style="list-style-type: none"> <li>1. Authorised Gas Tester (AGT)</li> <li>2. Authorised Entrant</li> <li>3. Stand-by Person</li> </ol>	<p>Written approval documents have been obtained. Boiler - DOE ref.: 1022/Phg/732/(T)(18), Date : 10<sup>th</sup> July 1991 Diesel generator</p> <ol style="list-style-type: none"> <li>i) DOE ref. : 1022/Phg/730/T, Date : 10<sup>th</sup> July 1991</li> <li>ii) DOE ref. : and1022/Phg/732/T, Date :10<sup>th</sup> July 1991</li> </ol> <p>The mill has issued purchased order to purchase gas tester equipment.</p> <p>The Mill Manager, Assistant Manager and Technical Supervisor have attended the training as required by Code of Practice for safe working in a confined space.</p> <p>Training was conducted on 7<sup>th</sup> &amp; 8<sup>th</sup> May 2010 by National Institute of Occupational Safety &amp; Health (NIOSH), a training provider recognized by Department Occupational Safety and Health (DOSHS).</p>	<p>Written approval sighted. <b>NCR closed.</b></p> <p>Gas Tester purchased. <b>NCR Closed.</b></p> <p>The nominated staff had attended the COP for Safe Working in Confined Space. Mill Manager and Assistant Manager have passed the Authorised Gas Tester and Authorised Entrant and Stand by-person and their Certificate of Competency are valid to 14<sup>th</sup> December 2012.</p> <p>The mill Electrical Chageman passed only the Authorised Entrant and Standby person course.</p> <p><b>NCR closed.</b></p>
<p>Criterion 4.4 Indicator 4.4.1</p>	<p>IOI Bukit Leelau has identified and marked riparian buffer zone. However, it was noted that this practice can be improved as the zone close to some small streams had not</p>	<p>Clear and visible riparian buffer marking at all small streams were erected to alert the workers.</p> <p>New palms which were planted within the riparian buffer</p>	<p>Verified at Mekassar Estate (i.e. field PR 09A) and new palms were within riparian buffer zone. Training record sighted. <b>NCR Closed.</b></p>

	clearly been marked. Absent of clear marking has resulted in replanting of new palms within the riparian buffer zone in Mekassar Estate (i.e. field PR 09A)	were removed and relocated.  Refresher training was conducted on 3 <sup>rd</sup> July 2010 at Mekassar estate on maintaining riparian buffer zones.	
Criterion 4.5 Indicator 4.5.2	Bukit Leelau CU is promoting the barn owl as one of their IPM practice to control major pest i.e. rat attack. However, it was noted that the monitoring extent of this IPM implementation was not clearly presented. (e.g. population monitoring and efficiency of the programme)	To monitor the effectiveness of the implementation of barn owl as part of IPM. Monitoring records will be established such as barn owl population census and plan(s) to preserve the population.)	Status: Monitoring records were sighted and considered closed.
Criterion 5.2 Indicator 5.2.1	IOI Bukit Leelau CU has identified and carried out assessment of HCV sites. It is to be noted that the general practice throughout CU was found to be in compliance. However, the process needs improvement, as the following were noted:  1. Not all relevant stakeholders were involved in the identification of sites and the assessment of the conservation value of the sites .e.g. PERHILITAN  2. The identification of flooded vacant sites in Leepang A and Laukin A Estates as HCV sites although their conservation attributes had not been clearly determined.	1. Consultation sessions was carried as follows: <ul style="list-style-type: none"> <li>• On 5<sup>th</sup> May 2010, session with Pekan Forest Ranger</li> <li>• On 7<sup>th</sup> May 2010, session with Senior Officer of PERHILITAN.</li> </ul> Output from the consultations were documented and presented to the assessor. Implementation of the management plan will be verified in the next assessment.  2. HCV attributes and implementation of the management plan for flooded vacant sites in Leepang A and Laukin A Estates will be verified in the next assessment.	Jabatan PERHILITAN was verified consulted. All estates visited had produced their HCV Management Action Plans and Continuous Improvement Programme in accordance to the Proforest HCV Guidelines and implemented accordingly. <b>NCR closed.</b>
Criterion 6.1 Indicator 6.1.1	A documented SIA was available. However, it was not evident that all factors on which plantation and mill management may have social impact, as identified in the Guidance to Criterion 6.1, had been covered in the	A supplementary SIA was carried out. A review of the documents submitted confirmed that the supplementary SIA had adequately covered all factors required by the Guidance to Criterion 6.1	The supplementary SIA report was established. <b>NCR Closed.</b>

	<p>assessment.</p> <p>These factors include:</p> <ul style="list-style-type: none"> <li>• access and use rights</li> <li>• economic livelihoods and working conditions</li> <li>• subsistence activities</li> <li>• cultural and religious values</li> <li>• health and education facilities</li> <li>• other community values, resulting from changes such as improved transport / communication or arrival of substantial migrant labour force</li> </ul>		
<p>Criterion 6.1 Indicator 6.1.2</p>	<p>Evidence that an SIA had been carried out was available. However, the assessment team noted from records of the consultation sessions that not all affected parties had participated in the exercise to ensure the effective identification of all relevant social impacts and the development of appropriate plans .to mitigate the negative impacts and promote the positive ones.</p>	<p>A supplementary SIA was carried out. A review of the documents submitted confirmed that affected parties had adequately participated in the exercise.</p>	<p>The supplementary SIA report was established with the consultation with affected parties. <b>NCR Closed.</b></p>
<p>Criterion 6.1 Indicator 6.1.3</p>	<p>A timetable for mitigating and monitoring on the negative impacts has been established. However, this timetable was only based on the limited issues that were raised at the stakeholders' meetings.</p>	<p>A supplementary SIA was carried out. However, the management plan and its implementation will be verified in the next assessment.</p>	<p>Verified implementation of management plan acceptable. <b>NCR Closed.</b></p>

Principle and Criteria	OPPORTUNITIES FOR IMPROVEMENT (OFI)
<p>P 2</p> <p>I2.1.1</p> <p>I2.2.3</p>	<p><b>COMMITMENT WITH APPLICABLE LAWS AND REGULATIONS</b></p> <p><u>Evidence of compliance with legal requirements</u> Though Evaluation of Compliance for Estate and Mill has been conducted the comprehensiveness of evaluation to include applicable clauses and sub-clauses was not demonstrated</p> <p><u>Evidence of boundary stones along perimeter adjacent to state land and other reserves are being located and visibly maintained.</u> Increased visibility of boundary stones and boundary pegs like those used in Leepang A Estate should be established in all other estates.</p>
<p>P 4</p> <p>I 4.3.3</p> <p>I 4.7.1</p>	<p><b>USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS</b></p> <p><u>Presence of road maintenance programme..</u> IOI is practicing various methods to minimize soil erosion and degradation. In Leelau Estate, field 89C, road grading had been carried out on the hilly roads. However, roadside drainage to divert rain water into the field was not observed. At T-junction no sufficient culverts were placed resulting in gullies across the roads.</p> <p><u>Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machineries Act 1967 (Act 139)</u></p> <ol style="list-style-type: none"> <li>1. Although the Occupational Safety and Health policy was recently revised and approved on 11 July 2011, it could be further improved to include <u>commitment</u> to prevention of injury and ill health, continual safety and health improvement and investigation that include occupational disease and occupational poisoning.</li> <li>1. Eventhough the Leepang A estate has submitted the JKJ 105 application to the Pahang DOSH office, the estate to keep remind the state DOSH office the urgent requirement to operate the air compressor that has been purchased and kept at the workshop.</li> <li>2. The overloading FFB on tractors need to be looked into. Tractors are not provided with side guard to prevent FFB from falling.</li> <li>3. In Detas Estate, field 88C, the bridge-slab. was hazardous for passing through. It should be constructed with a proper 15-foot bridge with side-guard railing and adequate signage</li> <li>4. The roof structure of the tube-well building in Ladang Detas has been infested by white ant and hazardous. It would collapse anytime.</li> </ol>



<p>I 4.8.1</p>	<p>5. The building was not fenced and the switches at the door would be exposed to workers at the linesite.</p> <p>1. PPEs have been provided during spraying activity and signed of “Work in Progress” had been observed. However, “Re-Entry Interval” notice was not observed in the previous completed fields.</p> <p>1. Although Audiometric test was conducted on 8 August 2011 for the first batch of employees but the results of the test was not sent promptly resulting in the follow-up test for three employees with Stand Threshold Shift to be retested within 3-months of the date of last test exceed the time frame as required by the Act. Mill to monitor the due date.</p> <p>1. Stretcher and fridge to store Atropin, Anti Tetanus Toxoid, Suppository and other temperature sensitive drugs to be considered for the Estate Clinic – Leepang A Estate.</p> <p>2. The Bukit Leelau POM to consider conducting a night Emergency Response Drill as it operates round the clock and throughout the year.</p> <p>3. The Content of the first aid kit to be reviewed as they vary between boxes. Please refer to DOSH First Aid Guideline Ed. 2, 2004 – Leepang A estate and Bukit Leelau Palm Oil Mill.</p> <p>.</p> <p><u>A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation,including records of training for employees are kept.</u></p> <p>Although Basic First Aid training has been conducted by EHA, CPR training has yet to be considered.</p>
<p>P 5</p> <p>I 5.2.2</p> <p>I 5.3.2</p>	<p><b>PRINCIPLE 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY</b></p> <p><u>Management plan for HCV habitats (including ERTs) and their conservation</u>  Management plan for HCV including ERTs should be signed by relevant parties and suitably reviewed as planned (Merchong and Mekassar). For estates with human-elephant conflict, mitigation measures such as maintenance of trenches and communication with relevant authorities should be enhanced (Laukin A Estate).</p> <p><u>Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.</u></p> <p>1. The management had established a waste management programme and plan to reduce and dispose the domestic waste in an environmentally and socially responsible manner. However, improvement on the following need to be observed:-</p> <p>a. The surrounding landfill areas are not fence up to prevent unauthorized entries of workers/ people. Putting a tape around the pit do not prevent people from scavenging the rubbish dumped.</p> <p>b. Treatment to landfill was not carried.</p>

<p>I 5.3.3</p>	<p>c. Landfill areas should be in an area where no working activities take place.</p> <p>2. Recyclables waste is being segregated at the line-site. However, the area is not enclosed or fenced. Recyclable bottles/plastics are recycle back by the workers when they wanted to reuse it.</p> <p>3. No initiative observed to recycle or harvest rainwater for usage at office or workshop premises. Rainfall in these areas are high annually.</p> <p><u>Evidence that crop residue / biomass are recycled</u> Based on the record of EFB application in the estate (i.e. Leepang A &amp; Bukit Leelau) as well as observation at the mill EFB dumping area, the EFB recycle program need to be improve.</p> <p><u>Plans are reviewed annually</u> Laukin A has established the management plan to reduce the pollution however no evidence that the plans are reviewed annually</p>
<p>P 6</p> <p>I 6.5.1</p>	<p><b>RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS</b></p> <p><u>Documentation of pay and conditions</u> Under terms and conditions of service (Offer of Employment) for foreigners, item 14e Death of the Employee, the employer undertakes to bear all expenses necessary to send the remains back to his home country. However the wording is slightly different for workers of different nationalities. For example in the case of the Nepali worker it was stated that “his remains will be sent to his next of kin in Nepal” without stating his home district/village while in the case of the Indonesian worker his remains “dihantar pulang ke daerah asal di Indonesia” (the remains are sent to his home district). This could be improved by using the same wording for all foreign workers regardless of country of origin, stating that the remains will be sent to the next of kin in the late employee’s home village.</p>

- End of report -

