



**PUBLIC SUMMARY  
THIRD SURVEILLANCE ASSESSMENT**

**ASSESSMENT DATE: 9<sup>th</sup> - 13<sup>th</sup> SEPTEMBER 2013**

**IOI CORPORATION BERHAD  
BUKIT LEELAU CERTIFICATION UNIT**

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## **SUMMARY**

The Bukit Leelau CU comprises the Bukit Leelau Palm Oil Mill, Bukit Leelau Estate, Leepang A Estate, Laukin A Estate, Detas Estate, Merchong Estate and Mekassar Estate and two smallholdings, Ladang Manna Enterprise and Ladang Hj Harun.

This 3<sup>rd</sup> surveillance report was conducted from 9<sup>th</sup> to 13 September 2013.

SIRIM QAS International Sdn Bhd (SIRIM QAS International) was contracted by IOI to conduct this main assessment. SIRIM QAS International is the leading testing, inspection and certification body (CB) in Malaysia having provided its services to all sectors of the business and industry for over 30 years.

SIRIM QAS International, as an accredited CB by the United Kingdom Accreditation Service (UKAS) and STANDARDS MALAYSIA provides a comprehensive range of management system certification services on quality, environment, and health and safety.

SIRIM QAS International has wide experience in conducting assessments on palm oil mills and oil palm estates for certification of management system against the requirements of the ISO 14001 and OHSAS 18001. SIRIM QAS International was approved as a CB by RSPO on 21 March 2008. Since then, it has conducted many assessments on RSPO sustainable production of palm oil in Malaysia.

This assessment on Bukilt Leelau CU had resulted in the issuance of a several non-conformity reports against RSPO MY-NI requirements as shown in Attachment . Bukit Leelau CU has taken necessary corrective actions in order to close all non-conformities raised.

## **1.0 Introduction**

### **1.1 Description of the Certification Unit**

This third surveillance assessment report describes the certification unit of IOI Corporation Berhad, Bukit Leelau Certification Unit. The scope of this assessment covered the company own palm oil mill and all FFB supplying estates inclusive of two (2) smallholders Ladang Manna Enterprise and Ladang Hj Harun.

Bukit Leelau Certification consists of Bukit Leelau Palm Oil Mill, Bukit Leelau Estate, Leepang A Estate, Laukin A Estate, Detas Estate, Merchong Estate, Mekassar Estate and Smallholders Ladang Manna Enterprise and Ladang Hj Harun.

Bukit Leelau Oil Palm Mill, Bukit Leelau Estate, Leepang A Estate, Laukin A Estate, Detas Estate and Mekassar Estate are the subsidiaries of Perusahaan Mekassar Sdn.Bhd. while Merchong Estate is the subsidiary of Syarikat Pukin Ladang Kelapa Sawit Sdn.Bhd. Both Syarikat Pukin Ladang Kelapa Sawit Sdn. Bhd. and Perusahaan Mekassar Sdn. Bhd. are direct subsidiaries of IOI Corporation Berhad. However, the registration of RSPO Supply Chain in the RSPO e-trace for traceability of sustainable crude palm oil is under the name of Perusahaan Mekassar Sdn. Bhd.

The focus of the assessment team was to determine Bukit Leelau Certification Unit's conformance against the RSPO P&C MYNI as well as to verify the actions taken on the previous assessment findings.

## 1.2 Location of Mill and Estates

Bukit Leelau Certification Unit, hereafter referred as Bukit Leelau CU is located in Pahang Malaysia. The map of this CU is shown as in **Attachment 1** while details of their location shown in **Table 1**.

**Table 1:** Location and addresses of mill and estates.

Mill / supply bases	GPS Location	
	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
Manna Enterprise	03° 18.667'N	103° 07.797'E
Ladang Hj Harun estate	03° 18.841'N	103° 07.945'E

## 1.3 Production Volume for All Certified Products

**Table 2:** Actual CPO and PK tonnage produced since date of last reporting period (September 2012 to August 2013)

FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)
156,423.50	31,619.70	8,193.91

**Table 3:** Approximate CPO and PK tonnage produced ( September 2013 to August 2014)

FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)	CPO Tonnage claimed for certification (tonne)	PK Tonnage claimed for certification (tonne)
167,630	34,783	9,637	34,783	9,637

## 1.4 Certification Details

The name of the certified Unit and its RSPO identification are as follows:

Parent company: IOI Corporation Sdn. Bhd.

Certificate no : RSPO 010

The date of certification was the date of the RSPO approval which was 19<sup>th</sup> November 2010.

## 1.5 Description of The Supply Base

Details of the FFB contribution from each supply bases.

**Table 4:** Actual FFB production since last reporting period (September 2012 to August 2013)

Supply bases	FFB Production	
	Tonnes	Percentage (%)
Bukit Leelau Estate	48,440.30	30.97
Leepang A Estate	2,338.74	1.50
Laukin A Estate	17,917.36	11.45
Detas Estate	36,764.06	23.50
Merchong Estate	29,440.98	18.82
Mekassar Estate	20,752.65	13.27
Manna Enterprise	155.39	0.10
Ladang Hj Harun Estate	59.99	0.04
Other IOI certified CU Estate : Pukin Shahzan 1 Shahzan 2	554.03	0.35
Total	156,423.50	100.00

## 1.6 Year of Establishment and Area Planted with Oil Palm

The dates of planting and age profiles for each supply bases under Bukit Leelau CU are detailed in the following table 5.

**Table 5:** Year of Establishment & Area planted with Oil Palm in Bukit Leelau Estate CU.

Operating Unit	Year of Establishment	Planted Area (ha)
Bukit Leelau Estate	1989	1,976.00
Leepang A Estate	2001	1,823.00
Laukin A Estate	2002	1,051.00
Detas Estate	1983	2,177.00
Merchong Estate	1978	1,793.00
Mekassar Estate	1978	1,132.00
Ladang Manna	1990	60.56
Ladang Hj Harun	1990	60.88
Total		10,073.44

## 1.7 Organizational Information/Contact Person

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## 2.0 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. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. SIRIM QAS has also conducted pre assessment against RSPO Principle and Criteria and was approved as a RSPO certification body on 21<sup>st</sup> March 2008.

### 2.2 Assessment Team

The assessment team consisted of four assessor and details of the assessors and their qualification are detailed below:

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Mohamed Hidhir Bin Zainal Abidin	Lead Assessor / Milling Operation, Occupational Health and Safety	<ul style="list-style-type: none"><li>• Working experience in palm oil milling</li><li>• Successfully Completed RSPO Lead Assessor Course - 2013</li><li>• Successfully completed ISO 14001 EMS RABQSA/IRCA approved Lead Assessor - 2012</li><li>• Successfully completed ISO 9001 QMS RABQSA/IRCA approved Lead Assessor – 2012</li></ul>

		<ul style="list-style-type: none"> <li>• Successfully completed OHSAS 18001 OHSMS RABQSA/IRCA accredited Lead Assessor Course – 2012</li> <li>• B.Sc. (Hons) Chemical Engineering</li> </ul>
Valence Shem	Assessor / Good Agricultural Practices (GAP), environmental issues and legal related issues.	<ul style="list-style-type: none"> <li>• Working experience in Oil Palm plantation Management.</li> <li>• Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004</li> <li>• B.Tech. (Hons) Industrial Technology</li> <li>• Successfully completed and passed the RSPO Lead Assessor Course – 2011</li> </ul>
Tn Hj Abd Aziz Bakar	Assessor / Good Agricultural Practices and related legal issues	<ul style="list-style-type: none"> <li>• Thirty five years experience in plantation management covering rubber and oil palm.</li> <li>• Attended a training on RSPO P &amp; C and certification requirements in November 2009</li> <li>• 10 days auditing experience in RSPO P&amp;C</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>
Mohd Razman Salim	Assessor / HCV habitat & ecology /workers' & community	<ul style="list-style-type: none"> <li>• working experience related to forest management</li> <li>• Successfully completed ISO 14001 EMS</li> </ul>

	issues and related legal issues	RABQSA/IRCA approved Lead Assessor - 2013 <ul style="list-style-type: none"> <li>• Successfully completed ISO 9001 QMS RABQSA/IRCA approved Lead Assessor – 2013</li> <li>• Successfully completed OHSAS 18001 OHSMS RABQSA/IRCA accredited Lead Assessor Course – 2013</li> <li>• B.Sc (Hons) Forestry, UPM</li> </ul>
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### 2.3 Assessment Methodology

This surveillance assessment was planned according to the RSPO Annual Surveillance Assessment Document. The sampling formula to determine the number of supply bases to be audited for surveillance assessment is  $0.8\sqrt{y}$ . However after studying the document of previous assessment, it was decided that the sampling formula of  $0.8\sqrt{y}$  could not be used. This was due to the fact that each supplying base selected had its own issues related to the requirements of the RSPO MYNI. As such all supply bases, i.e. Bukit Leelau oil mill, Bukit Leelau estate, Leepang A estate, Laukin A estate, Merchong estate, Mekassar estates and the smallholders Ladang Manna Enterprise and Ladang Hj. Harun ,were assessed.

Field and office assessments for conformance against the RSPO-MY principles and criteria were conducted. The visit covered mill operation, estate agriculture practice, HCV habitats, labour lines, chemical storage areas and other workplaces.

Common systems were identified and specific evidences were recorded for individual estates as well as smallholders. Interviews, particularly with employees, local communities and suppliers were conducted both formally and informally in private, without the presence of company management personnel. In addition, related records and documents were inspected.

Detail of areas covered during this assessment is highlighted in the surveillance assessment programme in Attachment 2.

### 2.4 Date of Next Surveillance Visit

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

## 3.0 Assessment Findings

### 3.1 Summary of Findings

The assessment was conducted as planned using the methodology described in Section 2.3. The findings of the assessment were highlighted and discussed on site at the closing meeting.

A total of seven non-conformity reports (four major and three minor) against RSPO MY-NI requirements were raised as shown in Attachment 3. Bukit Leelau CU has taken necessary corrective actions in order to close all non-conformities raised. All 7 NCR's are closed and will be verified during the next assessment.

Of the 3 previous year's non-conformities issued 2 have been satisfactorily closed. The non-conformity for Indicator 6.5.3.was upgraded to form Minor to Major as the action plan for this



non-conformity was found to be inadequate. This NCR is now closed and will be verified during the next assessment.

The detailed findings of the assessment on the CU's compliance with the requirements of RSPO MY-NI principles and criteria 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**

The CU continued to record all requests, complaints & suggestions from internal and external stakeholders related to social, cultural and economic issues and the CU's responses in Grievance/Complaints Book (also known as the Green Book).

**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.

**Audit findings**

The CU continued to make management documents available to the public except for those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

The IOI website ([www.ioigroup.com](http://www.ioigroup.com)), continued to be available to the public. Information such as company's policies as well as annual report which provided information on environmental, social and legal issues related to the CU's operation were available on this website. In addition, the CU continued to provide information on grievance reporting and safety management plans on the office notice boards of each estate office.

Meetings between Group Manager and smallholders were conducted on several occasions to discuss on the RSPO requirements. It was also noted the Employee Consultative Council (ECC) meetings had been continuously conducted at all estates and mill to discuss on the welfare and matters with regards to workers issues, etc.

## **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 maintain a list of all the applicable laws and regulations relevant to its operations. Among the applicable laws and regulations were Environmental Quality [(Prescribed Premises) (Crude Palm Oil)] Regulations 1977, Environmental Quality (Scheduled Wastes) Regulations 2005, Factory and Machinery (Steam Boiler and Unfired Pressure Vessel) Regulation 1970, Minimum Standards of Housing and Amenities Act 1990, Employment Act 1955, Occupational Safety and Health Act, 1994 and National Forestry Act 1984.

However, the list was not updated to contain the following:- Person in Charge Regulations 1970, Safety Health and Welfare Regulations 1970, Code of Practice Confined Space 2010, Highly Toxic Pesticides Act 1996 . A minor NCR MH2 was thus issued.

Futhermore non conformance to some of the applicable laws and regulations relevant to its operations were found.

Among the applicable laws and regulations that were not complied were Road Transport Act 1987 (section 15) and Irrigation Area Act 1953 (section 20).

It was observed that tractor/trailer WMY 560 and WVN 9287 from Laukin A Estate had no valid road tax. Similarly, tractor/trailer WVN 9563 and WUF 9027 also had no road tax. These tractors were observed to transport FFB along the road-table of the gazette government road and to cross it in order to gain access to the main FFB hopper. Section 15 of the Road Transport Act 1987 required all motor vehicles plying on gazette government roads to be licensed. Thus a Major non conformance was issued under I2.1.1.

In Leepang A Estate a water catchment pond was observed to have been constructed beside a river within its buffer zone area. This contravened Section 20 of Irrigation Act 1953. As the management was unable to provide the approval letter from the department a Non-conformance was also issued under the same Major NCR I2.1.1.

Bukit Leelau POM had a new internal combustion engine (ICE) generator set with a capacity of 320kVA/400kW/536hp. Generator sets with such capacity should be operated by 1<sup>st</sup> grade ICE driver and assisted by a 2<sup>nd</sup> grade ICE driver. However, Bukit Leelau POM did not comply with this requirement.

Furthermore, as required by regulation internal combustion engines with more than 500hp capacity should be inspected monthly by a visiting 1<sup>st</sup> grade ICE engineer. This too was not complied with by Bulit Leelau POM.

The pre-conditions in Written Approval for generator sets are that stack emission and noise level are within the regulated limit. There were no evidences to show that stack emissions and noise levels for the 3 generator sets in Bukit Leelau POM were within the regulated limits.

As such non conformances for all the 3 mentioned were also issued under the same Major NCR I2.1.1.

A visit to the workers' housing in the estates and in Bukit Leelau POM 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. Linesite inspection was conducted on weekly basis by estate hospital assistant and monthly together with the visiting medical officer (VMO). Water and electricity were provided free of charge.

In Mekasar Estate drinking water was obtained from tube well. Water quality monitoring and water storage tank cleaning was carried out on a 6 monthly basis.

Most of the estates drew water from natural streams/rivers and treated the water at their water treatment plant for domestic consumption. Water samples had been analysed by a certified laboratory, NM Laboratory Sdn Bhd, for Arsenic, Nitrate, E-coli, Coli forms, etc. However, it was noted during the assessment, water quality analysis was not conducted by a medical health officer for all the estates except for Bukit Leelau POM as required by the said regulation. Thus a non-conformance was issued under the same NCR I2.1.1.

Electricity supply was self generated for the mill while the TNB supplied the estates.

**Criterion 2.2**

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

**Audit finding**

Land titles for all the estates and mill were verified and all the land was for the purpose of cultivating oil palm. The CU had a lease on the land granted by the Pahang State government as a legal ownership.

Land titles for both smallholders were verified and all the land was for the purpose of agriculture.

It was observed during site visit that there were no village/kampong and Native/Orang Asli settlements inside Bukit Leelau CU. Though, Orang Asli settlements were only found outside the estates Bukit Leelau CU continued to provide jobs for Orang Asli.

It was observed that the boundary of Mekassar Estate and adjacent secondary logged-over forest was clearly demarcated. In addition, no hunting signage was placed along the boundary of the forest as required under the Protection of Wildlife Act 1972 (Act 76).

The assessors visited Ladang Manna Enterprise and Ladang Hj Harun and found the boundary between Bukit Leelau Estate and the two smallholders was also well demarcated.

**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 or legally leased by Bukit Leelau CU and no customary rights has been infringed (refer to C2.2). Neither are there any outstanding land disputes with members of the local community (refer to C 6.3). It also found that, there are no native settlements or kampong found inside Mekassar Estate, Ladang Manna Enterprise, and Ladang Hj Harun, therefore the native claims did not exist.

**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 continued to persevere to make commitment to long-term economic and financial viability. The annual budgets for 2012/13 and 2013/2014 were sighted.

## **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**

Bukit Leelau CU continued to use all the established Standard Operating Procedures (referred to in the company as StOP) for both its estates and mill. The StOP for the mill was established in April 2008 whilst that for the estate had its StOP documented in December 2007.

The assessment team verified that, the established StOP continued to be for estate and mill operation activities. The simplified versions of the StOP were also made available on notice boards at the *muster ground*, office and chemical store. The smallholders were also given a copy of all procedures which are relevant to their operations such as harvesting, fertilizer application, spraying, etc. Interview with the smallholders revealed that they understood the procedures.

The estate has established a new StOP for Buffalo Assisted Harvesting System (BAHS) and Buffalo Healthcare which were revised January 2012 and distributed to all estates on 20<sup>th</sup> January 2012. A new set of Safe Operating Procedure (SaOP) dated 1<sup>st</sup> August 2012 incorporating the clauses of OHSMS (Occupational Health and Safety Management System), operation control procedures related to confined space, working at height was presented during the assessment.

Records on permits, relating to safety, etc, issued to contractors in order to manage them were also maintained.

However, the StOP for Safe Operating Procedures, clause 3.1.3 sub section (iv) on “transport of workers” was not adhered in Laukin A Estate. Tractor WVN9287 transporting workers back to the linesite from Division A was sighted crossing the main government road (Photo 4). It was observed that the workers were standing on the side-guard of the tractor contravening clause 3.1.3. Thus Major Non- conformance was issued under clause 4.1.1.

Similarly, the StOP for safe Operating Procedures, clause 3.1.3 sub section (v) on “FFB and EFB Transport” was not adhered. Trailers transporting FFB in Laukin A and Leepang A estates were observed to be overloaded and the trailers had no approved permissible tonnage painted on the trailer. Thus Non- conformance issued under the same Major NCR clause 4.1.1.

The assessor had sighted the revised StOP for Buffalo Assisted Harvesting System (BAHS) reviewed in January 2012. The revised StOP was prepared with the consultation with the ‘Pembantu Veterinar, Pejabat Perkhidmatan Veterinar Daerah, Kuala Rompin, Pahang.

The visit to field 02E in Leepang A estate, Division B, confirmed that no pregnant buffalo worked in the field. Though, the revised StOP on healthcare, sub-section 9 indicated the role of Veterinary Services, it was observed that no records were maintained from 2011, 2012 and 2013. Records of the veterinary officer’s visits, vaccination, de-worming and medicine administered to buffalos were not maintained. Thus Non- conformance issued under the same Major NCR clause 4.1.1.

**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**

Practices to maintain and improve fertility of soils were mainly carried out by application of Inorganic fertilizers and Empty Fruit Bunch (EFB) and proper stacking fronds between palms. The decomposed frond stacks increase the organic matters to the soil in the fields. Records of fertiliser application and recommendations were sighted during the assessment. Annual fertiliser recommendation was done by the Agronomist with reference to leaf sampling which was done annually.. It was noted that fertiliser application program for financial year 2012/2013 had been completed in Laukin A and Leepang A Estate. For the smallholders, different types of fertilizer from the CU's estates were used due to economic factor. Nonetheless, it was noted that Ladang Manna has applied sufficient amount of fertilizers to ensure good yields.

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

**Audit findings**

It was observed that practices to minimise and control erosion and degradation of soils were advocated through proper stacking of fronds, EFB application, construction of terraces in hilly terrains, avoidance of blanket spraying and maintenance of soft vegetation in interlines.

Road maintenance programs and road side drains were observed in Leepang A estate, Road cambering was geared towards in-flow of surface water into the fields. There were no areas with peat soil as well as fragile soils in Bukit Leelau CU and hence 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 had continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways within the estate. During the site review at Bukit Leelau Estate, it was seen buffer zone boundary with natural waterways were identified and demarcated with signage being erected along the river. The oil palm trees in the buffer zone were painted red at the trunk to differentiate them with the other non-riparian zone oil palm trees.

It was clear that IOI has the policy to maintain the buffer by restricting agrochemicals application and will be left undeveloped during replanting. Nonetheless, it was found at Ladang Manna that generator set which was used to supply electricity to its workers, was placed inside the gazetted buffer zone. Therefore, a Major NCR was issued under I 4.4.1.

There was no observation of bunds, weirs or dams across any water ways and rivers in any of the visited areas of Bukit Leelau CU.

**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 place on Laukin A and Leepang A estates. The IPM program among others included management of pest like rats, bagworms, nettle caterpillars and rhinoceros beetles. The IPM technique for bagworm control included the planting of beneficial plants like *Cassia cobanensis*, *Antigonan leptopus* and *Turnera sublata*.

Though rats remained the main pest in Laukin A and Leepang A estates, rat damage on harvested FFB was observed to be moderate. The estates have been monitoring rat damage through their daily in-field FFB quality grading reports. The estates carried out calendar baiting of two baiting campaigns per year for rats.

Programs to increase barn owl population by increasing barn owl boxes were sighted. Currently the ratio of barn owl boxes to land on Leepang A estate was 1:37. The positive effectiveness of barn owls was indicated by the reduction in the number of rat baits used. Records showed that in 2013 rat baits used had reduced by 45.15% from that used in 2012.

Field staff and storekeepers maintained records on the location, quantity and type of pesticides used in the *field cost books* and in the *stock issue records*. The estates also maintain records of agrochemical usage since 2004. Records on active ingredient per hectare of pesticides used were also sighted.

**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**

Justification for agrochemical used was described in the StOP and SaOP. The company maintains an up-to-date list of chemical used and a chemical register in each estate. Check conducted in their stores and on application records showed no evidence in the use of prohibited chemicals. The estates continued to maintain records of chemical used, amounts applied, dates, and areas of application.

Checks conducted at the chemicals confirmed that all estates under Bukit Leelau CU had continued to use agrochemicals that have been registered under the Pesticides Act 1974 (Act 149) and Highly Toxic Pesticide Act 1996.

Monochrotophos or trade name Krotofos 60, a class 1A chemical, was stored at Merchong Estate. The chemical was for treating Bagworm attacks by trunk injection. Approval to buy it had been granted by the Department of Agriculture. It was verified that all workers who carried out trunk injecting been properly trained and were provided with all necessary PPEs.

The chemicals were stored in compliance with the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. All of the stores had been well ventilated and secured. Only authorized personnel were allowed to handle the chemical stores especially for the class 1A chemical. All staff and workers handling chemicals

had been trained and interviews showed that they understood the hazards involved and how the chemicals should be used in a safe manner. The trade and generic names of the chemicals were made known to the workers through the CSDS training.

Laukin A and Leepang A estate monitored the health of their workers by having routine medical surveillance. The Medical Assistants (MA) conducted medical check-ups periodically for sprayers, workers who applied fertilizer and rat baits and for drivers. Records of these check-up were sighted. Annual medical surveillance as required by the CHRA to all workers who are exposed to chemicals was conducted by occupational health doctor.

There were no pregnant or breast feeding women working with pesticides. All sprayers were male and were provided with the appropriate PPE. This was verified through interviews and field visits. All chemicals for spraying operations were premixed in the stores. Signage of work in progress and re-entry date to sprayed fields were strategically place for public notification.

Areas for premixing chemicals at the stores were sighted. Sufficient wash-area and showers at the premix area were provided.

The use of paraquat weedicide has been discontinued and none used in 2013.

Field staff and storekeepers maintained records on the location, quantity and type of pesticides used in the *field cost books* and in the *stock issue records*. The estates also maintain records of agrochemical usage since 2004. Records on active ingredient per hectare of pesticides used were also sighted.

As to date, there was no request from buyer for chemical residue testing for CPO.

**Criterion 4.7**

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

**Audit findings**

Bukit Leelau CU has continued to adopt the IOI Group's Occupational Safety and Health Policy. The policy had been communicated to all employees through briefings. It was also displayed on the estates notice boards. A safety management plan (July 2010- June 2015) for each operating unit had been established.

The hazard identification, risk assessment and risk control had been carried out on activities both in the estates and mills. Updated HIRARC register dated 15/8/13 was presented during the assessment.

It was confirmed that no chemical mixing was carried out in the field through field visit and interview with workers. All sprayers were issued with the necessary safety boots, helmets, goggles, rubber and cotton gloves, aprons and breathing masks. Records on PPE issuance were maintained and made available to the assessor.

Workers who worked with chemicals had been trained on the use of PPE, material safety data sheet (MSDS) and safe chemical handling procedures. During the site assessment, it was observed that signage (to remind workers to wear appropriate PPE) was posted at the strategic places. It was observed that first aid box was provided to the field supervisors as well as made available at several strategic locations at the chemical store, workshop and chemical mixing areas.

Other than that, there were fire fighting facilities at strategic locations in the office and workers' houses and workshop area. All fire extinguishers had been periodically inspected and valid inspection certificate pasted on the fire extinguisher cylinders were sighted.

On USECHH Regulation 2000, the CHRA generic report, for mill and estate, conducted by qualified assessor registered with DOSH was presented during assessment and was valid until 2014. All significant work units that were exposed to chemical were assessed and sampled.

Workers from different work units from the mill and estates had been sent to OHD for medical surveillance on annual basis as recommended by CHRA.

Baseline audiometric is mandatory for all workers exposed to noise level that exceeded the level of 85 dBA. As recommended, audiometric test was conducted on 30 October 2012 for total of 64 employees. The workers were from the kernel plant, press station, boiler house and engine room. There were no workers with hearing impairment.

Hearing conservation awareness programme for all exposed employees had been conducted on 23/5/13.

The issue of permit to work (PTW) for works that required supervision and the use of proper PPEs, like hot works(oxy cutting & welding), confined space entry, working at height and other mechanical and electrical works, to contractors had been implemented

For confined space entry, Bukit Leelau POM had 4 Authorized competent persons & one competent person on Standby (AESP) and 1 competent Authorized Gas Tester.

It was verified that PTW for confined space was consistently implemented and maintained.

OSH performance was continuously monitored and accident cases were managed in accordance with OSH Regulations. Accident records were reviewed & maintained. An accident scoreboard was made available at mill and estates and updated regularly to show the current OSH performance status.

Bukit Leelau CU had appointed the Mill Engineer and assisted by Safety and Health Officer (SHO) as secretary of OSH committee. Interview with members of the Safety Committee and review of records confirmed that quarterly OSH meetings and workplace inspections had been carried out at the planned intervals. Issues raised had been acted and resolved.

The assessor noted that foreign employees in Bukit Leelau CU were covered by accident insurance under MSIG Insurance (M) Berhad, policy number DJ-08521500-FWC valid until 30 September 2013. All local mill employees were covered by SOCSO.

**Criteria 4.8**

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

**Audit findings**

Training programme on Safe Operating Procedures on chemical handling, refresher briefing on use of PPE, refresher briefing on estate operations such as harvesting & weeding, maintenance of buffer zones, waste management and on StOP had been conducted.

Based on interviews held with workers from the spraying, manuring, harvesting, and mulching gangs, it was noted that their understanding on these subjects was satisfactory. Level of



awareness on the RSPO requirements for staff, workers, contractors and smallholders were found satisfactory.

## **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**

Environmental aspect and impact evaluation methods of identification were generally through site inspection by the estate or mill management & sustainability team and stakeholders consultation such as input from the DOE, surrounding communities e.g. Kg. Tanjung Kelapa, Runchang & Felda and suppliers.

The environmental aspects would be reviewed annually depending on change of activities and input from stakeholders. It was reviewed in September 2012 and again in 26/8/2013. There was no change between the two last reviews. However, there was a progress report on the implementation of the management plan.

### **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**

HCV Assessment report for Mekassar Estate had been reviewed in November 2011. Religious worshipping sites 'Surau', & Tokong' had been identified and demarcated as the HCV 6. Riparian buffer zone for Merchong and Marung river at Mekassar Estate are also protected. The assessment report shows that all the river buffer zone reserves are classified under HCV 4 and HCV 5. Signage boards had been installed at the respective locations.

It was observed at Mekassar estate that riparian buffer zones were established along the streams of Sg Marung & Merchong rivers and 'no spraying' signage installed during the visit.

It was noted that Mekassar Estate has taken necessary action on the comment highlighted by the Forest Rangers of the Pahang State Forestry Department. The establishment of the buffer zones and installation of no spraying signage were positive steps taken by the CU to protect the river from contamination by pesticide.

Map of the estate with boundary stones, buffer zones, HCV sites, identified state land forest, etc was available at the Mekassar Estate. There was no evidence existence of rare, threatened or endangered species found in these areas during the assessment.

### **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 the 3R policy (reduce, recycle, re-use) on waste management and to dispose them off in an environmentally and socially responsible manner. Biomass from the estate was mainly from palm trunk of felled palms, pruned fronds and frond butts and from the mill EFB. The EFB from the mill was applied as fertilizer in the mature oil palm fields by mulching. Shell and fibre were used for boiler fuel and the amount was recorded on daily basis.

Domestic waste was tied in empty fertilizer bags, to prevent scavenging by monkeys, other animals and orang asli, and disposed in landfills. The landfill pits were then filled with soil in layers of waste, soil, waste, and soil and finally closed. This method of filling not only discouraged scavenging both by humans and animals but also eliminated or minimised odour from the pits. Sign boards on the date of opening and closing of the pits were sighted at the pits.

The segregated domestic and office waste such as paper, glass and glass collected are sold to recycling vendors. The profit is then distributed to the workers who segregated the waste. This was to encourage workers to continue the 3R policy diligently.

Accumulated scrap metal and metal from old agricultural equipment like trailers, etc are stored in designated areas and sold to recycling vendors.

Wastes generated from the mill and estates maintenance activities were scrap metal and scheduled wastes such as spent lubricant oil, spent oil filter, clinical waste and empty chemical containers.

Scheduled waste recording at Bukit Leelau CU had been maintained as per EQ (Scheduled Wastes) Regulation 2005.

Mill effluent was discharge to natural waterways in accordance to EQA Regulations. Based on the verification of data, generally the mill complied with all of the limited parameters and received no complaint from the authority so far.

**Criterion 5.4**

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

**Audit findings**

Bukit Leelau POM had recorded its renewable energy used i.e. fibre and shell used for boiler.

The CU continued to maintain records on diesel consumption per mt CPO. From the previous year there was a 10% reduction in diesel consumption due to regular maintenance of machinery and the use of new units of replacement tractors.

**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**

From site inspections, it was confirmed that the Bukit Leelau CU continued with its policy on zero burning.

**Criterion 5.6**

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

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### **Audit findings**

Based on GHG calculation, actual emission was 783.77 kg CO<sub>2</sub>/mt CPO for the period July 2011 to June 2012. There was no management plan in place to reduce since the current figure was within the regulated limit of 1,120 kg CO<sub>2</sub>/mt CPO required by the European Union.

Bukit Leelau Estate had no peat soil and soil maps were available to support this.

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

#### **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) was prepared for December 2009 until November 2014. Issues were again identified by the main SIA from January – December of 2013 and 2014 and records of meetings held were made available and a time bound action plan and activity for mitigating and monitoring the negative impacts were established.

#### **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**

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.

Annual consultations and communications with stakeholders including estate and neighbouring communities were carried as part of the main SIA. These meetings were attended by the CU's management and community leaders, workers' representatives, smallholders, suppliers and related government agencies. The minutes of the meeting were recorded, upon which the time bound action plan was developed to mitigate the negative impacts and enhance the positive ones. These meetings and the follow-up actions taken were confirmed by the stakeholders, estate workers and staff, Orang Asli, local community leaders and smallholders, consulted by the assessors.

Each estate had identified and maintained updated lists of stakeholders consisting of contractors/suppliers, community institutions, local community heads and workers' representatives.

#### **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 previous assessments, there was documentation of the process by which a dispute was recorded as well as action/actions taken to overcome it. Bukit Leelau CU kept a Grievance/Complaints Book (known as the Green Book by workers, staff and external stakeholders).. The system was open to all aggrieved parties and there is evidence that estate as well neighbouring communities and the general public made use of the Green Book.

A complaint had been recorded in the grievance book that at POM canteen food and goods had been expensive, the place untidy and that there was no price list exhibited. The complaint was also raised by the sexual/gender secretariat in the Sexual/Gender Committee meeting dated 9 February 2013 and 14 May 2013. During interviews it was confirmed that the complaint had also been made verbally to the mill manager. As at time of visit these complaints had not been resolved a minor nonconformity was raised under I 6.3.2.

**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 like land ownership issues, boundary stones and squatter issues and for identifying people entitlement to compensation.

The calculation and distribution of fair compensation was only to be carried out at company level. However, as to-date, there has been no claim for compensation made against the Bukit Leelau 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 were contract of service, "Offer of Employment" for Foreign workers which was in Bahasa, English and Myanmar language. The CU continued to explain the Contents of the Offer of Employment to the workers and it was observed that it had been explained by Social Officer during Internal Stakeholders Meeting on 4 June 2013.

The Internal Stakeholders Committee secretary and foreign workers of Mekassar Estate and Bukit Leelau mill confirmed that they fully understood the "Offer of Employment" when interviewed. They also confirmed that they understood the contents of their payslip some of which were working hours, deductions, overtime and holiday and maternity leave entitlement.

Adequate housing, water supplies, medical, educational and welfare amenities 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. The line sites were inspected by a Visiting Medical Officer and the Medical Assistants on a monthly and weekly basis respectively. This was confirmed through consultations with the workers as well as visits made to the line sites in the estates.

However water quality problems in Laukin A Estate which was identified in the last audit have not been fully solved. Therefore, the non-compliance was upgraded to Major.

The CU continued to have dispensaries, in every estate for use by all employees and their Dependents headed by Hospital Assistants.

Serious medical cases were sent to the nearby government hospitals by company vehicle with all expenses paid by the company. The workers were also covered by SOCSO or insurance.

Though recreational facilities varied from estate to estate the CU continued to provide them use by all workers and their families. All of the above-mentioned were confirmed from documents, field observation 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**

Bukit Leelau CU continued to exhibit in public places an official published statement in Bahasa Melayu/Indonesia and languages understood by the workers recognizing freedom of association. The workers who were consulted had confirmed that they were aware of their right to join unions.

Only Bukit Leelau mill had formed a National Union of Plantation Workers (NUPW) committee.

**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 no record of persons under the age of eighteen, the minimum working age under Malaysian Labour Laws (Am. Act A1238) hired by the company. This was verified through an examination of the employment cards and copies of workers' passports. Site assessment confirmed that no children picked oil palm fruits or did any other kind of work in the estates and mill. This was corroborated by the workers interviewed by the assessors.

The CU did not hire underage persons and thus did not contravene the Children and Young Persons (Employment) Act 1966 (Act 350)

**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 at the Mekassar Estate and Bukit Leelau mill.

Job openings were made available to any qualified person regardless of his/her socio-cultural, political or gender background. All workers (local or migrant, male or female) were covered by the same pay and conditions of employment associated with the jobs they are hired for. This was confirmed from the "Offer of Employment" documents and through consultations with workers.

In accordance with Human Rights Commission of Malaysia Act 1999 (Act 597) the workers and

staff were not discriminated against in any way and their rights not infringed.

**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 Bahasa Malaysia, English and other languages spoken and understood by the employees.

There was a specific grievance mechanism to handle issues related to sexual harassment and violence. A gender committee, whose responsibilities among others was to look into gender issues, had been established in each estate/mill assessed. 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.

**Audit findings**

Bukit Leelau POM had received a small percentage (i.e. about 0.72%) of its FFB requirement from two smallholders namely Ladang Manna Enterprise and Ladang Hj. Harun. Both owners were interviewed during the assessment. The trading with Ladang Hj. Harun had been ongoing since the mill started operation in 1992 and in the case of Ladang Manna since they began harvesting in 1994.

The prices offered by the mill were as per the guidelines of MPOB's and payments were promptly made. Documents examined showed that the pricing mechanisms for FFB had been well documented.

However, En. Abdul Rahman of Ladang Manna pointed out during the interview his dissatisfaction that IOI Commodity Trading Sdn Bhd had paid him based on only 13% OER for his FFB in June 2013. Though he understood that the price of FFB was determined based on mill's grading and would not exceed the Basic Oil Extraction Rate (OER) at 19% he felt that he should not have been paid based on only 13% OER.

As this conflict was raised by him, a Minor NCR under I 6.10.3 was issued.

**Criterion 6.11**

Growers and millers contribute to local sustainable development wherever appropriate.

**Audit Findings**

All the estates under the Bukit Leelau CU continued to initiate consultations with all their stakeholders. This was evident from the SIA Reports and other records kept.

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

The assessment team has verified that they could not see any new land being opened up for new planting. Thus Principle 7 is 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:

### **Audit findings**

Generally, Bukit Leelau CU had established a system to regularly monitor and review their key activities at the estate. Evidence sighted on the commitment to minimize the use of certain pesticides by implementing IPM such as planting of beneficial plant and increasing number of barn owl boxes.

Other improvement plans included the commitment to zero waste and utilisation of by-products such as EFB in the field.

The main SIA carried out in 2009 was improved on by a supplementary SIA carried out in August 2013. The continuous improvement was in the form of updating of demographic information of the estates in the Bukit Leelau CU, as well as in the time bound action plan developed for each SIA Report. The stakeholder lists for example have been updated and the social programme from January – December for 2013 and 2014 has been develop and carried out as scheduled.

Bukit Leelau CU also carried out annual review of the SIA. The establishment of the Green Book (Grievance Book) in all the estates was opened to all stakeholders and all are informed of the grievance procedure during the annual stakeholder meeting.

A mechanism to capture performance and expenditure of the CU had been established and continued. Assessment on the records showed it was not limited to social and environmental aspects only but also covered occupational safety and health matters.

### **3.2 Details of Non-conformities raised and status of previous non-conformities**

Based on the evidence gathered, the assessment team has raised 7 non-conformities, 4 major and 3 minor NCR in nature for the Bukit Leelau CU. All 7 non-conformities raised from this assessment have been closed. However, all would be verified during the next audit.(Attachment 3)

### **3.3 Status of Assessment Findings Previously Identified**

Of the 3 NCR raised during the previous audit 2 have been satisfactory closed out. However, due to insufficient implementation of action plan with regards to indicator 6.5.3. and recurrences of the same issues, this NCR was upgraded from Minor to Major. Details of the verified nonconformities are in Attachment 4.

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

Bukit Leelau CU has improved their RSPO implementation. This could be seen from physical improvement of housing and related amenities condition, use of cover crops instead of herbicides, as well as IPM implementation.

The level of awareness among the workers and smallholders on the RSPO implementation has also improved. They are able to explain not only the operating procedure related to their work but also the impact of conformance and non conformance to RSPO requirements.

Bukit Leelau CU also carried out annual review of the SIA. The establishment of the Green Book (Grievance Book) in all the estates was opened to all stakeholders and all are informed of the grievance procedure during the annual stakeholder meeting.

Based on the annual budget and budget projections it was evident the CU's top management was committed to implement RSPO requirements.

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

Among the stakeholder consulted during the surveillance assessment were:

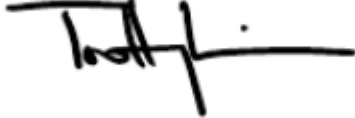
- Workers from different tasks groups – Green book for complaint/grievance have been recorded. Issue related to food pricing at Bukit Leelau POM's canteen is yet to be resolved.
- Hospital Assistant - no issue.
- Management staff – no issue except better water quality for Laukin A Estate
- Neighbouring smallholder – Ladang Manna & Hj Harun on FFB pricing issues.
- Primary school and government clinic near Bukit Leelau estate – involvement in the CSR activities under Bukit Leelau CU as well as stakeholder consultation meeting. No negative comments from the stakeholders.
- Female worker representative/gender committee – no issue
- Contractor and supplier - no issue

Generally all stakeholder consulted give positive remarks that they have no issue on dealing/working with all the Bukit Leelau CU. They have seen some improvements on since the implementation of the RSPO Certification Scheme.



#### 4.0 Certified organization's Acknowledgement of Internal Responsibility and Formal sign-off of assessment findings

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



Date : 25/11/2013

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Name : TOO HENG LIEW  
Head sustainability (Malaysia/Indonesia)

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

*Mohamed Hidhir*

Date : OCTOBER 2013

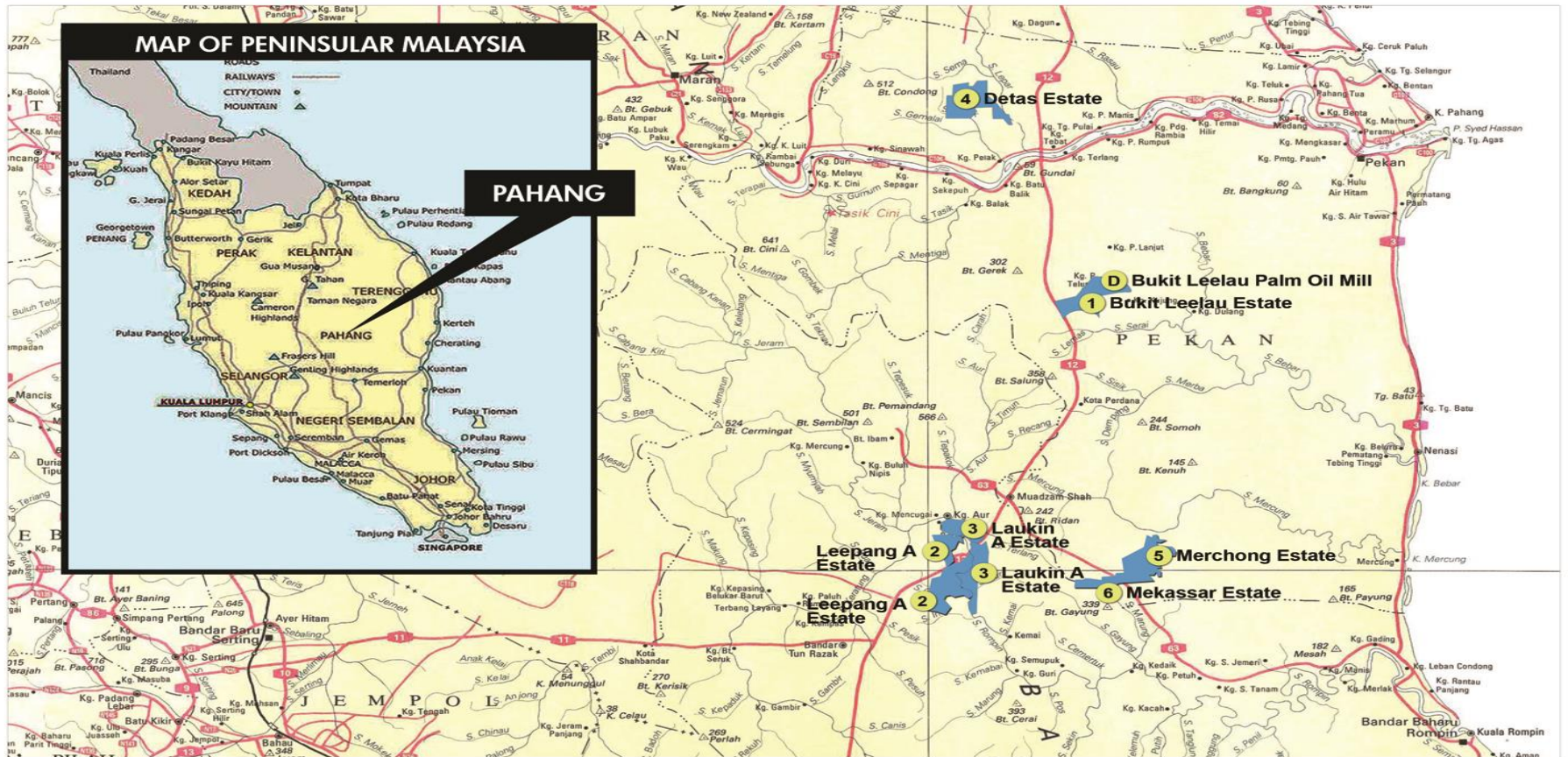
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Name : MOHAMED HIDHIR  
(Lead Assessor)

#### Recommendation

The assessment team will recommends **IOI Corporation Berhad, Bukit Leelau Certification Unit** to continue to be certified against RSPO MY-NI: 2010 after closure of all Major Non-conformance.

LOCATION MAP FOR BUKIT LEELAU CERTIFICATION UNIT IN PAHANG, MALAYSIA



Note: Not to scale

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

The objectives of the assessment are as follows:

- (i) To determine IOI Corporation Berhad, Bukit Leelau Certification Unit conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI) and RSPO Supply Chain Certification Standard
- (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** : 9<sup>th</sup> to 13<sup>th</sup> September 2013

**3. Site of assessment** : Bukit Leelau Certification Unit  
KM 75, Kuantan-Segamat Highway  
Muadzam Shah  
Pahang Darul Makmur

**4. Reference Standard**

- a. RSPO P&C MYNI:2008
- b. RSPO Supply Chain Standard (November 2011)
- c. Company's audit criteria including Company's Manual/Procedures

**5. Assessment Team**

- a. Lead Assessor : Mohamed Hidhir Zainal Abidin
- b. Assessor : Valence Shem  
Mohd. Razman Salim  
Tn Hj Abdul Aziz Abu Bakar

*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 documents and records
- c. Personnel protective equipment if required
- d. Photocopy facilities
- e. Amplifier facility should meeting be held in large audience
- f. A guide for each group

**13. Assessment Programme Details** : As follow:

**Day One: 9<sup>th</sup> September 2013 (Monday)**

Activities /areas to be visited	Hidhir	Razman	Valence	Tn Hj Abd Aziz	Auditee
0900-0930	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader				Top mgmt & Committee Member
0930-1000	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings) and update on time bound plan progress				Management Representative
1000-1300	<p>Site visit and assessment at <b>Bukit Leelau POM</b> relating to Good Milling Practices, occupational safety and health</p> <ul style="list-style-type: none"> <li>• Loading Ramp</li> <li>• Production area</li> <li>• Utilities e.g. engine room, boiler, WTP, etc.</li> <li>• Laboratory</li> <li>• Workshop</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> </ul> <p>Assessment on related Indicators of P1, P2, P3, P4, P5, P8</p>	<p>Site visit and assessment at <b>Mekassar Estate</b> relating to estates boundary, HCV, workers &amp; local community such as SIA and management plans</p> <ul style="list-style-type: none"> <li>• Conservation area management</li> <li>• Riparian Zone</li> <li>• Interviews with Administration staff Union representatives (if any)</li> <li>• Discussion with management (CSR, community affairs)</li> <li>• Consultation with relevant government agencies, if applicable</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Visit line site and discussion with Workers and dependents</li> <li>• Facilities at living quarters (surau, provision shop, crèche, etc)</li> <li>• Visit and discussion with surrounding local community and contractors</li> </ul>	<p>Site visit and assessment at <b>Ladang Manna &amp; Hj. Harun</b> relating to Good Agricultural Practice including IPM including environmental aspects and management plan</p> <ul style="list-style-type: none"> <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>• Water bodies</li> <li>• River system</li> <li>• Soil erosion management</li> <li>• Interview with stakeholders and relevant government agencies, if applicable</li> <li>• Waste management at field and line site including scheduled wastes</li> <li>• Estate facilities such as agrochemical store, workshop, generator set, clinic, etc.</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Continuous Improvement</li> </ul>	<p>Site visit and assessment at <b>Laukin A Estate</b> relating to Good Agricultural Practice including IPM</p> <ul style="list-style-type: none"> <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>• Soil erosion management</li> <li>• Riparian zone</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>• Assessment on related Indicators of P1, P2, P3, P4, P5, P8</li> </ul>	Guide/PIC

		<ul style="list-style-type: none"> <li>Continuous Improvement Plan</li> <li>Assessment on related Indicators of P1, P2, P4, P5, P8</li> </ul>	<ul style="list-style-type: none"> <li>Assessment on related Indicators of P1, P2, P3, P4, P5, P8</li> </ul>		
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Relevant PIC

**Day Two: 10<sup>th</sup> September 2013 (Tuesday)**

Activities /areas to be visited	Hidhir	Razman	Valence	Tn Hj Abd Aziz	Auditee
0900-1300	Continue assessment at <b>Bukit Leelau POM</b>	Continue assessment at <b>Mekassar Estate</b>	<p>Site visit and assessment at <b>Bukit Leelau Estate</b> relating to environmental aspects and management plan</p> <ul style="list-style-type: none"> <li>Water bodies</li> <li>River system</li> <li>Soil erosion management</li> <li>Interview with stakeholders and relevant government agencies, if applicable</li> <li>Waste management at field and line site including scheduled wastes</li> <li>Estate facilities such as agrochemical store, workshop, generator set, clinic, etc.</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> </ul> <p>Assessment on related Indicators of P1, P2, P3, P4, P5, P8</p>	Continue assessment at <b>Laukin A Estate</b>	Guide/PIC

1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

**Day Three: 11<sup>th</sup> September 2013 (Wednesday)**

Activities /areas to be visited	Hidhir	Razman	Valence	Tn Hj Abd Aziz	Auditee
0900-1300	<p>Site visit and assessment at <b>Merchong Estate</b> relating to occupational safety and health</p> <ul style="list-style-type: none"> <li>Nursery (if any)</li> <li>Witness activities &amp; assessment at site i.e. (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>Chemical store</li> <li>Fertilizer store</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, genset 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>Continuous Improvement Plan</li> <li>Assessment on related Indicators of P1, P2, P3, P4, P5, P8</li> </ul>	<p>Site visit and assessment at <b>Bukit Leelau POM</b> on responsible social considerations</p> <ul style="list-style-type: none"> <li>Interviews with Administration staff , Safety Committee, FFB Suppliers, contractors and Union representatives</li> <li>Discussion with management (CSR, community affairs)</li> <li>SIA and management plan</li> <li>Facilities at workplace</li> <li>Consultation with relevant government agencies (if applicable)</li> <li>Pricing mechanism of FFB</li> <li>Continuous Improvement Plan</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on related indicators of P1, P2, P3, P6, P8</p>	<p>Site visit and assessment at <b>Bukit Leelau POM</b> relating to environmental aspects and management plan</p> <ul style="list-style-type: none"> <li>Loading Ramp</li> <li>Production area</li> <li>Utilities e.g. engine room, boiler, WTP, etc.</li> <li>Laboratory</li> <li>Workshop</li> <li>Waste mangement</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> </ul> <p>Assessment on related Indicators of P1, P2, P3, P4, P5, P8</p>	<p>Site visit and assessment at <b>Leepang A Estate</b> relating to Good Agricultural Practice including IPM</p> <ul style="list-style-type: none"> <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>Replanting area</li> <li>Water management plan</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> </ul> <p>Assessment on related Indicators of P1, P2, P3, P4, P5, P8</p>	Guide/PIC
1300-1400	Lunch Break				

1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Guide/PIC
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**Day Four: 12<sup>th</sup> September 2013 (Thursday)**

Activities /areas to be visited	Hidhir	Razman	Valence	Tn Hj Abd Aziz	Auditee
0900-1300	Continue assessment at <b>Merchong Estate</b>	Site visit and assessment at <b>Ladang Manna &amp; Hj. Harun</b> relating to estates boundary, HCV, workers & local community such as SIA and management plans <ul style="list-style-type: none"> <li>• Conservation area management , HCV</li> <li>• Riparian Zone</li> <li>• Boundary stone</li> <li>• Water catchment area</li> <li>• Interview with workers and contractors (if any)</li> </ul> Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at <b>Bukit Leelau POM</b> relating to Supply Chain implementation including the model used <ul style="list-style-type: none"> <li>• General Chain of Custody System Requirements for the supply chain</li> <li>• Documented procedures</li> <li>• Purchasing and goods in</li> <li>• Outsourcing activity</li> <li>• Sales and goods out</li> <li>• Processing</li> <li>• Records keeping</li> <li>• Registration</li> <li>• Training</li> <li>• Claims</li> </ul>	Continue assessment at <b>Leepang A Estate</b>	Guide/PIC
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

**Day Five: 13<sup>th</sup> September 2013 (Friday)**

Activities /areas to be visited	Hidhir	Razman	Valence	Tn Hj Abd Aziz	Auditee
0830-1100	Audit Team discussion, preparation on audit findings and issuance of NCR (if any)				None
1100-1230	Closing Meeting				Top mgmt & Committee Member



## DETAIL OF NON CONFORMITY AND CORRECTIVE ACTION TAKEN

RSPO P & C or SCC clause	Detail Non-conformances	Corrective Action Taken & Supporting Evidence	Verification by Assessor
<p>12.1.1</p> <p>Evidence of compliance with legal requirement</p>	<p>No evidence of compliance with legal requirement which related to :</p> <p>i) Factory &amp; Machinery (Person In Charge) Regulation 1970 - <i>Regulation 6(4)</i> . <i>Where</i> insufficient competence person in-charge for the genset at Bukit Leelau POM and no visiting engineer in-charge - 1<sup>st</sup> Grade ICE driver at POM and 1<sup>st</sup> Grade ICE visiting engineer in-charge</p> <p>ii) Road Transport Act 1987 – <i>Section 15 (Motor vehicle license)</i> Where Tractor/trailers WMY 560 and WVN 9287 had no valid road-tax but was transporting FFB on the gazette government road to Laukin A Estate. Similarly, tractor/trailer WVN 9563 and WUF 9027 had no valid road-tax.</p> <p>iii) Irrigation Areas Act 1953 – <i>Section 20 (Construction of unauthorized water-ways)</i>. <i>Where</i> there was construction of pond in the buffer area of Sg Rompin. There was no Letter of Approval by The Department of</p>	<p>Seeking for the competent person to work in the mill. Notification to HQ regarding the employment of competent person.</p> <p>Attached document: letter dated 29/9/13 to Admin and HR Manager for the recruitment.</p> <p>Road tax application process (JPJ and PUSPAKOM)</p> <p>Application on the construction of raw water extraction channel near Sg Rompin from Drainage and Irrigation Department.</p>	<p>The competent person has been identified by the company from other IOI mill. 2<sup>nd</sup> grade boiler man with a qualification of 1<sup>st</sup> grade internal combustion engine. However, the HQ still in the midst of seeking the qualified VE for the position.</p> <p>Attached documents :</p> <p>i) Transfer letter dated 4/11/13 to Bukit Leelau Mill ii) 2<sup>nd</sup> grade boiler man certificate with additional competency of 1<sup>st</sup> grade ICE driver.</p> <p>Letter to PUSPAKOM dated 6/11/13 for the inspection application. Verified acceptance by PUSPAKOM Segamat on the same date. The inspection date will be informed later.</p> <p>All the records and correspondence with PUSPAKOM and JPJ will be verified in the next audit.</p> <p>Verified approval letter from DID dated 28/10/13 with the guideline <b><i>lampiran JPS PHG PT2</i></b> on the maintenance of riparian buffer at any water bodies.</p> <p>Implementation of riparian buffer zone maintenance will be verified in the next audit.</p>

	<p>Irrigation &amp; Drainage Malaysia, to allow on the construction.</p> <p>iv) Workers Minimum Standard of Housing and Amenities Act 1990 - Section 6 (3) (Supply of water and electricity and maintenance of houses), Where there was no water quality analysis conducted by medical officer of health at Mekassar, Merchong, Laukin A and Leepang A.</p> <p>v) Pre-conditions in Written Approval for generator sets. There was no evidence that requirements on stack emission and noise level are within the regulated limit for the three units of generator set at Bukit Leelau Oil Mill.</p>	<p>Request letter send by the estates to <i>Jabatan Kesihatan</i> to conduct water sampling analysis. Letter dated 28/10/13 was verified and accepted by <i>Jabatan Kesihatan</i>.</p> <p>To conduct noise survey, mapping and personal exposure. To conduct stack emission monitoring for genset/boiler and LEV for laboratory</p>	<p>Status of the water sampling analysis done by medical officer of health will be verified in the next audit.</p> <p>Verified purchase order (11872) to ENV Consultancy &amp; Monitoring Services Sdn Bhd dated 30/9/13 to carry out stack emission monitoring for 3 units of genset complete with noise mapping and boundary survey.</p> <p>Full report of survey and monitoring will be verified in the next audit.</p>
<p>I 2.1.2 : A documented system, which includes written information on legal regal requirements</p>	<p>Documented system, list of applicable laws was not available at all visited operating unit.</p>	<p>Sustainability and legal team will be reviewing the list of applicable legal and other requirement for the all the operating units.</p>	<p>Status of the action will be verified in the next audit. However, the attached legal register was found acceptable.</p> <p><b>Status : Close</b></p>

<p>I 4.4.1 : Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate.</p>	<p>Identified buffer zone was not adequately maintained and restored.</p> <p>Objective evidence :</p> <p>A generator set was placed in the gazetted buffer zone at Ladang Manna.</p>	<p>To established pollution preventive structure, StOP, Emergency Response Procedure to eliminate any risk of pollution from the genset to the adjacent stream.</p>	<p>Verified the environmental aspect impact assessment as well as action plan for continual improvement. The ERP for the spillage and fire outbreak as well as the preventive pollution structure has been established.</p> <p>Implementation of the corrective action taken will be verified in the next audit.</p> <p>Attached document :</p> <p>i) Environmental aspect and impact evaluation and action plan</p> <p>ii) ERP for fire out break/ spillage for Ladang Manna</p> <p><b>Status : Close</b></p>
<p>C 4.1 &amp; I 4.1.1 Operating procedures are appropriately documented and consistently implemented and monitored.</p>	<p>Evidence of Documented Standard Operating Procedures (SOP) for estate, Safe Operating Procedures, clause 3.1.3 sub-section (iv) &amp; (v) and StOP for Buffalo Assisted Harvesting System, clause 9.0 was not fulfilled.</p> <p>Objective evidence :</p> <p>i) Tractor WVN 9287 was transporting 4 harvesters, standing on the side-guard of the vehicle. from Division A, Laukin A estate.</p> <p>ii) Tractors/trailers transporting FFB from the field to Hopper was observed to be over-loaded and there was no "permissible tonnage printed on the</p>	<p>i) To conduct training on the Safe Working Procedure on transporting workers</p> <p>ii) To revised the SOP on IOI-OSH 3.2.2 related to the transportation guidelines.</p>	<p>The training has been conducted on 29/10/13 for the field workers of Laukin A estate. Related training records have been verified.</p> <p>Effectiveness of corrective action taken will be verified in the next audit.</p> <p><b>Status : Close</b></p> <p>Transport guideline SOP IOI-OSH 3.2.2 rev:2 dated 20/9/13 was verified.</p> <p>Effectiveness of corrective action taken will be verified in the next audit.</p> <p><b>Status : Close</b></p>

	trailers.  iii) There was no evident of Veterinary officer carrying out routine inspection of vaccination and de-worming in 2011, 2012 and 2013.	iii) To conduct routine inspection on buffalos.	Request letter to <i>Pusat Perkhidmatan Veterinar</i> dated 1/10/13 was verified.  Latest visit on the 8/10/13 at Leepang A estate for the buffalos. Yearly buffaloes vaccination programme has be established.  Status : Close
I 6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).	Water quality results is still not complied with WHO & Malaysian National DWQS  NCR was raised during previous assessment and corrective action was not adequately addressed for Laukin A estate related to - Water quality analysis - Application to Jabatan Bekalan Air	i) To conduct water quality analysis and rectification of water treatment system.  ii) To apply for government water supply	Water quality analysis has been carried out on 24/9/13. The results have shown some improvement on the domestic water parameter.  Tendering process on the reticulation works and application for JBA water supply was evident. Refer tender invitation (IOI/M&E/TENDER/13-T033) dated 14/10/13.  Verification on the corrective action taken for the water quality as well as the JBA water supply project will be verified in the next audit.  <b>Status : Close</b>

<p>I 6.10.3 Evidence that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p>	<p>Tenant of Ladang Hj Harun – En. Abd Rahman was not agreed with nett FFB price / average oil extraction rate (OER) that he received in Jun 2013 from Bukit Leelau Mill.</p> <p>Objective evidence :</p> <p>i) During consultation with Mr Abdul Rahman, who was rented Ladang Hj Harun who's owned by Mr Iskandar Putra as Landlord, Mr Abdul Rahman claimed that he was not receiving a fair price of FFB. He got a lower rate price of FFB at 13% compared to the initial agreed price at 19%.</p> <p>ii) OER as determined by the mill's grading and awarded by the buyer at the end of each month for all the FFB delivered during the delivery month, but shall not exceed the basic OER at 19% maximum.</p>	<p>To organize a meeting between the oil mill management, sustainability team and Tn Hj Harun estate to explain on the company's FFB purchasing pricing and all other terms and conditions.</p>	<p>Meeting/training session with the leaser, Mr Abd Rahman was conducted on 9/10/13. Sighted records on FFB grading summary and correspondence with the marketing department on the FFB pricing.</p> <p>The action plan and evidence submitted was found adequate.</p> <p>Implementation of corrective action taken will be verified in the next audit.</p> <p><b>Status : Close</b></p>
<p>I 6.3.2 The system resolves disputes in an effective, timely and appropriate manner.</p>	<p>Complaints on expensive food price for Bukit Leelau mill's canteen who rented by Mrs. Ho Kwan Ying had been issued in the grievance book were not effectively resolved.</p> <p>Objective evidence :</p> <p>It was found that the above issue was not resolve effective, timely and appropriate, as stated below:</p> <p>i) Expensive of goods price and untidy area issues also had been raised in the Gender Committe Meeting, Bil 2/2013,</p>	<p>To organize a meeting between mill management, canteen operator and staffs (consumer) representative to discuss on the food pricing and other related issues.</p>	<p>Meeting has been conducted on 8/10/13 to discuss on the arising matters. Minute of meeting was verified on the discussion of related issues; agreed food pricing, cleanliness, display of food pricing and vaccination of canteen operator.</p> <p>Canteen operator medical card has been obtained. Canteen operator license will be verified in the next audit.</p> <p>Attached documents :</p> <p>i) Meeting minutes (bil:1/13 8/10/13)</p> <p>ii) Medical card application to Majlis Daerah Rompin</p>

	<p>dated 14/05/2013</p> <p>ii) Based on consultation with Bukit Leelau mill's workers &amp; gender committee, they had raised issue on expensive food price of mill's canteen.</p> <p>iii) Goods price was not displayed in the premis during site visit.</p>		<p>iii) New price list iv) Photo of <i>gotong royong</i> to upgrade on cleanliness v) Photo of food price display at the canteen</p> <p>Implementation of corrective action taken will be verified in the next audit.</p> <p><b>Status : Close</b></p>
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**VERIFICATION OF PREVIOUS ASSESSMENT FINDINGS**

<b>RSPO P &amp; C or SCC clause</b>	<b>Detail Non-conformances</b>	<b>Corrective Action Taken &amp; Supporting Evidence</b>	<b>Verification by Assessor</b>
Criteria 4.8	The smallholders are not properly trained on the RSPO standard requirements. Field visit and interview with smallholders (Ladang Hj. Harun and Ladang Manna Enterprise) found that awareness related to RSPO requirements was not satisfactory and no evidence of training was conducted.	Various training (presentation slide, field visit and etc.) had been conducted to smallholders to gain more understanding on RSPO requirements and implementation amongst the smallholders (include: Environmental, Social, Good Agricultural Practices, Safety training and etc.).	Sustainability Trainings for smallholders are formally documented and verified during the assessment.  Understanding and awareness has been improved for the smallholder personnel.
Criteria 6.5 Indicator 6.5.3	The water supplied is not suitable for human consumption.  Objective evidence : 1) At Laukin A estate – no drinking water analysis has been carried out since the last surveillance assessment 2011 and interview with the staff and workers the water remains undrinkable 2) Detas estate – although a treatment facility has been established and sample for analysis has been submitted to NALCO however result is pending.	<b>i) Laukin A Estate:</b> Drinking water analysis result has been obtained. However, the water quality is still not suitable for consumption.  Management has taken corrective action by transferring water from neighboring Leepang A Estate to Laukin A Estate for communities' consumption.  Management also issued a memo to remind the communities that drinking water will be provided by transferring the clean water supply from Leepang A Estate.  Meanwhile management is in progress applying for government water supply.  <b>ii) Detas Estate:</b> Result of water quality test has been	Verified all the water analysis done by the consultant. However, the water quality result is still not suitable for human consumption.  As to date, there was no sampling conducted by medical officer of health as required under Workers Minimum Standard of Housing and Amenities Act 1990 - <i>Section 6 (3)</i>  Legal non-compliance issues under indicator 2.1.1  Sighted records of water supply from Leepang A to Laukin A estate.  At the point of audit, there was no progress of applying the government water supply.

		<p>obtained. However, water pH still showing acidic and slightly out from the allowable limits.</p> <p>Management has consulted Nalco (Water treatment specialist) to provide recommendation for improve the water treatment system to neutralize the water pH.</p>	<p>Thus, the minor NCR was upgraded to major under indicator 6.5.3</p> <p>Verified the common issues at Leepang A estate.</p>
E RSPO SCC Clause 5.2	In adequate documented procedure to address all of the RSPO Supply Chain Certification System Requirements	Procedure has been established. Document number: RSOSC/SOP/SG/2, Issue No. 2, Dated 1/9/2012 – RSPO Supply Chain – Module D – CPO Mills: Segregation	<p>The procedure has been continuously implemented.</p> <p>Verification through supply chain records of implementation.</p>