



**PUBLIC SUMMARY
RSPO MAIN ASSESSMENT**

AUDIT DATE : 1ST – 5TH OCTOBER 2009

**PPB OIL PALMS BERHAD
RIBUBONUS CERTIFICATION UNIT
AND
TERUSAN CERTIFICATION UNIT

SANDAKAN, SABAH, MALAYSIA**

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RSPO ASSESSMENT REPORT

CLIENT : PPB OIL PALMS BERHAD

PALM OIL MILL AND SUPPLY BASE:

1. TERUSAN PALM OIL MILL
&
TERUSAN 1 ESTATE,
TERUSAN 2 ESTATE,
RUMIDI ESTATE

ADDRESS:

SAPI PLANTATION SDN. BHD, BATU 65,
JALAN TELUPID LABUK/SUGUT, SANDAKAN,
SABAH, MALAYSIA.

2. RIBUBONUS PALM OIL MILL
(SABAHMAS PLANTATIONS SDN. BHD.)
&
RIBUBONUS ESTATE

ADDRESS:

CL 085330089, TELUPID, LABUK/SUGUT
SANDAKAN, SABAH, MALAYSIA.

ASSESSMENT DATE :

STAGE 1 : 25th – 27th JUNE 2009

DURATION : 3 AUDITOR DAYS

STAGE 2 : 1st – 5th OCTOBER 2009

DURATION : 22 AUDITOR DAYS

STANDARD : RSPO MY-NI: 2008

SCOPE OF CERTIFICATION ASSESSMENT :

TERUSAN AND RIBUBONUS PALM OIL MILLS AND THEIR SUPPLY BASE

Report by Audit Team Leader

Name : SABARINAH MARZUKY

Signature :  9/11/10

Report Reviewed by Senior General Manager

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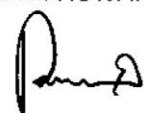
Signature :  09/01/2010

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NOTE: Abbreviation used

3R	Reduce, reuse and recycle
AIM	Asian Institute of Management
APEC – EPU	Asia Pacific Economic Cooperation – Economic Planning Unit
BCT	Borneo Conservation Trust
BOD	Biochemical Oxygen Demand
BOMBA	Fire and Rescue Department
B.Sc.	Bachelor of Science
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CSDS	Chemical Safety Data Sheet
CSR	Corporate Social Responsibility
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EFB	Empty Fruit Bunch
EHA	Estate Hospital Assistant
EIA	Environmental Impact Assessment
EPF	Employees Provident Fund
EQA	Environmental Quality Act
ERT	Endangered, Rare and Threatened Species
EARA	Environmental Auditors Registration Association
FFB	Fresh Fruit Bunch
FSC	Forest Stewardship Council
FR	Forest reserve
GAP	Good Agricultural Practice
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
ISO	International Organization for Standardization
IRCA	International Register of Certificated Auditors
IUFRO	International Union of Forest Research Organization
JOAS	Jaringan Orang Asal SeMalaysia
JCC	Joint Consultative Committee
KPI	Key Performance Index
M.E	Master of Engineering
MBA	Master of Business Administration
MDP	Management Development Programme
MIS	Management Information Services
MoU	Memorandum of Understanding
M.Phil	Master of Philosophy
MPOA	Malaysian Palm Oil Association
MPOB	Malaysia Palm Oil Board
MS GAP-OP	Malaysian Standard Good Agricultural Practice – Oil Palm
MTCC	Malaysian Timber Certification Council
MYNI	Malaysia National Interpretation
MYNI – WG	Malaysia National Interpretation – Working Group
NCR	Non-conformity Report
NGO	Non Government Organisation
NIOSH	National Institute of Occupational Safety and Health
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
OHSAS	Occupational Health and Safety Assessment Series
OHSMS	Occupational Health and Safety Management System
PACOS	Partners of Community Organizations
PERKESO	Social Security Organization
PAN AP	Pesticide Action Network Asia Pacific
PDRM	Polis Di-Raja Malaysia
Ph.D.	Doctor of Philosophy
PIC	Person in-Charge
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personnel Protective Equipment

ppm	Parts per million
RBPOM	Ribubonus Palm Oil Mill
RSPO	Roundtable on Sustainable Palm Oil
SECA	Sabah Employers' Consultative Association
SS	Suspended Solid
SHO	Safety and Health Officer
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SLDB	Sabah Land Development Board
TPOM	Terusan Palm Oil Mill
TOR	Terms of Request
USA	United States of America
WTP	Water Treatment Plant
WWF	World Wide Fund for Nature

1.0 Introduction

1.1 Description of The Certification Unit (Estate and Mill)

The certification units that had been assessed are Terusan and Ribubonus which are wholly-owned subsidiary company of PPB Oil Palms Berhad. Terusan consist of Terusan Palm Oil Mill, Terusan 1 Estate, Terusan 2 Estate and Rumidi Estate, while Ribubonus consists of Ribubonus Palm Oil Mill and Ribubonus Estate. Both units underwent the RSPO assessment by SIRIM QAS International Sdn. Bhd. simultaneously.

Table 1: Palm Oil Mills Profile

Operating Units	Commenced Operation	Capacity Mt FFB/ hour
Terusan Palm Oil Mill (TPOM)	1995	60
Ribubonus Palm Oil Mill (RPOM)	2008	40

1.2 Location of Mills and Estates

Both Terusan and Ribubonus are located in Sandakan District, Sabah, Malaysia. Terusan and Ribubonus can be accessed by using the Sandakan – Telupid Road from Sandakan. The distance for both units from Sandakan is about 130 km.

In the immediate vicinity of both Terusan and Ribubonus certification units are a few villages and other oil palm plantations. For Terusan Certification Unit at the Northern side are Kg. Rumidi, Kg. Tendu Batu and Kg. Nangoh. Whereas at the Western area are Kg. Perenchangan, Kg. Bakong-Bakong, Kg. Sualog, Kg. Panimbanan and Kg. Lidong. Kg. Toniting is located at the Southern side while Andamy Plantation is in the East. Bidu-Bidu forest reserve is an immediate adjacent of Rumidi Estate at the Southern side. It is also located at the West side of Terusan 1 & 2 Estate but separated by Andamy Plantation, smallholders' lands and government road.

For Ribubonus certification unit, it is surrounded by Ulu Tungud and Bukit Kuamas Forest Reserves from the Northern until the South Western side. Kg. Wonod and Twin Acre Plantation are located at the Southern side while Lipaso Forest reserve is located further east. The Labuk River passes through both certification units.

There are four living quarters (known as line site) within Terusan; one in Terusan 1, two in Terusan 2 Estate (one each for TPOM and Terusan Estate), and one in Rumidi Estate. Whereas in Ribubonus there are 3 living quarters, including one for mill labour.

The location of Terusan and Ribubonus is shown in Attachment 1a – 1b while its coordinates are detailed in Table 2.

Table 2: Location of mills and estates

Operating Unit	Latitude	Longitude
Terusan Palm Oil Mill	5° 49' 54.687" N	117° 20' 30.315" E
Ribubonus Palm Oil Mill	5° 41' 19.977" N	117° 05' 34.150" E
Terusan 1 Estate	5° 47' 23.104" N	117° 23'37.202" E

Terusan 2 Estate	5° 49' 57.944" N	117°20'22.743" E
Rumidi Estate	5° 55' 59.804" N	117° 18'43.466" E
Ribubonus Estate	5° 41' 32.763" N	117° 05' 49.962" E

**Coordinate readings were taken at the respective administration office.*

1.3 Description of Supply Base

TPOM received FFB supply from Terusan 1 Estate, Terusan 2 Estate, Rumidi Estate, smallholders and smallgrowers. RBPOM received FFB from Ribubonus Estate, smallholders, small growers and private owned estates. The average annual FFB contribution from each estate for the past three years (2006 to 2008) is detailed in Table 3a and Table 3b.

Table 3a: Actual 3 Years (2006 – 08) Average of FFB production – Terusan Certification Unit

Estate	FFB Production	
	Tonnes	Percentage %
Terusan 1 Estate	73,942	29
Terusan 2 Estate	98,633	39
Rumidi Estate	30,800	12
Smallholders and Smallgrowers	22,747	9
Nearby Private Owned Estate	29,098	11
Total	255,217	100

Table 3b: Actual 3 Years (2006 – 08) Average of FFB production – Ribubonus Certification Unit

Estate	FFB Production	
	Tonnes	Percentage (%)
Ribubonus Estate	72,268.16	78
Smallholders/smallgrowers	1,606.74	2
Nearby Private Owned Estate	18,228.00	20
Total	92,102.90	100

The details of the year of establishment of the estates, and their respective total and planted areas, are given in Table 4, while Table 5a to 5d shows the percentage of planted area in each estate by age and planting cycle.

Table 4: Areas of plantation

Operating Unit	Year of establishment	Total Area (ha)	Planted Area (ha)
Terusan 1 Estate	1989,1991 – 93	2,869	2,544.1

Terusan 2 Estate	1990 – 1994	3,485.9	3,221.55
Rumidi Estate	1991 – 2002	1,297.7	1,111.87
Ribubonus Estate	2000 - 2002	3,262	2,887

Table 5a: Percentage of planted area in Terusan 1 Estate by age and planting cycle

Age of Palm (year)	Planting cycle (1 st Gen / 2 nd Gen)	Planted area (ha)	Percentage of planted area (%)
20	1 st Gen	244.6	9.6
18	1 st Gen	709.6	27.9
17	1 st Gen	1,007.6	39.6
16	1 st Gen	582.3	22.9
Total		2,544.1	100

Table 5b: Percentage of planted area in Terusan 2 Estate by age and planting cycle

Age of Palm (year)	Planting cycle (1 st Gen / 2 nd Gen)	Planted area (ha)	Percentage of planted area (%)
19	1 st Gen	607.16	18.8
18	1 st Gen	1,277.48	39.7
16	1 st Gen	1,030.35	32.0
15	1 st Gen	306.56	9.5
Total		3,221.55	100

Table 5c: Percentage of planted area in Rumidi Estate by age and planting cycle

Age of Palm (year)	Planting cycle (1 st Gen / 2 nd Gen)	Planted area (ha)	Percentage of planted area (%)
18	1 st Gen	376.19	33.8
15	1 st Gen	652.97	58.7
9	1 st Gen	53.5	4.8
7	1 st Gen	29.21	2.7
Total		1,111.87	100

Table 5d: Percentage of planted area in Ribubonus Estate by age and planting cycle

Age of Palm (year)	Planting cycle (1 st Gen / 2 nd Gen)	Planted area (ha)	Percentage of planted area (%)
9	1 st Gen	227	7
8	1 st Gen	1,592	55
7	1 st Gen	1,028	36
2*	1 st Gen	20	1
0*	1 st Gen	20	1
Total		2,887	100

*Previously cleared in 2002 and was reserved for Ribubonus mill expansion.

1.4 Other Management System Certifications Held

Both the mills and all the estates do not hold any form of third-party certification on management systems. Nevertheless, they are all implementing an internal system which is based on the requirements of the ISO 14001: 2004 and the Occupational Health and Safety Act.

1.5 Organizational Information / Contact Person

PPB Oil Palms Berhad through its Headquarter in Sandakan is responsible for overseeing Terusan, Ribubonus and other management units in Sabah. The correspondence address and contact person are as detailed below:

PPB Oil Palms Berhad,
Sabah Operations,
Lot 1A, KM 15, Jalan Labuk,
Locked Bag 34,
90009 Sandakan, Sabah, Malaysia.

Contact person:

Mr. Tee Seng Heng
General Manager
Phone: +6089 671546 / +6089 670208
Fax: +6089 670260
e-mail: teesh@wilmar.com.my

1.6 Approximate Tonnages Offered for Certification (CPO and PK)

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

Table 6: Terusan & Ribubonus – Approximate CPO and PK tonnage claimed for certification

Certification Unit	CPO Tonnage claimed for certification: (MT)	PK Tonnage claimed for certification: (MT)
Terusan Palm Oil Mill	42,729	10,032
Ribubonus Palm Oil Mill	20,566	3,292

** TPOM – derived from 3 yrs average (i.e. from Jan 06 to Dec 08)*

RB POM – actual figure from Feb 08 to Jan 09

2.0 Assessment Process

2.1 Assessment Methodology (Program, Site Visits)

The assessment for certification was carried out in two stages, namely Stage 1 and Stage 2. The Stage 1 assessment was conducted to determine the adequacy of the established documentation in addressing the requirements of RSPO MYNI: 2008, as well as to identify the relevant stakeholders. The Stage 1 assessment was conducted from 25th to 27th June 2009. It covered TPOM, RB POM, Terusan 1 Estate, Terusan 2 Estate, Rumidi Estate and Ribubonus Estate. The findings from the Stage 1 assessment were used for planning of the Stage 2 assessment.

The Stage 2 assessment was conducted from the 01st to 05th October 2009. Its main objective was to verify conformance to RSPO MYNI: 2008. Planning for the Stage 2 assessment was guided by the RSPO Certification Systems Document. However, the sampling formula of 0.8√y was not used for determination of estates to be assessed for certification. Both mills and all the estates (Terusan 1 Estate, Terusan 2 Estate, Rumidi Estate and Ribubonus Estate) were assessed. The decision not to use the sampling formula was because there are significant issues in each of the estates which are different. For instance, the HCV areas are located within Terusan 2 and Ribubonus Estate, while community related matters occur at Rumidi.

The assessment was conducted by visiting the fields, mills, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Interviews with management, employees, contractors and other relevant stakeholders were also conducted. Apart from that, records as well as other related documentation were also evaluated. Details of the Stage 2 assessment programme are in Attachment 2.

The assessment findings were highlighted and discussed on site. There are five non-conformities raised against Terusan and Ribubonus. Both Terusan and Ribubonus have taken the necessary actions in closing the non-conformities. Evidences of corrective actions taken were submitted to the assessment team in stages. Details of the non-conformities reports and the corrective actions taken are detailed in Attachment 3.

2.2 Date of Next Surveillance Visit

The first surveillance audit will be conducted within nine to twelve months from the date of the certification decision.

2.3 Assessment Team

Assessment Team	Role/area of RSPO requirement	Qualification
1. Sabarinah Marzuky	Assessment Team Leader/ environmental issues	<ul style="list-style-type: none"> • Involved in Environmental Impact Assessment Studies related to agriculture including oil palm plantation. • Completed RSPO Lead Assessor Course - 2008 • Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2007 • Successfully completed IRCA accredited Lead Assessor training for OHSAS 18001-2005 • Successfully completed EARA approved Lead Assessor training for ISO 14001-1999 • M.E Civil Engineering (Environment) • B.Sc. (Hons) Urban and Regional Planning
2. Khoo Khay Jin	Assessor / community issues	<ul style="list-style-type: none"> • Attended RSPO Training - 2008 • Committee member of Sarawak Development Institute on minority indigenous group • Associate, Socio-Economic & Environmental

		<p>Research Institute (SERI), Pulau Pinang, Malaysia.</p> <ul style="list-style-type: none"> • M. Phil., Anthropology • B. Sc. Mathematics <p>Consultancies</p> <ul style="list-style-type: none"> • APEC-EPU study on preparing human resources for the new economy • Master plan for the development of new villages in Peninsular Malaysia • Feasibility and development plan study on the establishment of new rural growth centre in Sarawak • Social Impact assessment in Malaysia • Area development plan for Sukau resettlement, Sarawak <p>Research</p> <ul style="list-style-type: none"> • Inequality, human security and ethnicity (an International research project coordinated by Oxford University) • Sarawak development indicator (funded by University Malaysia Sabah) • Minority indigenous groups, Sarawak (collaboration with Sarawak Development Institute)
<p>3. Dr. Yap Son Kheong</p>	<p>Assessor / HCV habitats & ecology</p>	<ul style="list-style-type: none"> • Completed RSPO Lead Assessor Course - 2008 • Successfully completed EARA approved lead Assessor course for ISO 14001- 2001 • Ph. D. (Forest Biology) under the University of Aberdeen (Scotland) and University of Malaya Fellowship in Tropical Rain Forest Project. • B.Sc. Hons. Second Class Upper (Botany) <p>Professional Organizations:</p> <ul style="list-style-type: none"> • Member of the IUFRO Working Party on Seed Problems. Nominated as one of the candidates for the Co-Chairman of Working Party in 1986. • Project Leader for Project 8 of the Reproductive Biology of Tropical Trees of the ASEAN-Australian Tree Improvement Programme. 1986. Given the role to develop research activities on reproductive biology within ASEAN countries with sponsorship from Australia. • Elected member of the Committee on Forest Tree and Shrub Seeds of the International Seed Testing Association. 1989 to 1992. • Vice Chairman of the Working Group on Seed Origin and Genetic Resources of the

		<p>ASEAN Canada Forest Tree Seed Centre. 1990 to 1995. Responsible in coordinating research activities on genetic resources within the ASEAN countries.</p> <ul style="list-style-type: none"> • Project leader on Impact of Acid Precipitation on Forest working in conjunction with researchers from China, Indonesia, Japan and Thailand.
4. Azhar Mustapha	Assessor / Occupational safety and health issues	<ul style="list-style-type: none"> • Attended training on oil palm plantation activities and issues related to Environmental & Occupational, Health and Safety - 2008 • Successfully completed IRCA accredited Lead Assessor training for ISO 9001 – 2006 • Passed Occupational Health Safety Management (OHSMS) Lead Assessor Course (IRCA) - 2005 • Attended Safety and Health Officer Course by NIOSH – 2002 • B.Sc. (Hons) Civil Engineering
5. Hj Abd Aziz Abu Bakar	Technical specialist on Good Agricultural Practices (GAP) and workers issues	<ul style="list-style-type: none"> • Thirty one years experience in plantation management, covering rubber and oil palm • Plantation Advisor to Farmers' Association, Perak • Technical Advisor to Bio-Industry Solution Sdn. Bhd. • Involved in feasibility study of palm oil development of 20,000ha in Pekan Baru, Riau Indonesia • Head of Special Project (M) Kumpulan Guthrie Bhd.- to conduct independent assessment on GAP and estates cost management • President Director of Minamas Plantation, Kumpulan Guthrie, Indonesia. – 2005 Official retirement • Director of Management Information Services (MIS) & Knowledge Management of Kumpulan Guthrie Bhd - covering Malaysia and Indonesia plantations. • Plantation Advisor and Quality Assurance, Kumpulan Guthrie Bhd. • Estate Manager, Kumpulan Guthrie Bhd. • Plantation Advisor, Sime Darby Plantation Sdn. Bhd. • Management Development Programme (MDP), Asian Institute of Management (AIM), Philippine. • Diploma in Agriculture, Universiti Pertanian Malaysia.

2.4 Stakeholder Consultation

Stakeholder consultation was initiated with the announcement in the RSPO web site and SIRIM QAS web site on 01st September 2009. Apart from that, letters were also sent to relevant stakeholders, including government agencies and NGOs, and these were followed-up with telephone calls. Whenever the need arose, meetings were arranged at the premises of NGOs and the relevant authority.

All enquiries received prior to the Stage 2 assessment were responded to, and for any comments made, consideration was given in the planning for the Stage 2 assessment.

Among the stakeholders consulted during the Stage 2 assessment were employees, government agencies, non-governmental organizations, local communities, FFB suppliers, contractors and other interested parties.

Consultation with the employees, FFB suppliers and contractors involved random sampling from each group in each of the areas (e.g. mill operators, harvesters, general workers and sprayers from the different estates). Each session lasted between an hour to an hour and a half. The consultations included issues relevant to principles 4, 5 and 6. The consultations were conducted in the Terusan and Ribubonus certification units.

The consultations with local communities were carried out at their premises/grounds. The sessions were carried out at times convenient to the stakeholders. The intention was to solicit their views on the impact of certification unit Terusan and Ribubonus on their economic and socio-cultural life.

The Terusan and Ribubonus management representatives were not present in any of the consultation sessions except with the local community. As such, the stakeholders were able to present their views in a frank and open manner.

3.0 Assessment Findings

The findings for the assessment are reported based on RSPO MYNI indicator.

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.

Indicator 6.1.1

A documented social impact assessment including records of meetings.
Major compliance

Specific Guidance:

Non-restrictive format incorporating elements spelt out in this criterion and raised through stakeholder consultation including local expertise.

Indicator 6.1.2

Evidence that the assessment has been done with the participation of affected parties.
Minor compliance

Specific Guidance:

Participation in this context means that affected parties or their official representatives or freely chosen spokespersons are able to express their views during the identification of impacts, reviewing findings and plans for mitigation, and monitoring the success of implemented plans.

Indicator 6.1.3

A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.
Minor compliance

Guidance:

Identification of social impacts may be carried out by the grower in consultation with other affected parties, including women and migrant workers as appropriate to the situation. The involvement of independent experts should be sought where this is considered necessary to ensure that all impacts (both positive and negative) are identified.

Particular attention should be paid to the impacts of outgrower schemes (where the plantation includes such a scheme).

Plantation and mill management may have social impacts on factors such as:

1. Access and use rights.
2. Economic livelihoods (e.g. paid employment) and working conditions.
3. Subsistence activities.
4. Cultural and religious values.
5. Health and education facilities.
6. Other community values, resulting from changes such as improved transport /communication or arrival of substantial migrant labour force.

Audit findings

At the time of estate establishment, Sabah did not have any requirement for Social Impact Assessment (SIA). As such no SIAs were conducted then. In preparation for RSPO certification, separate Social Impact Assessments were conducted for Terusan and Ribubonus Certification Units. The PIC was a person who had undergone a course conducted by the Institut Sosial Malaysia (ISM) of the Federal Ministry of Women, Family and Community Development. The reports were available with supporting documentation. It was conducted principally through visits to identified stakeholder communities, informal discussions and formal interviews. Minutes of stakeholder meetings were kept.

Separate HCV Assessment (HCVA) was also conducted, which both reports for Terusan and Ribubonus are subject to an external reviewer namely PT Daemeter (a member of the HCV Network). As a consequence, there was better supporting documentation for the Terusan and Ribubonus HCVA. The HCVAs covered HCV attributes 5 and 6, relating to local communities and indigenous peoples. The supporting documentation showed consultations with the identified local communities and indigenous peoples, including joint site visits to identify areas said to have attributes 5 and/or 6.

There was apparently not much communication between the SIA and HCVA teams. This was evident from the different, albeit overlapping, list of stakeholders in the SIA and HCVA. There can be an advantage in such separate assessments, as they can serve as a check on one another. However, for such advantages to be realised, there will need to be better communication between the different teams once the work is done. In the present instance, the different, overlapping, list of stakeholders allowed the assessors to discover a potential land claim.

While this might be seen as a shortcoming on the part of the SIA and HCVA, it has to be said that the stakeholders from whom the assessors obtained the information about the potential land claim were also consulted by the HCVA team, but the matter was not raised to them, possibly because the potential claimants were not yet ready to make their claim as they were still in the process of gathering the necessary supporting evidence (cross refer to C2.2).

Apart from the above, another shortcoming in both the SIA and HCVA was the degree of participation

by the identified stakeholders (affected and interested persons, especially with regard to external parties) and the identification of stakeholders. Some of the stakeholders, were a little puzzled as to their involvement.

Currently, the primary criteria of stakeholders are:

- i. Parties that sell FFB to the mills operated by PPBOP, and/or
- ii. Communities within approximately 3km radius of the plantations.

This is admittedly a difficult matter since there are numerous communities all around the plantations. The plantations themselves are bordered by other plantations. Hence, it is not clear which communities, *qua* communities, are affected by whose operations. For members of those communities who are working in the Terusan and Ribubonus, they are considered as stakeholders (employee), but it is not evident that the communities from which they come should by that taken as stakeholders - as that can be stretched to a point at which stakeholder consultation would become a meaningless exercise.

Nevertheless, adoption of an iterative process, further consultation with already identified and confirmed stakeholders and their views on neighbouring communities, and monitoring, should facilitate the development of a fairly comprehensive and meaningful list of stakeholders from amongst the local communities and indigenous peoples in the area.

It is noted that participatory assessment is a new practice to the management. However, there are slowly acquiring the necessary attitudes, approaches and skills for engaging stakeholders in a more fully participatory process.

It was also noted that the lack of coordination between the two assessments meant that issues raised in one report, e.g. alleged illegal hunting by local communities, were not raised or incorporated in the other. Other matters, e.g., to correct maps showing villages which, no longer exist on the ground, or to correct identification pertaining to land under dispute which had been resolved were not acted upon. All this suggests that SIA/HCVAs have yet to be fully incorporated into management procedures. This is another area for improvement.

Another shortcoming of the SIA is a focus on negative impacts, rather than on impacts, both positive and negative, with an eye to leveraging positive impacts to the benefit of the local communities, while mitigating or eliminating negative impacts. Indeed, some of the communities in the vicinity of Ribubonus saw the entry of the plantation as a positive development, one that they would like to leverage to their greater benefit. This may not always have been so; however, in recent times, especially with the boom in the price of oil palm, many in the local communities/indigenous people have become interested in cultivating oil palm and look to leverage the presence of the estates.

With regards to negative impacts, assessor interviews with local community representatives did not raise any significant issues not already noted in the in-house SIA, other than the already mentioned potential land claim. In general, local community representatives were largely positive about the estates and, in particular, the new-found relationship being developed in the process towards RSPO certification. Specifically, in the case of Ribubonus, local community/indigenous people. representatives were largely positive about its presence with regards to ease of transportation via the estate road and ferry, facilitating not only access to town but also state-run health and school facilities, as well as the cultural change resulting from the presence of the estate, namely the transition to cash-crop cultivation and the virtual abandonment of subsistence rice cultivation, formerly a central component of identity.

Nevertheless, some of the baseline data is inconsistent and, in some instances, apparently inaccurate, although they had apparently been sourced from community representatives. Some of this, e.g., population, could be due to community representatives have included all persons working and resident elsewhere as their member of the village, resulting in large mean household size. This needs to be

improved, to provide an adequate basis for monitoring and evaluation. Indeed, while historical issues are important, the focus should be on monitoring and evaluation for early detection of emerging issues and for continuous improvement.

Despite these shortcomings, the assessments did uncover significant issues, with the notable absence of the potential land claim. However, recommendations need to be followed through with action, e.g., a request for priority in employment opportunities is a request for an established, on-going chain of communications about vacancies in place of the previous informal, word-of-mouth, communications, usually through current employees from the surrounding area. This can be achieved by establishing a procedure for disseminating information about vacancies to the surrounding communities as part of the stakeholder consultation and communication process.

Consultations with local community representatives during the assessment indicated that the SIA and HCVA exercises were welcomed and the communities looked forward to such consultations and communications in the future. At the same time, many did not have a clear understanding of the RSPO process, other than that it required consultation. Some were not sure why they were included in the process as they have not had much dealing with Terusan or Ribubonus and do not see how they are affected by their operations. Additionally, while they were aware there was a complaints procedure, they were unsure how it differed from the previous practice of simply approaching personnel from Terusan or Ribubonus; indeed, this might even be a preferred practice as the cultures of the local communities were, until fairly recently, primarily oral.

One positive outcome of the process of engaging stakeholders and the local communities is the participation of Ribubonus in a smallholder training and assistance scheme under the Malaysian Palm Oil Board (MPOB). For their part, members of local communities are also interested in developing a beneficial relationship with Ribubonus and Terusan, and hope to leverage some of the advantages available to large growers, but not to smallholders, e.g., lower prices through bulk purchasing, through this relationship.

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.

Indicator 6.2.1

Documented consultation and communication procedures.

Major compliance

Indicator 6.2.2

A nominated plantation management official at the operating unit responsible for these issues.

Minor compliance

Indicator 6.2.3

Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.

Minor compliance

Specific Guidance:

Decisions that the growers or mills are planning to make should be made clear, so that local communities and other interested parties understand the purpose of the communication and/or consultation.

Communication and consultation mechanisms should be designed in collaboration with local communities and other affected or interested parties. These should consider the use of existing local mechanisms and languages. Consideration should be given to the existence/ formation of a multi-stakeholder forum.

Communications should take into account differential access to information of women as compared to men, village leaders as compared to day workers, new versus established community groups, and different ethnic groups.

Consideration should be given to involving third parties, such as disinterested community groups, NGOs, or government (or a combination of these), to facilitate smallholder schemes and communities, and others as appropriate, in these communications.

Audit findings

There are documented consultation and communication procedures with designated PICs. These should be further written up as Standard Operating Procedures with a record of revisions, if any.

Records of minutes of meetings, communications, notices and lists of stakeholders are maintained. However, as noted in Criterion 6.1, there are some shortcomings with regards to the identification of stakeholders.

An opportunity for improvement could be the establishment of a consultative committee with an agreed Terms of Reference (TOR) and with active representation of stakeholders. As matters now stand, stakeholder meetings are usually at the discretion of management, while dissemination of information such as job vacancies still primarily rely upon informal channels of current employees to friends, relatives and communities.

Apart from the above, as the cultures of the surrounding local communities/indigenous people were, until recently, primarily oral, there is still a tendency for transmission of, e.g., complaints, requests, etc. to be conducted orally. These information (should it be communicated to any member of Terusan and Ribubonus), need to be officially documented in the complaint form in accordance to their procedure.

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.

Indicator 6.3.1

Documentation of the process by which a dispute was resolved and the outcome.

Major compliance

Specific Guidance:

Records are to be kept for 3 years.

Indicator 6.3.2

The system resolves disputes in an effective, timely and appropriate manner.

Minor compliance

Indicator 6.3.3

The system is open to any affected parties.

Minor compliance

Guidance:

Dispute resolution mechanisms should be established through open and consensual agreements with relevant affected parties.

Complaints may be dealt with by mechanisms such as Joint Consultative Committees (JCC) with gender representation. Grievances may be internal (employees) or external.

Audit findings

As part of the process towards RSPO certification, a system for dealing with complaints and grievances was developed and validated in joint meetings with stakeholders. The system appears to be effective and appropriate. For instance, there was a complaint regarding discharge of effluents from the Ribubonus mill which resulted in corrective action followed by complainant visits to verify the outcome. The same has also resulted in the resolution of a long-standing claim to land within the Terusan title area. Documentation on all these cases is available.

Nevertheless, the procedure for external stakeholders, especially local communities/indigenous people, has to be better established. It still tends to be too much of a case-by-case basis.

A parallel system for complaints and grievances is also in place for employees, and there are workers representations on the relevant committees, in particular, the welfare committee. The procedure for internal stakeholders' complaint and grievances is well-established as judged from the documentation

and in interviews with workers.

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.

Indicators 6.4.1

Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation.

Major compliance

Indicator 6.4.2

A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land.

Minor compliance

Indicator 6.4.3

The process and outcome of any compensation claims is documented and made publicly available.

Minor compliance

Specific Guidance:

This criterion should be considered in conjunction with Criterion 2.3.

Audit findings

The state has a formal legal procedure for identification of native rights and entitlement, namely, gazetted areas. This procedure is used by Terusan and Ribubonus in guiding them for any decision making.

Terusan dispute, which was neither a customary rights nor legal dispute, but one relating to a promise made by the previous title holder, as proper documentations including a procedure to identify claimants and to record them are available was an example of dispute resolved through consultation.

Other than the potential claim and the legacy claim mentioned above, the local communities/indigenous people consulted during the course of audit, stated that they had no customary or legal rights issues with the estates in question, despite some pressure from the assessors.

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.

Indicator 6.5.1

Documentation of pay and conditions.

Major compliance

Indicator 6.5.2

Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.

Minor compliance

Indicator 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).

Minor compliance

Guidance:

Where temporary or migrant workers are employed, a special labour policy should be established. This labour policy would state the non discriminatory practices; no contract substitution of original contract, post arrival orientation program to focus especially on language, safety, labour laws, cultural practices etc; decent living conditions to be provided. Migrant workers are legalised, and a separate employment agreement should be drawn up to meet immigration requirements for foreign workers, and international standards, if ratified.

Audit findings

As noted in Criterion 6.1, the estates pay at least the prevailing market wages, with all the employees that had been interviewed during the assessment saying that terms and conditions of work are good. The wages and conditions are documented, and every employee has a contract of service. The minimum wage rate stated is RM14 per day, although workers may be paid on a piece- or daily-rated basis. Examples of piece-rated basis works are spraying, fertilizer application, harvesting and FFB evacuation.

Partial compliance was found with the guaranteed work week requirement (Sabah Labour Ordinance 1950, Art 10). Workers that turned out for muster but not able to carry out their duties due to bad weather condition were only paid half day wage.

As this matter is brought up to the management attention, immediate corrective action was taken to establish a procedure to address this matter. Non-conformity was raised as no evidence is available to show that the newly established procedure is implemented (NCR KKJ 01).

As part of the corrective action taken and while this report is being prepared, Terusan and Ribubonus have rectified the above condition. Evidence of full day wage paid to the workers was extended to the assessors for verification. Nevertheless, this implementation will be further verified during surveillance assessment in ensuring that the procedure is observed and the workers understand what is required of them and what are their rights on this matter are.

Other than the above, the management is in compliance with the labour laws and the relevant sections of the laws are made known to the workers. However, this can be enhanced to improve workers' awareness.

The assessment also noted that the median income for half of the workers is RM350/month. This is below the rural Sabah poverty line indicator of RM 1000 per household of 4.5 in 2007. However, most of the household in Terusan and Ribubonus would consist of two workers (husband and wife). Hence, this matter should be monitored at the family level and an assessment made as to the proportion of families not meeting the poverty line income after taking into account income in kind (free electricity and water supply as well as medical expenses).

It should be noted that with regards to Indicator 6.5.3 - the Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) is not a law in Sabah. However, management is in the process of upgrading housing to conform to the Act. Nevertheless, workers interviewed expressed satisfaction with their current housing. Their "house pride" might be taken as supporting their statements – well-maintained potted plants neatly tiered in front of their homes; neat and decorated living rooms.

Water and electricity are supplied free; clinic facilities are also free, except for family planning medicine. Other welfare amenities such as a hall, football field, children's playground, crèche, mosques and chapel were also provided.

Water supply to the line sites and the mills is tapped from the nearby stream/river and treated in water treatment plants. At the point of assessment, Rumidi's WTP was not in operation since it is in the midst of being repaired and upgraded by contractor.

However, improvement is clearly needed as there are certain areas in the line site which were not provided with piped (treated) water supply. Assessment of records showed that Terusan & Ribubonus are very much aware of this condition. Budget has been allocated to replace old housing and, all amenities will be upgraded accordingly. This is, however, being done in stages and is expected to be completed at the end of 2012. In Ribubonus (North Division) the community had to use common toilets outside the house and domestic water waste from each house is channelled into earth-drains.

It was also observed that the crèche in Terusan and Ribubonus were over crowded with children and the number of crèche ayahs is not sufficient to meet the ratio as in authority's guidance.

Schools for foreign workers children were also provided. The basic infrastructures were provided by the estates and a small fee is charged to the workers. The schools, known as HUMANA are operated by Borneo Child Aid Society. These schools have been in operation for about a year. Consultation with Borneo Child Aid Society revealed that they had good cooperation from the estates.

The local workers' children, on the other hand, are sent to the government schools nearby the plantations and the mills. Terusan and Ribubonus provide free transportation for the school going children.

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

Terusan and Ribubonus respected the right of personnel to freedom of association Notices on this matter are displayed on notice boards at every site.

Interviews with workers revealed that they are aware of this right. Even though no official union formed in Terusan and Ribubonus, there are documented minutes of meetings with workers representatives on workers issue. Among the records sighted were Workers' Welfare Committee and Occupational Safety and Health Committee minutes of meetings.

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

Terusan and Ribubonus have established a policy which prohibits the use of child labour. Its implementation was evident through verification of employment records which showed the minimum age requirement under Sabah Labour Ordinance section 72 (CAP 67) 1950 was being complied with.

Site assessment also confirmed that there were no children working in Terusan and Ribubonus. Interviews with workers also revealed that they were aware of the requirement. The register of employees includes the date of birth as for the age verification.

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

Driven by an equal opportunities policy, Terusan and Ribubonus are strongly committed in evading discrimination. Other than what might be expected from task requirements, e.g., harvesting work, and the industry culture, i.e., male dominated at managerial level, there is no evidence of discrimination, including at staff and executive levels. Local workers are predominantly in non-harvesting work, but interviews indicate that this is due to preference despite higher potential earnings.

In general, workers' satisfaction is high. This emerged from interviews with workers as well as the records on long tenure of employments.

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

Terusan and Ribubonus have published a policy on prohibiting sexual harassment. This policy has been made available to the employees and to the public.

The grievance mechanism for handling sexual harassment issues is also available. A Women and Children committee has been established by Terusan and Ribubonus to handle sexual harassment and children-related issues. Interviews with the committee members revealed that they were aware of their roles and responsibilities.

Criterion 6.10

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

Audit findings

TPOM received about 9 % of outside crop from smallholders and 11 % from nearby Estates namely Andamy and Arunamary Estate. Three of the smallholders and the two estates manager were interviewed during the assessment. Consultation with other smallholders was also done through discussion their village head/representative at their premises.

RBPOM received about 2% FFB from neighbouring smallholders and 20% ffrom neighbouring private owned estate namely Twin Acres and Pelumas Estate. Consultation with smallholders was done through discussion with village head/representative.

The outcome of the consultation with the supplier (smallholders and estate) revealed that generally they are happy on their FFB trading with Terusan and Ribubonus. The trading has been ongoing for quite a long time. It ranges from three years to fifteen years at TPOM and since its commissioning at RBPOM.

Among the comments received were prices offered were slightly higher compared to other mills, and payments were promptly made. However, some the smallholders commented on the strictness with sub-standard fruit. Nevertheless, they are aware of the authority's requirement on the quality of product as well as other requirements in the agreements.

Cross checked with the documentation i.e. agreement showed that the pricing mechanisms for FFB were well documented at both TPOM and RBPOM.

Apart from the FFB supplier, interview with the canteen operators and provision shop operators at the estates and mills revealed that they have no issue with both Tersuan and Ribubonus.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Audit findings

Members of surrounding communities interviewed say that the estates have had a significant positive impact on incomes, a positive impact on infrastructure, some impact on wage employment opportunities (employment statistics indicate some preference to local communities at staff level and in line-work they prefer), that it has also been a source of some welfare assistance and to meet some basic needs, e.g., potable water during long droughts. They also say that it has changed cultures, habits and practices, and that it has changed the population composition. On the negative side, they say that it has had a negative impact on river water quality and on food resources, although given the extensive estate development in the area, it would be hard to pin this down to any particular estate. On balance, the local communities judged the estates as positive.

However, not much of this positive impact is a result of consultative action. Requests for assistance are on an ad hoc basis, with action at the discretion of management. To date, no formal consultative committee to establish needs and priorities, with action plans to achieve measurable outcomes, e.g., increasing the yield of smallholders in the surrounding local communities. An area for improvement is to establish a formal consultative committee or committees, since there are two estates separated by some distance.

Recently, management has engaged with the MPOB in a smallholder assistance scheme. This is welcomed by the local communities who know of it.

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:

Indicator 8.1.1

Minimize use of certain pesticides (C4.6)
Major compliance

Indicator 8.1.2

Environmental impacts (C5.1)
Major compliance

Indicator 8.1.3

Maximizing recycling and minimizing waste or by-products generation.
Major compliance

Specific Guidance

To work towards zero-waste (C5.3)

Indicator 8.1.4

Pollution prevention plans (5.6)
Major compliance

Indicator 8.1.5

Social impacts (C6.1)
Major compliance

Indicator 8.1.6

A mechanism to capture the performance and expenditure in social and environmental aspects.
Minor compliance

Audit findings

Generally, Terusan and Ribubonus have established a system to regularly monitor and review their key activities at the mill and estates, and then initiate action plans for continuous improvement.

Evidence sighted included the commitment to minimize the use of certain pesticides by implementing IPM. Other improvement plans include the commitment to zero waste by not only using by-products such as EFB & POME in the fields but also increasing the awareness of workers on 3R's initiatives (i.e. reduce, reuse, recycle).

A mechanism to capture the performance and expenditure is well established. It was not limited to social and environmental aspects only but it also extended to Occupational Safety & Health matters. Among the improvements made was the provision of a changing room for sprayers to ensure no contamination to their family and the changing of the system of carrying the spraying chemical in jerry can to tanker.

It was also observed old workers' quarters at Terusan and Ribubonus are gradually being demolished and replaced with new houses. Employees have also expressed their general satisfaction with the terms and conditions of work. However, an opportunity for further improvement is to establish a procedure for monitoring family incomes and where they fall below Sabah's poverty income line, establish a corrective plan of action to see that no family earns, in combination with income in kind, is less than the poverty line.

HCV areas within the estates were identified and management plan were also established. However, improvements needed in ensuring all recommended action are acted upon in short and long term time frame.

Local communities have judged the social impact of the estates to be, on balance, a positive one. Moreover, at the moment, no significant negative impacts need to be addressed. However, documented action plan with regards to local communities/indigenous people could be drafted out. Currently, actions are taken based on ad-hoc request by the communities.

4.0 Assessment Recommendation

Based on the evidence gathered, it can be concluded that **PPB Oil Palms Berhad, Terusan and Ribubonus Certification Unit** have conformed to the requirements of the RSPO MYNI. All major nonconformities have been closed out through verification of corrective action records.

The audit team recommends **PPB Oil Palms Berhad Terusan Certification Unit and Ribubonus Certification Unit** for certification against RSPO MYNI.

5.0 Organization's Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

I, the undersigned, representing Terusan Certification Unit and Ribubonus Certification Unit, acknowledge and confirm the contents of the assessment report and findings of assessment.

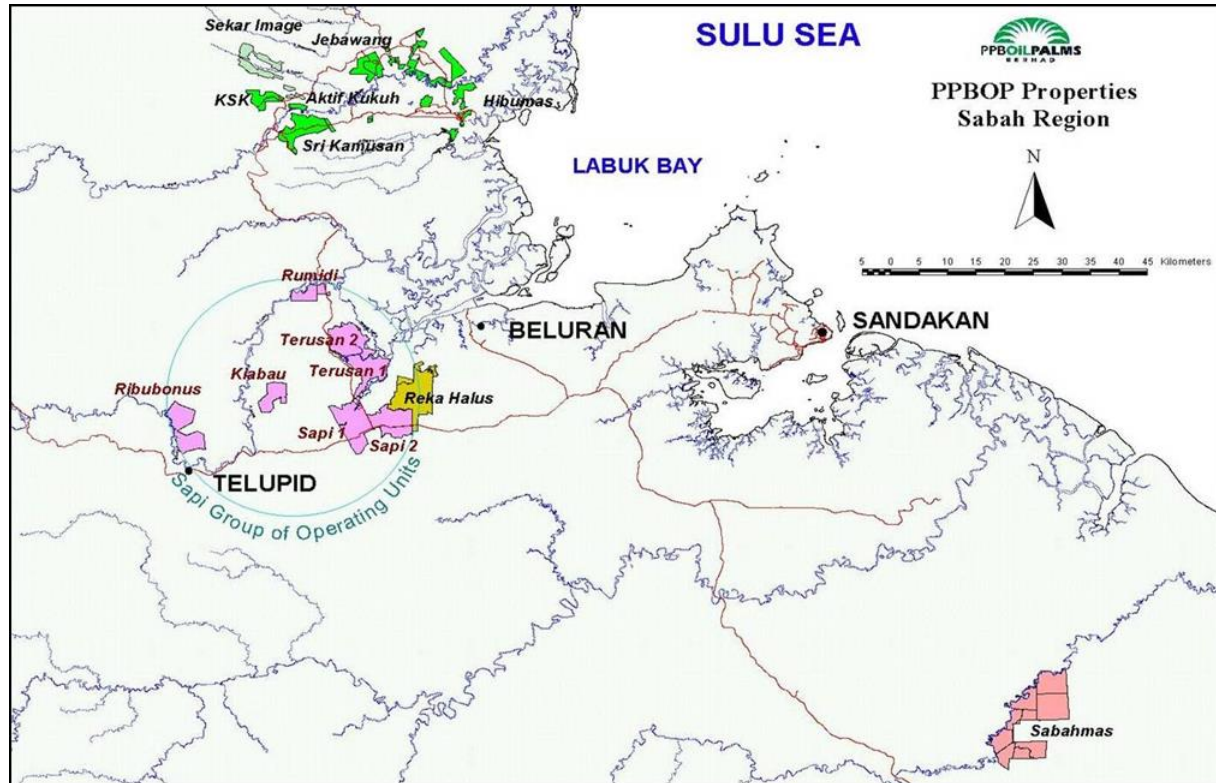
Name : Simon Siburat

Signature :

A handwritten signature in black ink, written in a cursive style, is placed over a horizontal line. The signature appears to read 'Simon Siburat'. Below the signature, there are two small dots.

Date : 13 January 2010

Location Map for Ribubonus and Terusan Certification Units



RSPO MAIN ASSESSMENT PLAN

1. Objectives

The objectives of the assessment are as follows:

- (i) To determine PPB Oil Palms Berhad (PPBOPB) conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
- (ii) To make appropriate recommendations based on the assessment findings.

2. **Date of assessment** : 1st – 5th October 2009

3. **Site of assessment** : PPB Oil Palms Berhad
Terusan Palm Oil Mill,
Terusan 1 Estate,
Terusan 2 Estate,
Rumidi Estate,
KM 20, Jalan Nangoh, Off Jalan Sandakan-Telupid,
Sandakan, Sabah

Ribubonus Palm Oil Mill,
Ribubonus Sdn. Bhd.
KM 125, Jalan Sandakan-Telupid,
Sandakan, Sabah.

4. Reference Standard

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

5. Assessment Team

- a. Lead Assessor : Sabarinah Marzuky
- b. Assessor : Dr. Yap Son Kheong
Khoo Khay Jin
Hj. Abd. Aziz Abu Bakar
Azhar Mustapha

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

6. Audit Method

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

7. 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.

8. Working Language : English and Bahasa Malaysia

9. 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

10. 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

11. Assessment Programme Details : As below

Day one: 01 October 2009 (Thursday)

Activities /areas to be visited	Sabarinah	Abd. Aziz	Azhar	Khoo Khay Jin	Yap Son Kheong	Auditee
8.00 – 8.15 am	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader					Top mgmt & Committee Member
8.15 – 8.30 am	Briefing on the organization background and implementation of RSPO (including action taken to address stage 1 assessment findings)					Management Representative
8.30 – 12.00 pm	Site visit and assessment at Terusan Palm Oil Mill <ul style="list-style-type: none"> • Utilities (ETP, gen-set, boiler, WTP, etc.) • Waste management • Interview with FFB supplies and other supplies • Interviews with mill's workers 	Site visit and assessment at Terusan 2 Estate: <ul style="list-style-type: none"> • Good Agricultural Practice • Workers Issues • Line site • EFB mulching • Plantation on hilly/swampy area • witness activities at site (weeding/spraying/other maintenance activities/ harvesting) 	Site visit and assessment at Terusan Palm Oil Mill <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Utilities (gen-set, boiler, etc.) • Production area • Chemical store • Workshop 	Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA and management plans. Assessment on P1, P2-C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8 Visit and assessment at: <ul style="list-style-type: none"> • Terusan 1 & 2 estates surrounding community • Humana School • Provision shop operator 	Site visit and assessment at environmental area of concern at Terusan 1 & 2 Estates and Rumidi Estate: <ul style="list-style-type: none"> • Area of more than 25° • Riparian zone • River system including POME discharge • Forested area • Plantation boundary • Water bodies • Source of water supply • Over planted areas • HCV Other area identified during the assessment	Guide/PIC
12.00 – 2.00 pm	Break					
2.00 – 5.00 pm	Assessment on P1, P2 , P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8	Assessment on P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8	Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8		Assessment on P1, P2 (C2.1- 2.1.1, C2.2-2.2.3, P3, P4(C4.4-4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3-5.3.3, 5.4, 5.6), P8	Guide/PIC
08.00-10.00pm	Audit team discussion				Document review	Relevant PIC

Day two: 02 October (Friday)

Activities /areas to be visited	Sabarinah	Abd. Aziz	Azhar	Khoo Khay Jin	Yap Son Kheong	Auditee
08.00-11.00 pm	<p>Site visit and assessment at Terusan 2 estate</p> <ul style="list-style-type: none"> • Dumping site for estate & mill • Utilities (WTP , gen-set & etc) • Waste management • Facilities at workplace (rest area, etc) • Dispensary • Chemical store • Workshop <p>Assessment on P1, P2 , P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8</p> <p>Interview with Terusan 2 estate's employees</p>	<p>Site visit and assessment at Rumidi Estate:</p> <ul style="list-style-type: none"> • Good Agricultural Practice • Workers Issues • Line site • fertilizer stores • witness activities at site (weeding/ spraying/harvesting) <p>Assessment on P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p>	<p>Site visit and assessment at Terusan 2 estate</p> <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Dispensary • Chemical store • Workshop <p>Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8</p>	<p>Continue assessment at Rumidi Estate</p> <p>Assessment on P1, P2-C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8</p>	<p>Continue assessment at environmentally area of concern at Terusan 1 & 2 Estates and Rumidi Estate</p> <p>Assessment on P1, P2 (C2.1- 2.1.1, C2.2-2.2.3, P3, P4(C4.4-4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3-5.3.3, 5.4, 5.6), P8</p>	Guide/PIC
12.00 pm -02.00pm	Travel to Ribubonus					
02.00-05.00pm	<p>Site visit and assessment at Ribubonus Palm Oil Mill</p> <ul style="list-style-type: none"> • Utilities (ETP, gen-set, boiler, WTP, etc.) • Waste management • Interview with FFB supplies and other supplies • Interviews with mill's workers 	<p>Assessment at Ribubonus Estate on :</p> <p>P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p>	<p>Site visit and assessment at Ribubonus Palm Oil Mill</p> <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Utilities (gen-set, boiler, etc.) • Production area • Chemical store • Workshop 	<p>Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA assessment and management plans.</p> <p>Visit and assessment at: Ribubonus estate & mill</p>	<p>Site visit and assessment at environmentally area of concern at Ribubonus Estates and mill:</p> <ul style="list-style-type: none"> • Area of more than 25° • Riparian zone • River system including POME discharge • Forested area • Plantation boundary • Water bodies • Source of water supply • HCV 	Guide/PIC

	Assessment on P1, P2 , P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8		Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8	surrounding community (schedule according to their convenience)	• Other area identified during the assessment	
08.00-10.00pm	Audit team discussion			Document review	Relevant PIC	

Day three: 03 October 2009

Activities/ areas to be visited	Sabarinah	Abd. Aziz	Azhar	Khoo Khay Jin	Yap Son Kheong	Auditee
08.00-12.00 pm	Site visit and assessment at Ribubonus estate <ul style="list-style-type: none"> • Dumping site at estate & mill • Environmental issue • Scheduled waste & non-scheduled areas • Utilities (WTP , gen-set & etc) 	Site visit and assessment at Ribubonus Estate: <ul style="list-style-type: none"> • Good Agricultural Practice • Workers Issues • Line site • chemical /fertilizer stores • workshop • EFB mulching • Plantation on hilly • witness activities at site (weeding/ spraying/other maintenance activities/ harvesting) 	Site visit and assessment at Ribubonus estate <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Dispensary • Chemical store • Workshop 	Continue assessment at Ribubonus Estate & mill, surrounding community , smallholders and Humana school Assessment on P1, P2- C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8	Continue assessment at Ribubonus Estate & mill, at environmentally area of concern at Ribubonus Estates and mill. Assessment on P1, P2 (C2.1- 2.1.1, C2.2-2.2.3, P3, P4(C4.4-4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3-5.3.3, 5.4, 5.6), P8	
12.00-02.00 m	Break					
02.00-04.00 pm	Assessment on P1, P2 , P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8	Continue assessment at Ribubonus Estate on : P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8	Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8	Continue assessment	Continue assessment	Guide/PIC
04.00-05.00pm		Interview with Ribubonus estate's employees			Presentation on audit findings	

08.00-10.00 pm	Audit team discussion	
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Day four: 04 October 2009

Activities/areas to be visited	Sabarinah	Abd. Aziz	Azhar	Khoo Khay Jin	Auditee
08.00-12.00 pm	<ul style="list-style-type: none"> • Verification on all outstanding issues • Documentation review • Audit team discussion and preparation on audit findings 				
12.00-02.00pm	Break				
02.00-04.30 pm	<ul style="list-style-type: none"> • Continue with the above assessment 				

Day five: 05 October 2009

Activities/areas to be visited	Sabarinah	Abd. Aziz	Azhar	Khoo Khay Jin	Auditee
08.00-09.00 am	<ul style="list-style-type: none"> • Discussion on audit findings for Ribubonus and Terusan certification units 				Relevant PIC
09.00-11.00pm	<ul style="list-style-type: none"> • Interim closing meeting for Ribubonus and Terusan certification units 				Top mgmt & Committee Member
11.00-02.00pm	Travel to Sandakan & Break				
02.00-03.00pm	<ul style="list-style-type: none"> • Meeting with Financial Controller at Sandakan Office and verification on plan for other management unit & smallholder certification 				Top management
03.00-03.30pm	<ul style="list-style-type: none"> • Closing meeting for Ribubonus and Terusan certification unit 				Top mgmt & Committee Member
03.00pm	Travel to Sandakan & End of assessment				

DETAIL OF NON-CONFORMITY AND CORRECTIVE ACTIONS TAKEN

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Criterion 2.1 Indicator 2.1.1	Major	Fire certificate was not obtained. There is no documented evidence that application being made for Fire Certificate at Ribubonus mill.	Application letter to Fire Fighting and Rescue Department, Sandakan, Sabah has been submitted on 10 th October 2009 and replied by the department. Pending for site inspection.	Sighted the letter from Fire Fighting and Rescue Department, Sandakan, Sabah informing that the department has received the application.
Criterion 4.1 Indicator 4.1.1	Major	Safe operating procedures for working in confine space was not documented. No documented evidence on safe operating procedures for persons working in confine space (e.g. boiler service, cleaning of CPO storage tank) at Ribubonus and Terusan mills.	Safe operating procedure for confined space has been established on 10 th October 2009.	The established safe operating procedure is found sufficient to ensure safe working condition in confine space.
Indicator 4.4.3	Major	Mechanism to ensure outgoing water quality complied with the required limit was not clearly seen. i) Records showed that BOD & COD discharges from Ribubonus mill exceeded the allowed limit.	i- a) Interim measure To improve the existing aeration system an additional mechanical machine was added i.e two unit surface aerators, two unit floating mixers and six floating paddle wheels. ii- b) Long term measure Department of Environment (DOE) has given an approval to	i-a) Additional machines were installed accordingly. li-b) Verification through photograph and DOE field citation report showed that the

		<p>ii) Overflow of POME at the land application trenches in Terusan Estate.</p>	<p>Ribubonus mill to construct an additional six retention ponds at effluent treatment plant (ETP). Precommissioning of the new pond was held on 12th November 2009 with the DOE Officer. By then there will be no discharge for four to five months.</p> <p>To establish the pollution prevention plan a) POME intervals to various irrigation zones are formulated. b) Isolating valves for POME c) Established SOP for land irrigation system.</p>	<p>precommissioning of new ponds was held on 12th November 2009.</p> <p>SOP for land irrigation system was established on 7th November 2009 which covers the interval of POME application to various zones and the monitoring requirements.</p> <p>Evidence of monitoring record sighted and photos of applied POME in accordance to their procedure were provided.</p>
<p>Criterion 5.3 Indicator 5.3.2</p>	<p>Major</p>	<p>Scheduled waste was not consistently managed in accordance to EQA Scheduled Waste Regulations 2005.</p> <p>For both Units:</p> <ol style="list-style-type: none"> 1. Scheduled waste containers were not adequately labeled. 2. Notification of scheduled waste to DOE has not covered all wastes generated by the mills and estates operation. 3. Inventory (5th Schedule) were not adequately transcribed. 	<ol style="list-style-type: none"> 1. Scheduled waste has been labelled as per regulations requirement. 2. Notification of scheduled waste generation has been submitted to DOE. 3. To update the Inventory records (5th Schedule). 	<ol style="list-style-type: none"> 1. Photograph shows scheduled waste have been labeled in accordance with regulations 2. Notification of scheduled waste generation has been submitted to DOE on 20th & 26th October 2009 and accepted by DOE. 3. Inventory records have been updated.

		4. Consignment Note (copy from the disposal/treatment centre) (6 th Schedule) and Waste information Card (7 th Scheduled) was not available for waste that has been disposed.	4. To obtain copy of the consignment note (6 th Schedule) from the treatment recovery plant and to established waste information (7 th Scheduled) for waste that has been disposed.	4. Copies of the consignment notes (6 th Schedule) from the waste recovery plant have been obtained and Waste Information Card (7 th Scheduled) for scheduled waste disposed has been established.
Criterion 6.5 Indicator 6.5.1	Major	<p>In both Terusan and Ribubonus Estates, there is only partial compliance with the requirement on guaranteed work week.</p> <p>In the event of workers are unable to complete a full day's work, i.e, work for more than 4 hours, but less than a full day, daily rated workers are paid a full day's wage. However, for piece-rated workers, a minimum wage of RM14 a day is not provided.</p> <p>Interviews with managers and workers confirmed on this practice. However, discussion with higher management revealed that it is their policy to pay a day's wage provided that the worker shows up for assembly.</p>	<p>The SOP for guaranteed week was established on 1st October 2009 as an immediate response to the non conformity raised during the assessment.</p> <p>It is deemed that the SOP is clear and full understood by the estate's person-in-charge and it will be practiced accordingly.</p>	<p>SOP for guaranteed week (SOP No. HR/003) was established and inconsultation with Labour Department Sandakan, Sabah on 12th January 2010.</p> <p>Verification through records i.e. master chit, daily checkroll and daily workers activities report confirmed that the SOP was implemented.</p>