



**PUBLIC SUMMARY  
FIRST SURVEILLANCE ASSESSMENT**

**AUDIT DATE : 14 – 18 MAY 2012**

**PPB OIL PALMS BERHAD  
SRI KAMUSAN CERTIFICATION UNIT**

**Labuk Sugut, Sandakan,  
Sabah, Malaysia**

**Prepared by:**

**Food, Agriculture and Forestry Section  
SIRIM QAS International Sdn Bhd**  
Building 4, SIRIM Complex  
No. 1 , Persiaran Dato' Menteri, Section 2  
40911 Shah Alam, Selangor Darul Ehsan,  
MALAYSIA.  
Tel: 603 5544 6448  
Fax: 603 5544 6763  
Website: [www.sirim-qas.com.my](http://www.sirim-qas.com.my)

## TABLE OF CONTENTS

<b>1.</b>	<b>SCOPE OF THE SURVEILLANCE ASSESSMENT REPORT</b>
1.1.	Introduction
1.2.	Location of Mill and Estates
1.3.	Production of Supply Base
1.4.	Description of Supply Base
1.5.	Certification Details
1.6.	Organizational Information/Contact Person
<b>2.</b>	<b>ASSESSMENT PROCESS</b>
2.1.	Certification Body
2.2.	Assessment Team
2.3.	Assessment Methodology
2.4.	Date of Next Surveillance
<b>3.</b>	<b>ASSESSMENT FINDINGS</b>
3.1.	Summary Of Findings
3.2.	Identified Non-conformances
3.3.	Status of Non-Conformities Previously Identified
3.4.	Noteworthy Positive Observations
3.5.	Issues Raised by Stakeholders and Findings with Respect to the issues
<b>4.</b>	<b>CERTIFIED ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY AND FORMAL SIGN-OFF OF ASSESSMENT FINDINGS</b>

### List of Tables

Table 1	Location of Mill and Estates
Table 2	Actual and Estimation of FFB Contribution by Estate to the Sri Kamusan POM
Table 3	Actual (2010 to December 2011) and Forecasted (January 2012 to December 2012) Annual Tonnage of CSPO and PK Produced and Claimed for Certification
Table 4	Year Establishment of Estates and Area Planted with Oil Palm
Table 5a	Planted Area in Sri Kamusan Estate by Age and Planting Cycle
Table 5b	Planted Area in Hibumas 1 Estate by Age and Planting Cycle
Table 5c	Planted Area in Hibumas 2 Estate by Age and Planting Cycle
Table 5d	Planted Area in Jebawang Estate by Age and Planting Cycle
Table 5e	Planted Area in Sekar Imej Estate by Age and Planting Cycle
Table 5f	Planted Area in Sapi Sugut Estate by Age and Planting Cycle

### List of Attachment

Attachment 1	Location of Sri Kamusan Certification Unit
Attachment 2	Surveillance Assessment Plan
Attachment 3	Verification of Previous Audit Findings
Attachment 4	Detail of Non-Conformities and Corrective Actions Taken
Attachment 5	Opportunity For Improvement

## 1. SCOPE OF THE SURVEILLANCE ASSESSMENT

### 1.1 Introduction

The certification unit (CU) of the Sri Kamusan Palm Oil Mill Complex (Sri Kamusan), a wholly-owned subsidiary company of PPB Oil Palms Berhad (PPB Oil Palms) was assessed for its first annual surveillance against the RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO MYNI:2010). This surveillance was conducted on 14 – 18 May 2012.

The CU comprised the Sri Kamusan Palm Oil Mill (Sri Kamusan POM), Sri Kamusan Estate, Hibumas 1 Estate, Hibumas 2 Estate, Jebawang Estate, Sekar Imej Estate and Sapi Sugut Estate. As had been done during the main assessment, PPB Oil Palms had continued to exclude the smallholdings and the small growers that had been supplying fresh fruit bunches (FFBs) to the Sri Kamusan POM.

Sri Kamusan POM commenced its operations in 2005 with a processing capacity of forty (40) metric tonnes (MT) of FFBs per hour. The total combined land area of the six estates is 14,258.08 hectares (ha) of which 7,877.50 ha had been planted with oil palm. The reduction in planted acreage of 97.89 ha from the last reporting was attributed to the development of new housing complex for workers in 3 estates, construction of new roads and identification of new buffer zones.

### 1.2 Location of Mill and Estates

The Sri Kamusan CU is located in the Beluran District of Sabah, Malaysia covering 25 land parcels. It is located about 189 km from Sandakan. The locations of Sri Kamusan POM and all the six estates are shown in the map in **Attachment 1a**, while their respective GPS coordinates are given in **Table 2**. The GPS coordinate readings were taken at the respective administrative offices.

In the immediate vicinity of the mill and all the estates are villages and other oil palm plantations. The distance from Hibumas 1 estate Parcel 13 to the furthest parcel i.e. Sekar Imej Parcel 5 is about 74.15 km. In between these two Parcels are villages and 11 plantations belonging to other companies, namely, Tongod Jaya, Fortune Leong, Melapi, Borneo Samudera, Boustead, Ikatan Kayangan, IJM and several smallholdings which are clearly documented inside the stakeholder's map.

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

Operating Unit	Latitude	Longitude
Sri Kamusan Palm Oil Mill	06°12' 14.295' N	117°17' 27.662" E
Sri Kamusan Estate	06°12' 31.357" N	117° 19' 17.590" E
Hibumas 1 Estate	06°13' 12.767" N	117° 32' 53.449" E
Hibumas 2 Estate	06°16' 16.949" N	117° 28' 23.967" E
Jebawang Estate	06° 18'48.366" N	117° 24' 28.709" E
Sekar Imej Estate	06°15' 52.964" N	117°16' 54.669" E
Sapi Sugut Estate	06°14' 34.413" N	117°17' 09. 495" E

This CU is unique as it is being bordered by a number of forest reserves. The Sri Kamusan Estate is bordered in the south by the Bonggaya Forest Reserve and separated from the forest by a steep ridge of mainly secondary forest. The northern borders of Hibumas 2 and Sekar Imej Estate are the Paitan Forest Reserve. The east of the Hibumas 1 Estate borders the mangrove forest of Sungai Sugut, Paitan, Pulau Jembongan Forest Reserve. The main Sungai Sugut flows through the southern boundary of Hibumas 2 and the northern portion of Hibumas 1.

### 1.3 Production volume of All Certified Products

All the six estates had been supplying FFBs to the Sri Kamusan POM. Apart from these estates, there were independent smallholders and small growers which had been sending their harvests to the mill. The actual and expected annual FFB contribution from each estate to the Sri Kamusan POM, the approximate annual tonnage of CPO and PK produced as well as the tonnage claimed for certification are as summarised in **Table 3** and **Table 4** respectively.

**Table 2**  
**Actual and Estimation of FFB Contribution by Estates to the Sri Kamusan POM**

Estate Undergoing RSPO Certification	Actual FFB Production				Estimated Production	
	FFB Production January – December 2010		FFB Production January – December 2011		FFB Production January – December 2012	
	Tonnes	%	Tonnes	%	Tonnes	%
Sri Kamusan	27,280	27.55	28,014	28.09	39,600	28.57
Hibumas 1	32,633	32.96	29,055	29.13	40,800	29.44
Hibumas 2	23,615	23.85	26,247	26.31	37,100	26.77
Jebawang	7,516	7.59	6,475	6.49	8,000	5.77
Sekar Imej	4,151	4.19	5,096	5.11	6,900	4.98
Sapi Sugut	3,812	3.85	4,857	4.87	6,200	4.47
<b>Total</b>	<b>99,007</b>	<b>100.00</b>	<b>99,744</b>	<b>100.00</b>	<b>138,600</b>	<b>100.00</b>

**Table 3**  
**Actual (Jan 2010 to December 2010) and Forecasted (January 2012 to December 2012) Annual Tonnage of CPO and PK Produced and Claimed for Certification**

FFB Processed (MT)	CPO Production (MT)	PK Production (MT)	% of FFB from CU's Owned Estates	% of FFB from Third Party/Small holder	CPO Claimed for Certification (MT)	PK Claimed for Certification: (MT)
<b>Period of Reporting: January 2010 to December 2010</b>						
188,889	41,557.9	8,089.50	52.4 %	47.6 %	22,017	4,241
<b>Period of Reporting : January 2011 to December 2011</b>						
187,946	39,501.1	7,683.8	53.1 %	46.9 %	20,638	4,076
<b>Period of Reporting : January 2012 to Dec 2012</b>						
268,600	59,092	12,356	51.6 %	48.4 %	30,492	5,980

*Note: There is no third party contribution of FFB for claiming of RSPO certified CPO and PK.*

### 1.4 Description of Supply Base, Year of Planting and Planting Cycle

All the six estates had continued to supply their FFBs to the Sri Kamusan POM. **Table 5** below detailed out the year of the establishment of the oil palm estates, their respective total and planted areas and the percentage of planted area in each estate by age and planting cycle.

**Table 4**  
**Year of Establishment of Estates and Area Planted with Oil Palm**

Estate	Year of oil palm establishment	Area (ha)				Planted Area (%)	
		Total	Planted	Mature	Immature	Mature	Immature
Sri Kamusan	2000	2,832.00	1,800.00	1,800.00	-	100.00	-
Hibumas 1	1999	2,449.38	1,829.77	1,829.77	-	100.00	-
Hibumas 2	2000	3,472.62	2,313.52	2,313.52	-	100.00	-
Jebawang	2003	403.80	337.44	337.44	-	100.00	-
Sekar Imej	2004	3,642.00	1,011.24	442.67	568.57	43.8	56.2
Sapi Sugut	2004	1,458.30	585.53	585.53	-	100.00	-
<b>Total</b>		<b>14,258.1</b>	<b>7,877.50</b>	<b>7,308.93</b>	<b>568.57</b>	<b>92.78</b>	<b>7.22</b>

**Table 5a**  
**Planted Area in Sri Kamusan Estate by Age and Planting Cycle**

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2000	1 <sup>st</sup> Generation	412.00	22.9
2002	1 <sup>st</sup> Generation	432.00	24.0
2003	1 <sup>st</sup> Generation	956.00	53.1
<b>Total</b>		<b>1,800.00</b>	<b>100</b>

**Table 5b**  
**Planted Area in Hibumas 1 Estate by Age and Planting Area**

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
1999	1 <sup>st</sup> Generation	1068.72	58.4
2000	1 <sup>st</sup> Generation	201.87	11.0
2001	1 <sup>st</sup> Generation	224.67	12.3
2004	1 <sup>st</sup> Generation	125.41	6.9
2006	1 <sup>st</sup> Generation	139.6	7.6
2007	1 <sup>st</sup> Generation	69.5	3.8
<b>Total</b>		<b>1,829.77</b>	<b>100.00</b>

**Table 5c**  
**Planted Area in Hibumas 2 Estate by Age and Planting Cycle**

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2000	1 <sup>st</sup> Generation	501.54	21.7
2005	1 <sup>st</sup> Generation	820.8	35.5
2006	1 <sup>st</sup> Generation	910.44	39.3
2007	1 <sup>st</sup> Generation	80.74	3.5
<b>Total</b>		<b>2,313.52</b>	<b>100.00</b>

**Table 5d**  
**Planted Area in Jebawang Estate by Age and Planting Cycle**

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2003	1 <sup>st</sup> Generation	337.44	100.00
<b>Total</b>		<b>337.44</b>	<b>100.00</b>

**Table 5e**  
**Planted Area in Sekar Imej Estate by Age and Planting Cycle**

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2004	1 <sup>st</sup> Generation	185.13	18.3
2005	1 <sup>st</sup> Generation	135.91	13.4
2007	1 <sup>st</sup> Generation	121.63	12.0
2008	1 <sup>st</sup> Generation	377.82	37.4
2009	1 <sup>st</sup> Generation	190.75	18.9
<b>Total</b>		<b>1,011.24</b>	<b>100.00</b>

**Table 5f**  
**Planted Area in Sapi Sugut Estate by Age and Planting Cycle**

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2004	1 <sup>st</sup> Generation	158.94	27.1
2005	1 <sup>st</sup> Generation	426.59	72.9
<b>Total</b>		<b>585.53</b>	<b>100.00</b>

### 1.5 Certification Details

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

Parent company : PPB Oil Palms Berhad  
 Certificate no : RSPO 0011 - Sri Kamusan Palm Oil Mill  
 The date of certification : 13<sup>th</sup> May 2011  
 Date of previous assessment: 29<sup>th</sup> November-3<sup>rd</sup> December 2010

### 1.6 Organizational information/Contact Person(s)

Address:  
 PPB Oil Palms Berhad  
 Sri Kamusan Palm Oil Mill  
 KM 238 Off Jalan Nangoh Pitas  
 Labuk Sugut, Sandakan  
 Sabah  
 Malaysia

Contact Person:  
 Mr. Chang Sip Woon  
 Group Manager  
 Telephone : +089-259104  
 Fax : +089-259101  
 e-mail : [swchang@wilmar.com.my](mailto:swchang@wilmar.com.my)

## 2. ASSESSMENT PROCESS

### 2.1 Certification Body

SIRIM QAS International Sdn. Bhd. is the oldest and leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally recognised standards. Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the Secretariat of the United Nations Framework Convention for Climate Change (UNFCCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessment related to RSPO assessment. We have certified more than 100 palm oil mills and several estates to ISO 14001, OHSAS 18001 and RSPO MYNI: 2010. We have also conducted pre assessment against RSPO Principle and Criteria.

SIRIM QAS International was approved as a RSPO certification body on 21 March 2008.

### 2.2 Assessment Team

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

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Mahzan Bin Munap	Assessment Team Leader / Occupational health & safety and related legal issues	<ul style="list-style-type: none"> <li>• CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997</li> <li>• Occupational Safety and Health Trainer at INSTEP PETRONAS</li> <li>• Successfully completed RSPO Lead Assessor Course – 2008</li> <li>• Successfully completed Lead Assessor Course for OHSAS 18001-2000</li> <li>• Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006</li> <li>• Successfully completed RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2008</li> <li>• MBA, Ohio University</li> <li>• B.Sc. Petroleum Engineering, University of Missouri, USA</li> </ul>
Hafriazhar B Mohd Mokhtar	Assessor, environmental issues related to mill and plantation	<ul style="list-style-type: none"> <li>• working experience in Palm Oil mill beginning with Cadet Engineer and rising up to Senior Assistant Mill Manager</li> <li>• Successfully completed RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2011</li> <li>• Successfully attended SIRIM QAS in-house training on CDM and ENMS in 2011</li> <li>• Bachelor Degree Engineering (Chemical), University Teknologi Malaysia</li> <li>• Attended RSPO Training</li> </ul>
		<ul style="list-style-type: none"> <li>• Prepared Consultancy Reports on SIA for WWF, KPKKT and PESAMA</li> <li>• Taught Industrial Relations and International Forestry</li> <li>• Research on forest certification</li> </ul>

Dr. Rusli Mohd	Assessor / workers & community issues and related legal issues	<ul style="list-style-type: none"> <li>• Ph.D. (Major: Forest Policy); Minor: Public Administration, North Carolina State Univ.</li> <li>• M. Phil. (Forest Policy) Univ. of Edinburgh</li> <li>• B.S.(For) UPM</li> <li>• Attended RSPO Training</li> </ul>
Raymond Yap Nyoke Yong	Assessor / Good Agricultural Practices (GAP) and workers issues	<ul style="list-style-type: none"> <li>• 42 years experience in plantation management, covering rubber and oil palm</li> <li>• Diploma in Agriculture, University of Malaya</li> <li>• Estate Manager, Kuala Lumpur Kepong Berhad</li> <li>• External Planting Advisor, Kumpulan Guthrie Berhad and Sime Darby</li> <li>• Rubber Inspector, RISDA Pahang, Malaysia</li> <li>• Attended RSPO Training</li> </ul> <p><b>Involvement in professional organizations</b></p> <ul style="list-style-type: none"> <li>• Associate member of Incorporated Society of Planters</li> <li>• Chairman MPOA (Negeri Sembilan Branch)</li> <li>• Vice-Chairman MPOA (Negeri Sembilan Branch)</li> <li>• Vice Chairman of Pahang Planters Association</li> <li>• Chairman of ISP West Pahang Branch</li> </ul>
Khairul Najwan Ahmad Jahari	Assessor on criteria related to HCV, habitats & ecology	<ul style="list-style-type: none"> <li>• experience in Forest related areas as a researcher with FRIM since 2003.</li> <li>• Attended a training on RSPO P &amp; C and certification requirements in January 2011</li> <li>• Successfully passed EMS 14001: 2004 Lead Auditor Course, March 2009</li> <li>• Successfully passed OHSAS 18001: 2007 Lead Auditor Course, Feb 2009</li> <li>• Successfully passed QMS 9001: 2008 Lead Auditor Course, Feb 2009</li> <li>• B.Sc. of Forestry (Forest Management)</li> <li>• M Sc Environmental (GIS Remote Sensing, still pursuing)</li> </ul>
Mohd Hidhir Zainal Abidin	Trainee Assessor / mill related environmental & occupational safety and health issues	<ul style="list-style-type: none"> <li>• experience in palm oil milling</li> <li>• Successfully completed IRCA/RABQSA accredited Lead Assessor training for ISO 9001 (2012)</li> <li>• Successfully completed IRCA/RABQSA accredited Lead Assessor training for OHSAS 18001 (2012)</li> <li>• Successfully completed IRCA/RABQSA approved Lead Assessor training for ISO 14001 (2012)</li> </ul>

### 2.3 Assessment Methodology

This surveillance assessment was conducted on 14 to 18 May 2012. The main objectives of this surveillance assessment were to:

- verify the Sri Kamusan CU's continued compliance against the RSPO Principles and Criteria MYNI:2010;
- verify the effective implementation of corrective actions arising from the findings of the previous main assessment; and
- make appropriate recommendations based on the assessment findings on the continued certification of the CU.



Planning for this first annual surveillance assessment was guided by the RSPO Certification Systems Document. As has been applied during the Stage 2 assessment, it was decided that the sampling formula of  $0.8\sqrt{y}$  to determine the number of estates to be audited would not be used as each estate selected has its own issues of interest or activities related to RSPO MYNI to be verified.

The surveillance was conducted by visiting the fields, POM, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Details of the surveillance assessment programme are as in **Attachment 2**.

The approach used for collection of objective evidences to confirm ongoing compliance included physical site inspection, observation of tasks, interviews with the CU's management and employees, contractors and other relevant stakeholders, review of documentation and monitoring data. Checklists and questionnaire were also used to guide the information gathering.

The assessment team had also verified the corrective actions taken by the CU to address the non-conformity reports (NCRs) raised during the previous main assessment through on-site (mill and field) visits. The assessment team was satisfied with the actions taken by the CU and had therefore closed out all these NCRs. Details of the verified NCRs are as in **Attachment 3**.

Details on the new findings of this annual surveillance assessment are discussed under 3.1 below.

## **2.4 Date of Next Surveillance**

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

## **3. ASSESSMENT FINDINGS**

### **3.1. Summary of Findings**

Objective evidences were gathered separately for each of the RSPO Indicators for the POM and the estates. Each indicator was assessed on each of the operational areas and these provide an assessment of overall conformance of the Sri Kamusan CU's operations against each Criterion. A statement was provided for each of the Indicator to support the finding of the assessment team.

The findings of this annual surveillance assessment were highlighted and discussed during the on-site closing meeting. There were 2 major and 1 minor non-conformity reports (NCRs) and 20 Opportunities for Improvement (OFIs) being raised on Sri Kamusan CU against the requirements of the RSPO MYNI: 2010. The details of the NCRs and the corrective actions taken and the OFIs are as in **Attachment 4** and **Attachment 5** respectively.

Based on the findings of this surveillance, it could be concluded that the Sri Kamusan CU had continued to comply with the requirements of the RSPO MYNI: 2010. The 2 major NCRs raised during this surveillance had been adequately addressed and therefore closed out. The assessment team therefore recommends that Sri Kamusan CU of the PPB Oil Palms Berhad to maintain its certification against the RSPO MYNI: 2010 for the sustainable production of palm oil.

The findings for the assessment are reported based on RSPO MYNI indicator. The detailed findings of the assessment on the CU's compliance with the requirements of the RPSO MYNI:2010 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.

**Findings:**

Sri Kamusan CU had continued to maintain a comprehensive system with evidences on the actions taken as a result of requests for information by stakeholders that were related to the RSPO Criteria.

It was found that the CU had updated the stakeholder list on 27 March 2012 and that it had continued to keep and maintain records on all communication with its stakeholders.

**Criterion 1.2**

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

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

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

**Findings:**

Sri Kamusan CU had continued to hold and update copies of all the documents listed under Criterion 1.2 and ensured that these documents were publicly made available upon request. There was no restriction as to the documents made available with the exception of those with confidential commercial information.

In addition, the assessors had sighted those documents that could not be accessed via website but made available for public viewing at the estate and mill offices such as copies of land titles, permits and licenses issued by authorities, company policies and organization charts.

**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

**Findings:**

Generally there were compliance by the CU to all identified legal and other requirements except as enumerated in the **NCR MM1** and **OFIs** below.

The identified legal requirements applicable to Sri Kamusan CU operations had been recorded and sighted in the updated legal register.

It was noted that the revised legal register had included the Electric Supply Act 1990 on the competence person requirements, EQ (Sewage) Regulation 2009, Contravention of Licence to allow BOD for final discharge below 100mg/l.

The non-conformities issued were against the Sri Kamusan POM for contravening two regulations of the Factories and Machinery Act 1967. The first being Persons-In-Charge Regulation, 1970, wherein:

- i) the first grade Steam Engineer was not assisted by either a first or second grade engineer and by either a first or second grade engine driver when boiler was operating during each shift and,
- ii) there was no competent Internal Combustion Engine driver available during each shift at mill and estates (except for Sapi Sugut Estate).

The other non-compliance raised was on Notification of Fitness and Inspection Regulations, 1970, where the permit required to install the new sterilizer had not been applied to DOSH, Sabah. In other

words, JKJ 105 (Form A, Fourth Schedule) had not been filled-up when equipment was already on site.

The non-conformity had been responded and the form duly completed and given to the assessor for acceptance. However, the status of this NCR was still open as (i) the requirement for sufficient competent person remained status quo that was, the vacancies had not been filled up and (ii) the reply from DOSH on the JKJ 105 application had yet to be known.

The 3 OFIs raised were namely:

- a) The estates/mill had prepared a long list of pertinent laws and regulations. Nonetheless, the list could be improved by incorporating relevant international conventions. With respect to labour, such conventions could include those on freedom of association and the rights to collective bargaining. This was raised as **OFI 1**.
- b) Evaluation of compliance was being carried out on a 3-monthly basis by the mill and estates. However, it was noted that the questions/format contained in the evaluation form was too general and hence, the report established could not be more comprehensive in indicating the CU had been verified to comply with the legal requirements. This was raised as **OFI 2**.
- c) Noted in the written approval for the new ETP in Sri Kamusan POM, there was a need for a competent person to be in charge of the ETP. However, clarification with DOE has yet to be sought on the competency requirements to ensure the urgent hiring of suitable candidates. This was raised as **OFI 3**.

Sri Kamusan CU had continued to implement and maintain the established documented procedure on the Registration of Legal and Other Requirements, RSPO 2.1(2) for the purpose of ensuring legal compliance and the evaluation of compliance and operational performance monitoring activities.

It was found that upon checking at the Sri Kamusan POM and estates, the relevant laws, permits and licenses were in accordance to the requirements of the procedure and were in compliance in adhering to the stated conditions and by-laws; and valid and has been renewed either annually or bi-annually with the exception as highlighted in **NCR MM1** and the **OFIs** mentioned above.

The certificates, permits and licenses were common to all estates assessed and were still being displayed prominently in the mill and estate offices.

Visit to Sri Kamusan POM processing areas and effluent treatment plant had shown that there was evidence of continued compliance against the Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulation 1977 where the effluent discharges were still within the stipulated requirements.

The scheduled waste generated from mill workshop and Hibumas 2 estate had continued to be managed in accordance with Environmental Quality (Scheduled Wastes) Regulation 2005. Waste containers were still being labelled and stored in the designated area. Records of waste generation and disposal were made available and found to be up-to-date.

During a trip to the workers' housing at Hibumas 2, Jebawang and Sri Kamusan Estates it was confirmed that the new housing being built was in accordance with the Minimum Standards of Housing and Amenities Act 1990. The new brick houses would replace the existing inadequate wooden houses. The number of houses being built was found to be sufficient to accommodate all the workers.

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

The Legal Adviser at the Head office, Kuala Lumpur was still responsible for tracking any changes in the laws and to immediately disseminate such changes to the operating unit. It would then be followed by monitoring of compliance and keeping of record.

**Criterion 2.2**

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

**Findings:**

Sri Kamusan CU was still the legal owner and had the relevant proof of ownership of the land in the estates. The CU had maintained a country lease on the land signed by the Director of Lands and Surveys, Sabah.

The land had never been legitimately contested by local communities and to-date, there have been no disputes. The issue of occupation of the estate's lands in the Sekar Imej/ Sapi Sugut Estates by the local communities, as reported in the previous audit, had already been resolved while in the Hibumas 2 Estate was in the process of being resolved. Negotiations were still underway for the affected individuals to sign an agreement which would prescribe how the occupied lands should be utilized. The concerned individuals of Kg. Monomood had already signed a similar agreement with Sekar Imej/Sapi Sugut Estates.

Copies of land titles were sighted and the Sri Kamusan CU had continued to comply with the condition that the land shall be cultivated with agriculture crop of economic value throughout the tenure of the title.

All estates assessed still had the maps to indicate the location of the boundary stones which had been used to verify the location of the stones at the Hibumas1 Estate (block map), Sri Kamusan (survey plan map) and Sapi Sugut (grant map). The boundary stones along the perimeter adjacent to stateland and other reserves were sighted during the site visits to all the estates. It was observed that many of boundary stones were missing during the land development in 1999. The Sri Kamusan CU needs to intensify action to locate the missing boundary stones with State Land Office or other related agencies. Therefore an **OFI 4** was raised.

In spite there being no conflict or dispute over the land per se and a clear-cut rights of ownership by the estate management over the land (as per land title), there had been cases of infringement by the local communities such as planting of oil palm and rubber as well as building of houses by the villagers. The management of the CU had not resorted to legal means to prevent trespassing by the villagers. However, through the Joint Consultative Committee Meeting, chaired by the Group Manager, an MoU had been signed with the villagers of Kg. Kaiboton and Kg. Mononod) in the Sekar Imej/Sapi Sugut Estate on granting of access to the plantation land for agricultural/subsistence use.

**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.

**Findings:**

There was no land within the estates being encumbered by issues on customary rights and this criterion does not apply to Sri Kamusan CU.

**PRINCIPLE 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY****Criterion 3.1**

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

**Findings:**

Sri Kamusan CU had been persevered in its commitment to long-term economic and financial viability. It was observed that the CU had continued to implement the management plan to achieve the 5 year term viability where annual budgets with projections to year 2017 has been split into each estate and mill. The budget covered crop forecast, the provision of allocation to achieve sustainability (environmental, social, occupational safety and health), infra-structure development (roads, houses, etc), operations, maintenance, and training. The cost of production had continued

to be reviewed annually and compared against expenditure for each year. Projection for yield/cost/profit for 2012 to 2017 for Hibumas1, Hibumas 2, Sekar Imej and Sri Kamusan Estates was examined.

There was still no replanting programme being planned for the next 8-9 years as the oil palm trees in all the estates of Sri Kamusan CU were planted from 1999 to 2009. All crops harvested were from the first generation planting.

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

##### **Criterion 4.1**

Operating procedures are appropriately documented and consistently implemented and monitored.

##### **Findings:**

Essentially there had been no major changes except for minor updates to the documented operating procedures of the estates manual. The CU had continued to use the established manuals: *Agriculture Manual (update from 2009 to 2011 Edition) and Standard Operation Procedure (update from 2009 to Jan 2012 Edition) and Mill Operation Manual (2007)* as a reference for all operations in the estates and Sri Kamusan POM.

In addition to these manuals, there was a Safe & Standard Operation Procedure (SSOP). The SSOP procedures were covered under 22 topics for the estate operations that had among others included activities for Harvesting and Pruning, Spraying, Manuring, Palm Thinning, EFB Mulching/Decanter Cake Application, Leaf Eating Pest Control, Transportation and Handling FFB, Chemical, Fertilizer, Chemical, Wastes and Workers.

Similar to the estates, the POM had continued to use its own Mill Operation Manual on aspects related to oil palm processing, boiler operation, effluent treatment plant, products analysis method, workshop activity and chemical and waste handling procedures. The mill also had its own SSOP Manual, revised in October 2011 on security, weighbridge – FFB reception, weighbridge – sales and dispatch, loading ramp – FFB grading, sterilizer, threshing, pressing, storage of CPO and PK, boiler house, engine room, confined space and lockout/tagout.

At both the POM and estates, it was clearly seen that the SOP had been displayed on their notice boards or workstations for the employees to refer. The SOP had also been translated into Bahasa Malaysia.

Relevant employees had been briefed or trained on the SOP and SSOP by their respective supervisors. Through random interviews held with the staff and workers, it was observed that the level of their understanding on the contents of the SOP was satisfactory.

Further checks had shown that the SOPs had continued to be consistently implemented and monitored where, in the case of POM, the shift supervisors were tasked to check that all log books, log sheets, check sheets were completed accordingly as required by area and schedule i.e. hourly, 2 hourly, daily, weekly, fortnightly, quarterly or annual check. This was done by signing the log book, a copy of which was kept by mill management.

Monthly Progress and Annual Reports on monitoring of all activities were still made available during the surveillance audit. These reports had also continued to be displayed on the office's notice boards.

Among the records being sighted at the estates included rainfall data, manuring and spraying programmes and reports, agrochemicals usage and vehicle running hours logbook. For the mill, operation records such as laboratory analysis report on oil and kernel losses, effluent discharge, oil and kernel extraction rate, machine operation hours and maintenance records pertaining to 'Permit To Work' and equipment maintenance were sampled and found to have been properly maintained.

##### **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

### **Findings:**

Sri Kamusan CU had continued to monitor on the fertilizer input. An annual agronomic foliar sampling and analysis had continued to be conducted by the Research and Development Unit during Jan/Feb 2011 in all the estates. The results had been used as the basis to ascertain soil fertility. The use of fertiliser had continued to follow the recommendation made by the Internal Agronomist and an Independent Consultant Plantation Advisor.

Records sighted had shown of judicious fertilizer applications being practiced thus, the fertilizer dosage had varied from one field to another. The application of fertilizers had been carried out as recommended and scheduled.

To supplement the inorganic fertilizers, palm by-products such as fronds and empty fruit bunch (EFB) continued to be recycled as organic nutrients input. EFB application had generally been carried-out along road sides for +5 palms on both sides of the roads.

Application of POME in the field was still being practised at Sri Kamusan Estate. This application of POME had not been well practised in other estates of the Sri Kamusan CU as they were scattered and far from the Sri Kamusan POM.

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

### **Findings:**

Sri Kamusan CU had continued to adopt the various methods to minimize and control soil erosion and degradation of soils e.g. at Hibumas 2 (with gradual undulating terrain with 15% flat areas), all its matured areas sighted had terraces with compressed fronds stacks. Likewise, the 'L' shape stacking at flat and undulating areas at matured areas of Hibumas 1 estate (rolling undulating to hilly terrain [+/- 20% hilly]), and Sri Kamusan estate (rolling undulating to hilly terrain with 80% hilly and 20% flat) augured well in minimizing soil erosion and water control.

On the other hand, it was found that conditions were different in Sekar Imej Estate (with 85% hilly and 15% rolling undulating terrain with negligible percentage of flat lands). Their heavy slope areas were generally abandoned and left to grow wild to protect the hill from erosion. All sloping were terraced and inter-row vegetation was mainly *nephrolepis* both of which had contributed to enhance soil and water conservation. The judicious use of herbicide for target weed had avoided the drastic elimination of preferred weed population (e. g. *Nephrolepis biserrata*).

Other techniques still being used to minimize or control erosion included (i) planting of leguminous cover plants (*Mucuna bracteata*) and *Vetiver* grass on slopes of Sri Kamusan and Hibumas 2 Estates; (ii) EFB mulching at road sides; (iii) construction of stop bund at 20 meter interval to retain water within the terrace; (iv) sprayers follow the spraying guidelines as set out in the SOP and avoidance of over spraying, and (v) maintained soft vegetations such as grasses and ferns to avoid bare soil in the matured fields of the estates.

There was continuing evidence to avoid or minimize bare or exposed soil within the estates. During the field inspection, it was observed that no extensive bare ground condition was sighted and all estates had continued to maintain soft vegetation such as grasses and ferns to avoid bare soil in the matured fields. Inter-row vegetation had continued to be slashed annually to maintain the growth of soft grass and *Nephrolepis biserrata* fern for soil conservation. In some estate, the areas were covered with *Mucuna bracteata*. Weed spraying activities had also been carefully limited to the base of the palm to avoid over-spray to other areas.

As observed during the last assessment, the estates visited had continued to have their own structured road maintenance program. Among the programs which had been implemented to keep the roads in good condition were re-surfacing, grading and compacting, construction and maintenance of road side drains. Roads had remained generally well distributed with ample areas where rain water could be diverted into the terraces.

Road gravelling and road maintenance policies had continued to be closely adhered to by the estates. Roadwork equipment was rostered and used was allocated accordingly (Motor grader, compactor, Back hoe). The Heavy Machineries Schedule for Road Maintenance for year 2012 was sampled at Sri Kamusan estate and records of jobs completed were still being maintained in the monthly progress report. From the on-site inspection, it was confirmed that most of the roads had continued to be satisfactorily maintained and passable.

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

**Criterion 4.4**

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

**Findings:**

Sri Kamusan CU had continued to use the established procedures to maintain the quality and availability of surface and ground water, protection of water courses and wetlands including maintenance and management of riparian reserves areas.

During the assessment, it was observed that wetlands and many water bodies had continued to be protected. Stagnant ponds had been created for water conservation and catchment areas. The largest was the seasonal flood plain in Hibumas 1 Estate which had been demarcated as HCV site. No planting was carried out within this area.

Each of the estates inspected had demarcated the riparian buffers along the major water ways. The buffer zone at Hibumas 1, Hibumas 2 and Sapi Sugut had been identified and available in the HCV map. It was observed that oil palm trunks marking the boundary of the buffers had been painted to alert the workers to not blanket spray along the buffer zones of streams.

During the site review at Hibumas 2 estate, it was sighted that the 20m buffer zone boundary were identified with white and green layer colour poles erected along the river and the oil palm trees in the buffer zone were ring sprayed with red paint at the trunk to differentiate them with the other non riparian zone oil palm trees. The boundary marker for buffer was sufficient and maintained. This practice was in accordance with the Riparian Zone Management.

Although awareness training on buffer zone and the prohibition of spraying and manuring had been given, it was found that there were traces of circle spraying and killed (sprayed) grasses in the buffer zone at Sri Kamusan estate, Division C, Block 46 and 47. Interview with the sprayer gang revealed that they did not understand the prohibition and therefore a **major NCR** against Indicator 4.4.1 was raised.

It was noted that Sri Kamusan CU had taken the necessary corrective action to rectify this NCR. Verification through photographs and document sent to assessor on retraining on buffer zone had found that the corrective actions taken were adequate and therefore this NCR had been closed out.

There had been no construction of bunds, weirs or dams across any water ways and rivers in any of the Sri Kamusan CU's estates. The natural rivers flowing through each estate were still being monitored and measurements taken at six monthly intervals.

Water sampling analysis had continued to be conducted in accordance to the requirements of the Environment Protection Department, Sabah. The objective was to determine whether the activities of the estates and mill had any detrimental effects on the water sources.

Samples were taken at specified sampling points; inlet, midstream and outlet along the main rivers in all the estates. Three water sampling points had been inspected during the assessment and the results of analysis by the Consultant were made available to the assessor. The sampling and water analysis had continued to be periodically conducted, once in every three months by Consolidated Laboratory for the Hibumas 2, Sri Kamusan and Jebawang Estates as required in the EIA approval given.

The findings on the quality of the water samples was still within the acceptable level quality index of class III category in conformity to Water Quality Index (WQI) to the Interim National Water Quality Standard 2006 (INWQS) of the DOE. The water analysis had yet to include E. coli level (for drinking water source only) as highlighted during last assessment as Sri Kamusan CU was still in the midst of selecting a consultant. The monitoring reports had also been submitted to the Environment Protection Department of Sabah as required under the EIA approval.

The Sri Kamusan POM had continued to monitor the quality of outgoing water from the mill, which led into natural waterways quarterly. All monitoring results were still well within limits prescribed in the environmental permit and national regulations.

Both the POM and estates had continued to monitor the rainfall data as well as their water consumption. Rainfall was still being recorded daily and more than 10 years data was available for use. Annual rainfall had varied from a low of 2,889 mm in 2010 to a high of 4,169 mm in 2011. The dry months were in April/May and heavy rainfall in January/December. The data collected had continued to be used for developing a water management plan for the POM and for planning field operations such as the timing for application of fertilizer in the estates.

Sri Kamusan CU had continued to monitor the amount of water being used by the POM and the estates. It was observed that the records of the mill's daily water use (litres of water per ton of FFB) as well as the monthly and daily water consumption in the estates were still being kept. For the POM, usage of water per MT FFB processed was recorded at 1.62 m<sup>3</sup>/MT FFB in 2010, 1.01 m<sup>3</sup>/MT FFB in 2011 and 1.16 m<sup>3</sup>/MT FFB in the first 4 months of 2012.

Sri Kamusan CU had also continued to conduct an environmental aspect and impact risk assessment for each of its operating unit including the possibility of water drainage to protected areas. Records on environmental impact and mitigation measures relating to the operations of the mill, estate, workshop, nursery, effluent treatment plant, waste generation and consumption of natural resources were presented. The Aspect-Impact Register was being reviewed annually.

The discharge from the POM and estate workshop had continued to be properly controlled from entering the protective areas. Environmental improvement plans to mitigate the identified negative impacts had continued to be implemented. Among the improvement plans included construction of oil trap system at the outlet of the drain from the workshop and oil storage, identifying buffer zones, segregation of recyclable waste, oil spill control and emergency preparedness.

A water management plan had continued to be implemented by estates and POM with improvement being made to include all sources of water.

Program to minimize water usage had continued in all the offices, mills and estates. Among them were repair on leaks, water efficient landscape, ULV (ultra low volume) toilet, single pass cooling system (turbine cooling & press cooling system) and usage of water measured by (individual) meter and by engineering estimate.

Other management plan being executed included the following:

- Stagnant ponds in Sri Kamusan Estate had been created for water conservation and catchment areas. All water obtained from the rivers or ponds was treated before supplying to the workers.
- The facilities for harvesting rain water had been constructed in the line sites and estate complexes. Gutters, down comers and rain water collection tank had been sighted at line sites.

**Criterion 4.5**

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

**Findings:**

Sri Kamusan CU had continued to implement the Integrated Pest Management (IPM) in the estates. Beneficial plants planting in all vacant areas and along road sides for each type of plants. (*Antigonon*



*leptopus*, *Casia cobanensis* & *Tunera subulata*) was still being done although there had not been an outbreak of insect pests and disease in the estates history. It was noted that the possible incidence of pest attack was continuously been monitored to determine the success of the implementation of IPM.

It was observed that Sri Kamusan CU had still not used insecticides as there had not been outbreak of pest attack. The application of pesticides was only made when the incidences of attack had exceeded the accepted threshold level for such attack.

It was observed that the field staff and storekeepers had been keeping records on the location, quantity and type of pesticides that have been applied in their Cost Books. Herbicides usage had continued to be monitored monthly.

**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.

**Findings:**

The estates had continued to use the PPB Agricultural Manual and SOP for written justifications on the types and quantities of agrochemicals to be used for various field conditions. In essence, all chemicals usage was still based on the 'need to do basis' to enhance field operations. It was found that no Class I & II chemicals had been used. Additionally, paraquat had not been used since 2008.

It had also been the practice that insecticides and rodent baits were used only after a threshold (minimum damage) level had been exceeded and that no prophylactic use of such pesticides would be permitted.

It was found that pre-mixing of herbicides agrochemical had continued to be done only at the estate stores for delivery to field. This was to avoid human exposure to concentrated chemicals.

Pesticides selected for use were still confined to those officially registered under the Pesticides Act 1974 (Act 149); and in accordance with USECHH Regulations (2000). No Class I & II chemicals had been used.

The hazards and risks of using agrochemicals had been recognized in the Hazard Identification, Risk Assessment and Risk Control (HIRARC) register and thus control measures had been identified and implemented. References had been made to Chemical Health Risk Assessment (CHRA), use of appropriate PPE and medical and health surveillance for those involved in handling them such as sprayers, manurers and storekeeper. Their records were verified. The medical surveillance report dated 27/10/2011 showed no serious illness.

The chemical and fertilizer stores had continued to be in compliance with the provisions of the Occupational Safety and Health Act 1994 (Act 514), Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. All of the stores had met the best practices requirements, including security, spill containment and provision of spill kit, ventilation, lighting, labeling, separation by types of chemical, availability of MSDS, work instructions and PPE. Only authorized personnel were allowed to enter the chemical and fertilizer stores.

There had been a proper record keeping on the purchase, storage and use of agrochemicals as indicated in the Stock Statement Return which was presented during the assessment. An interview held with the chemical storekeeper had revealed that he had understood the hazards involved in the handling of chemicals as well as the required control measures.

Sri Kamusan CU had continued to implement its recycling programme. Empty used agrochemicals containers were still being triple rinsed in accordance with the established SSOP. The containers were then pierced with at least three holes at the bottom to prevent misuse. Disposal or destruction of containers had continued to be in compliance with the Pesticide Act 1974 (Act 149) and Environmental Quality Act 1974 (Scheduled Wastes) Regulations 2005. Registered recycler had been appointed to dispose the waste containers.

A register of chemicals and fertilizer together with their MSDS/CSDS were still made available at the chemical and fertilizer stores for reference. The MSDS sighted had continued to be in compliance with the OSHA 1994, Classification, Packaging, and Labelling of Hazardous Chemicals Regulations 1997. Both English and Bahasa Malaysia versions of the MSDS with emphasis on proper handling were made available and still being used by the workers.

Sri Kamusan CU had continued with a schedule for health surveillance of its workers. The health surveillance was performed by the Estate Hospital Assistant for estate sprayers who were exposed to the dangers of chemicals. The surveillance reports had shown that all the sprayers were healthy and had suffered no detrimental effects as a result of their job.

In addition, Sri Kamusan CU had continued to implement the annual medical surveillance as required by the CHRA to personnel who handled pesticides including sprayers. The assessment team had confirmed that a medical surveillance had been conducted by an occupational health doctor (OHD) and the relevant records had been maintained. The results had shown that their level of exposure of the pesticides to the sprayers were still below the permissible limits.

Monthly tests had continued to be conducted in the estate clinics and all pregnant and breast-feeding women were still being prohibited to work as pesticides sprayers.

There had been no aerial spraying being carried out in any of the Sri Kamusan CU Estates. To date, the mill had not received any request to conduct tests on chemical residues in CPO.

In 2010 a total of 2.2632 litres a.i. (active ingredients) per ha had been applied in the field. A bin card system for the issuance of agrochemicals (FIFO) had continued to be the practice in the chemical store.

**Criterion 4.7**

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

**Findings:**

The Sri Kamusan CU had continued to adopt the PPB Group's Occupational Health Safety policy dated September 2010. All the 8 policies had continued to be displayed in the POM's and estates' offices and at strategic locations in the workstations of the POM.

The policies, OSH plan and programs had continued to be communicated and implemented to all levels of the organization. Interviews with employees had shown that they had been aware of the OSH policy, objectives and programmes and generally understood their requirements. Training given on the policies and OSH plan were verified in their records.

The OSH plan had continued to address among others issues related to hazard identification, risk assessment and risk control (HIRARC), emergency preparedness, response and recovery, treatment of illness/injury during the job and compliance with legal requirements.

HIRARC as well as CHRA records were verified during the assessment and found to be still in good order. HIRARC register at the POM that covered operations from FFB grading to the storage and dispatch of CPO and PK was reviewed annually and being last updated on 23 April 2012. The CHRA was revisited for assessment on 7 May, 2012 due to a change in the supplier for boiler chemicals. When this surveillance was conducted, the Sri Kamusan POM was still waiting for the report which was due in a month's time.

HIRARC register for the estates' operations had been reviewed to ensure it covers all the relevant activities. Among the activities sampled in the register were chemical mixing and spraying, harvesting, slashing and FFB collection in the estates. CHRA at the Sekar Imej estate was conducted by consultant for the manuring, spraying, water treatment plant and workshop work units. The results were found to be acceptable. Despite the acceptable results, monthly health surveillance was still conducted by the Estate Health Assistant to ensure all workers were healthy and fit to work.

Just like the HIRARC register, the Legal register had also been reviewed for compliance by the operating unit and safety personnel from the Eco Management Unit (EMU).

Evidence of implementation of appropriate risk control measures was observed during the field and mill assessment where employees had been provided with and were seen to be using the appropriate PPE. As part of administrative control, safety reminder signages had also been erected at housing complex. PPEs that had been commonly used were safety boots, helmets, goggles, ear plugs, rubber and cotton gloves, aprons and breathing masks. Records of PPE issuance were still being maintained and were presented to assessor during the assessment.

Workers interviewed showed that they understood the reason and the importance of wearing PPE. Those who worked with chemicals had been trained on the use of PPE, material safety data sheet (MSDS) with emphasis on precautions taken in handling product to be followed at all times, and safe work practices based on chemical handling procedures. At the time of assessment, all employees at mill and estates were found to adhere to the requirements of donning them in their workplace.

The organization structure for OHS at Sri Kamusan CU had remained the same. With the support and guidance of the Safety Officer from the EMU unit, the Mill and respective Estate Managers had continued to be responsible and duty of care for OHS in their areas where they have control and influence. These managers had appointed the mill engineer and assistant estate managers to assist them and also be responsible for the OHS implementation.

As in normal practice, the POM and estates had continued to regularly hold meetings to discuss OHS matters. Interviews with members of the Safety Committee and review of records had confirmed that the scheduled 3-monthly OHS Committee meeting had been carried out reasonably on schedule. The minutes of meeting were sighted (kept at site at least for a year) and distributed to the responsible persons to carry out actions as a result of these meetings and corrective actions completed within the given timeline. Tool-box meeting had also continued to be held to disseminate current or topical OHS information or to reinforce safety such as on the use of PPE and the correct work methods as per SOP and SSOP.

Sri Kamusan CU had continued to use the existing accident and emergency procedures. Emergency Response Plan and personnel responsible were documented. The assessor had tested the frontline workers both in the field and mill and confirmed that their understanding to response to emergency was good. Contact numbers of mandore, office personnel and emergency service providers were sighted and found correct. These numbers had also continued to be displayed at the estate and mill offices.

Medical clinics had continued to be made available at the estates. They were staffed by trained Estate Hospital Assistants (EHA) and on call 24 hours a day. The clinics were still being checked monthly by the VMO to ensure that they were hygienic and that sharps and medical waste were handled correctly.

First aid boxes were had continued to be placed at several strategic locations at the POM and given to each of the field supervisors. Trained first aiders were present in the field and mill.

As seen in the previous assessment, there were still existing fire fighting facilities at strategic locations in the mill, office and workers' houses. Inspection on the fire extinguisher had been carried out periodically. Inspection certificate was found to be still valid and pasted on the fire extinguisher. On-going monitoring of OSH performance was visible as evidence by accident scoreboard been made available at the mill and estates office and updated regularly to show the current OSH performance status. Records of accident according to the categories of workers were still made available in the estate clinic and offices of the estate. All records of accident were kept on files and orderly maintained. Accident cases were also reviewed at the quarterly Safety & Health Committee meeting.

Accident cases had continued to be monitored and reported to the DOSH by the Safety Officer. They had continued to be managed in accordance with the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Poisoning (NADOPOD) Regulations, 2006.

Sri Kamusan CU had continued to cover their foreign workers with accident insurance. Through examination of records, the insurance issued by the Jerneh Insurance was still valid. The local workers had continued to be covered by SOCSO.

**Criteria 4.8**

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

**Findings:**

An annual (2012) training program and types of trainings had been prepared for estate and mill workers. The CU had continued to hold training aimed at improving on RSPO awareness, reinforce safe work methods, environmental compliance and increase the staff skills as required by management.

All training needs identification and training needs analysis were still being led by the operating unit management. The relevant training programs were then prepared jointly with the EMU. Training records for the estates and mill were being sighted and inspected. Among of the training program which had been conducted were confined space (April 2012), SSOP for boiler (January 2012), first aid training (February 2012), chemical handling (23 April 2012) for mill, RSPO awareness, induction course, OSH at workplace, pest and disease management, harvesting, spraying, manuring, fire drill and emergency demonstration and security patrol for the estates.

Attendance list on training and other training records were still being kept by mill and estates and made available during this surveillance assessment. Based on random interviews with the workers from the spraying, manuring, harvesting gang, FFB Graders, sterilizer workers, boilerman and engine room operators, water treatment plant operator and general workers from the Sri Kamusan POM; it was found that generally the level of their understanding on the training course attended had been satisfactory.

It was also verified that the workers had been able to demonstrate their trained skills and procedures in performing their work duties and that they knew their roles and responsibilities and importance in achieving conformity to procedures and the safety and health issues related to their tasks as well as the potential consequences of departure from specified procedures.

Contractors had continued to be briefed on safety and also on RSPO, OSH and environmental requirements upon commencement of work. Interviews held with these suppliers and contractors (FFB transporters, mill general workers) who had been trained on matters related to safety and environment had confirmed that they had a good awareness and understanding on these subjects.

Although many training courses had been offered and delivered, nonetheless the following OFIs had been raised:

- **OFI 5** - Accident investigation training has yet to be conducted in light of many minor injuries (3 days and less) had been reported at all sites when investigations were lacking.
- **OFI 6** - The records of training on HCV and buffer zone to workers and staff need to be improved especially for conductor and sprayer gang.

**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.

**Findings:**

Since the main RSPO assessment, Sri Kamusan CU had continued to conduct the environmental aspects and impacts risk assessment for all activities related to estates' and POM's operations. An EIA report for each estate was presented during the assessment. Environmental aspect and impact register and their mitigation measures relating to the normal/routine activities of the mill, estate,

workshop, nursery, effluent treatment plant, waste generation and consumption of natural resources were presented. The register had been reviewed annually and the latest updating was sighted for the Jebawang and Hibumas 2 Estates related to field activities for fertilizer bags rinsing.

The CU had continued to implement the environmental improvement plans to mitigate the identified negative impacts. Among the improvement plans include identifying buffer zones, segregation of recyclable waste, oil spill control and emergency preparedness e.g. mitigation programme for herbicides spraying by conducting water monitoring for detection of any chemical residue in the waterways. Every estate had continued to submit an environment monitoring report for water monitoring programme to the Sabah Environment Protection Department, as part of the requirements of the EIA and PMM approval. Water monitoring report done by a consolidated laboratory EKO Handal was made available and found within the parameters limit of Interim National Water Quality Standard (INWQS) class IIB for February 2012.

Among the environmental risk identified related to the mill operation was the boiler smoke emission. The environmental improvement to mitigate the negative impacts had also been identified and carried out. There were records on inspection of the boiler house. Smoke Density Meter (SDM) had continued to be used to monitor boiler smoke emission. The improvement plan on oil spill control had been implemented at the temporary workshop (old workshop had fire) in Hibumas 1 Estate.

**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.

**Findings:**

The High Conservation Value Assessment, PPB Oil Palms Berhad, Sugut Region year 2010 prepared by Malaysian Environmental Consultants Sdn Bhd in September 2010 had covered all the HCV habitats and on the rare, threatened and endangered species (ERTs) for Sri Kamusan CU, including the management and action plans. Based on the management plan, the Sri Kamusan CU had produced the action plan and has continued monitoring these significant HCVs areas on quarterly basis.

The auditor had verified that the Sri Kamusan CU had continued to maintain the HCV areas. A HCV map was available for all estates.

The Senior Manager of Biodiversity and Conservation of Wilmar International Ltd had reviewed the assessment report and found the water pond in Hibumas 2 Estate had not been identified as a HCV habitat. However, at the time this surveillance assessment was conducted, the High Conservation Value Assessment had yet to be revised by Hibumas 2 management to reflect this finding. Therefore **OFI 7** had been raised.

The following were the examples of HCV areas that had been identified, maintained and monitored:

- In the Hibumas 2 Estate, an HCV 3 - flood plain ecosystem areas with Perupok trees and HCV 4 on steep/slope areas, ravines and riparian buffer to control soil erosion had been conserved. The estate had also maintained an HCV 4 for precaution during dry time against fire that could occur adjacent to forest reserve. The HCVF Monthly Return Form also had been filled by person in-charge (Mr Saudin Hardy) on 20 April 2012 for all related HCV areas as evident on HCV monitoring activities.
- In the Hibumas 1 Estate, an HCV 4 as a fire barrier and an external HCV 1 for protected areas at the Kuala Bonggaya and Kuala Labuk Forest Reserved (Mangrove); HCV 3 for flood plain ecosystem; HCV 4. on steep areas and ravines where the most dominant HCVs areas and HCV 6 as a sacred area had been identified.

Although a HCV monitoring had been conducted quarterly at the Hibumas 1 Estate and an Action Plan had been reviewed on 28 March 2012, an **OFI 8** had been raised as there was no illustrative progress photograph being shown for Block 27, Parcel 14/17 on HCV 1. The same

picture which was shown in the previous report of 13 April 2011 was still being attached to the latest report.

- In the Sri Kamusan Estate with an HCV 3 on the fresh water swamp and HCV 4 Kuala Bonggaya and Kuala Labuk for steep area, the monitoring on these HCV had been conducted almost monthly. However, the HCV 4 (riparian zone) had not been preserved to allow regeneration of vegetation due to spraying activities being conducted as highlighted in NCR against indicator 4.1.1.
- In the Sekar Imej and Sapi Sugut Estates, HCV 4 for steep areas and HCV 3 for flood plain control had been identified. However, the HCV monitoring had been conducted only in the Sekar Imej Estate but not in the Sapi Sugut. Therefore **OFI 9** has been raised.

During site visits to the Hibumas 1 and Hibumas 2 Estates, it was seen that these estates had continued to demonstrate their commitment to discourage illegal or inappropriate hunting, fishing or collecting activities by strategically posting and maintaining the signage warning against these activities at the keeper's gate.

Although there was such signage, forest clearing by the local communities was sighted at the Paitan Forest Reserve adjacent to Block 17 of the Hibumas Estate 2. Although regular patrols had been conducted and the clearing was not on PPB's property, however, it had not been communicated or recorded (**re issue as OFI 10**).

In general, it was found the Sri Kamusan CU had continued to maintain and monitored all the HCVs areas on a quarterly basis. However, the descriptions/details in the form on HCV could be improved especially for buffer zone and flood plain areas and thus an **OFI 11** was therefore raised.

#### **Criterion 5.3**

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

#### **Findings:**

Sri Kamusan CU had continued to practice 3R (reduced, recycle, re-use) and implement the waste management system on the identification of wastes and plans to reduce and dispose them in an environmentally and socially responsible manner.

Among the wastes which had been identified were non-organic wastes such as general/domestic waste, scheduled waste, scrap metal from the estates, and crop residue/biomass/organic waste like fibre, shell, EFB, decanter cake and POME as well as non-organic wastes from the mill and they were segregated into recyclables and non recyclables.

The general domestic wastes collected from the labour lines had continued to be disposed by burying them at the dump site. All estates have its own designated dump site that was being managed as a secured landfill.

The domestic waste landfill constructed at the Sri Kamusan Estate was inspected. It was located away from any river, streams and forest reserves. Proper signage had been erected at the landfill site and also for the buried waste and the date of disposal.

Other than general wastes, plastic containers/bags from manuring and spraying activities had continued to be collected, washed and reused. Chemical containers that could no longer be reused were still being pierced and properly stored at designated area.

Wastes such as EFB and decanter cake from the palm oil milling process had continued to be disposed for mulching in the field, while crop residue/biomass i.e. fibre and shell being used as fuel in the boiler. Palm oil mill effluent (POME) was treated in the effluent treatment plant and finally discharged into the estate for use in irrigation system and also used as nutrients for microbes at the composting plant nearby.

A composting plant had been constructed in the vicinity of the POM to produce compost as organic fertilizer for plantation use in the field. It was located away from water stream and the nearest river

the Sungai Sugut which is about two kilometre away. Written approval from Department of Environment (DoE) was made available.

Other wastes being generated from the maintenance activities of equipment and machinery in the estates or mill were scrap metal and scheduled wastes such as spent lubricant oil, spent oil filter, clinical waste and empty chemical containers. The assessment team had visited the scrap metal and scheduled waste storage area and found that the housekeeping and labelling were in good order.

All estates had been operating their own Scheduled Waste store at individual operating unit site. They had continued to maintain their own records of Scheduled Waste as per requirements of the DoE which include inventory, storage and disposal and monthly submission of the relevant records.

All estates had continued to face the problem of disposal of scheduled waste due to being remotely located and the long driving distance. This had caused the mill and estate to store the scheduled waste for a period of more than 180 days and/or more than 20 tonnes capacity for certain regularly generated Scheduled Waste especially SW 305.

It was noted that an application had been made to the DoE Sabah in January 2012. However, at the time of the site audit, only one estate had received the approval to extend the duration of Scheduled Waste storage for more than 180 days and 20 tonnes. An opportunity of improvement (OFI 10) had been raised on this issue to ensure that estates and mill of Sri Kamusan CU was in compliance to the Scheduled Waste regulations.

The disposal issue also had caused some estates not being able to properly maintain the monthly inventory records (Fifth Schedule). An NCR was raised as it was found that the record on the volume/tonnage of scheduled waste was found decreasing instead of increasing when newly generated scheduled waste had been added and no disposal had been made. This had happened when the estate had decided to reuse the SW305 internally, mostly as lubricants for general machinery or maintenance of some equipment.

However, Sri Kamusan CU had responded with the root cause analysis and taken the appropriate corrective to address this NCR which had therefore been closed out.

In addition, the following three OFIs had been raised against this criterion:

- 1) The mill should apply to the DoE to obtain the permission to store the scheduled waste for more than 20MT or 180 days or both (**OFI 12**);
- 2) The mill shall report regularly to DoE on the progress of their rectification program with regards to the holding pond bund collapse incident (**OFI 13**); and
- 3) The main outlet drain in the new labour quarters constructed in Hibumas 1 and 2 and Sekar Imej Estates flow directly into the main water course therefore there should be rubbish traps being constructed to reduce pollutants from entering the main water course (**OFI 14**).

The auditor was informed that there was a case of a collapsing bund at a holding sludge pond in early January 2012 which had been reported to DoE by the POM. During the incidence, the POM had activated its own emergency response procedure and managed to control the situation. It was observed during this on-site visit that the holding pond had been closed following the instructions from the DoE.

It was observed that the POM had started the construction of a polishing plant as additional treatment system to the existing anaerobic lagoon treatment system of POME. The construction of the polishing plant was completed and the plant began operating in February 2012 which had enabled the POM to significantly improve the BOD of the POME final discharge down to less than 20mg/l.

The treated POME (down to 20mg/l) was used for land irrigation at Sri Kamusan Estate and the final sludge in a trial composting project of EFB for supply to the estates.

**Criterion 5.4**

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

**Findings:**

Sri Kamusan CU had continued to be committed to use renewable energy in the mill. Fibre and shell were still being used as boiler fuel to generate steam for the process, as well as electricity for the mill complex and labour lines. The usage of fibre and nut shell had continued to be monitored and records being maintained.

Year	FFB Processed (MT)	CPO Production (MT)	Biomass Used(MT)	Energy Used (Turbine Genset) Kwh	Biomass Consumed (MT)/MT CPO	Fossil Fuel Usage Kwh/MT CPO
2010	188,681	41,558	48,113	5,895,648	1.158	141.87
2011	187,885	39,501	47,910	5,580,900	1.213	141.28
2012 (Jan – Apr)	11,308	9163	11,308	1,520,010	1.234	166..25

The annual usage of renewable energy (fiber and nut shell) per tonne of CPO produced in 2011 had shown a slight improvement over the preceding year to 1.213 from 1.158.

Usage of fossil fuel as energy per ton of CPO produced has been relatively constant except for the first four months of 2012 where crop production was low and generation of electricity was very much dependant on the use of generator set.

**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.

**Findings:**

There was no evidence of open burning in the estates being visited. Based on random interviews held with the workers and the review of records, it was confirmed that the Sri Kamusan CU had continued to adhere to the PPB Group policy on zero burning.

There was no replanting program being scheduled as the oil palm trees in the estates were still young.

There was no peat soil in the CU.

**Criterion 5.6**

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

**Findings:**

No peat soil exists in all the estates covered by this audit.  
(This was wrongly written).

**PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS****Criterion 6.1**

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

**Findings:**

The estates and POM in Sri Kamusan CU had been found to continuously implement the recommendations of the Social Impact Action Plans originally formulated in October 2010. As had been reported in the previous audit, the Social Impact Assessment (SIA) exercise for each of the estates was carried out in a participatory manner involving relevant stakeholders of the respective estates. The stakeholders included the estates' workers, suppliers and local communities. Various



participatory techniques, notably focus group discussions, were used to get comments and opinions from the stakeholders on social issues faced by them. Each of the stakeholder groups was sufficiently represented in the discussion groups.

The social impact assessment reports were very comprehensive as they discussed in detail on the background of the various stakeholders, highlighted social issues raised by these stakeholders and presented measures to mitigate the issues of problems. Nonetheless, the report could still be enhanced (**OFI 15**) by incorporating two other sections, namely:

- i. an executive summary at the beginning; and
- ii. a recommendation on the timeframe for the plan review.

Almost all of the issues identified for mitigation were common to all the estates which included, among others, housing conditions, educational services, clinic facilities, grocery prices, contract and wages, cleanliness and maintenance. Also, community roads maintenance, land issues and community support. Each of the estates prepared an action plan to manage these issues. Timetables were prepared showing issues, proposed mitigation measures, person in-charge, timeline and progress.

Each of the estates had been revising its action plan annually as a continuous improvement measure. Sri Kamusan estate has just revised its plan on 16 April 2012 while Hibumas I had revised the plan on 28 March 2012 and Hibumas I on 17 April 2012. There was ample evidence that the various mitigation measures were being implemented by the various estates. For example, housing infrastructure was being upgraded, Humana Schools are available in all estates, standby transport for clinic use had been made available, trainings were organized to explain the terms of employment and determination of wages, roads were regularly maintained, etc.

It was learnt that the reviews were carried out either by the estates' management or by specially appointed committees. In the Kamusan Estate, minutes of discussions were prepared and presented with the revised action plans. The minutes, among others, clarified certain decisions made on the action plans.

The other estates could follow the actions taken by Kamusan Estate by preparing the minutes of their discussions as this would enhance understanding of the revised plans. It was observed that some decisions in the revised plans could be better understood if supported with pertinent clarifications or explanations.

The revised action plans could also be improved by incorporating new issues, namely, those surfaced after/during the implementation of the plans. Thus an **OFI 16** was raised on this criterion.

**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.

**Findings:**

All the estates and mill in the CU had continued to adopt the "Consultation and Communication Procedure" (Document No RSPO 6.2) prepared by the RSPO Unit of PPB Oil Palms Bhd issued on 4/1/10. So far, this procedure had not been revised by the authority.

It was noted that the procedures were quite comprehensive both in terms of the stakeholders covered as well as the techniques of communications used. There was transparency in procedures and communication observed to the internal and external parties on the estates.

Evidence of communications was verified through the various communication files of internal and external parties as that information displayed on notice boards. For example, there were files on communication with immigration department, health department, land office, and so on. In addition, minutes of the various meetings held by the permanent and ad-hoc estate committees had been kept and maintained for records and reference. The four permanent committees in the estates/mill were Joint Consultative Committee, OSHA Committee, Social and Welfare Committee, and Women and Children Committee.

The estate manager had continued to handle communication matters. This was spelled out in the consultation and communication procedures and appointment letters were also given to the manager duly signed by the Group Manager. For example, the appointment letter to Sri Kamusan Manager was signed on 16/1/2012.

All the estates assessed had continued to maintain an updated stakeholder list which comprised of government agencies, both at the state and local levels, suppliers, contractors, neighbouring estates, panel doctors and local communities. In the case of Sekar Imej and Sapi Sugut Estates, for example, the total number of stakeholders in 2010 was 187 and it did not change very much in 2011 to 2012. For Sri Kamusan estate, the number of stakeholders was maintained at 93 throughout 2010, 2011 and 2012.

**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.

**Findings:**

The procedure to address disputes the "Dispute and Resolution Procedure" (Document RSPO 2.2) issued on 2/1/09 was still being used for dealing with complaints and grievances. Grievance or dissatisfaction on the part of the employees can be conveyed through the "Borang Aduan" (Appended to Document RSPO 6.2).

To-date, there had not been any disputes involving the estates and any parties. The issue of occupation of the estate's lands by the local communities, as reported in the previous audit, was in the process of being resolved at the Hibumas 2 Estate. Negotiations had been underway in Hibumas 2 Estate for the affected individuals to sign an agreement which would prescribe how the occupied lands should be utilized.

The same issue had already been resolved at Sekar Imej/Sapi Sugut Estates. The concerned individuals in Kg. Kaiboton and Monomod had already signed a similar agreement with Sekar Imej/Sapi Sugut Estates.

There had not been many grievances from the workers. Interviews with workers in all the estates had revealed that they were quite happy with the policies of the estates pertaining to wages, jobs, housing, water, electricity, children education and clinic services.

**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.

**Findings:**

The Sabah Land Ordinance (SLO) 1930 provides means which natives can have titles and rights to lands and who should be compensated if losses were incurred. Land titles can be awarded to natives under sections 9, 15, 76 and 78 of the SLO. Compensation can be paid under section 16 of the Ordinance. Therefore, there exists a legal framework against which the estates have to operate when it involved customary lands rights and determination of compensations.

In addition, the dispute and resolution procedure mentioned earlier can also be used to handle claims of land rights as well as compensations. However, the estates did not have the authority to quantify the amount of claims as such authority belonged to the company's management.

So far, no claims had been made on losses of legal rights and no amount of compensation had been paid to any party.

**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.

**Findings:**

Pay and work conditions were still as spelled out in the employment contract, signed by the worker, as required by section 19 of the Sabah Labour Ordinance. As a matter of fact, the format of the

employment contract followed almost exactly the provisions in the Ordinance. The contract spelled out the wage rate, work days, overtime, annual leave and public holidays, among others.

The contract of employment was still in Bahasa Malaysia. Although the contract was in a language understood by the worker, it was learnt that briefings and trainings had regularly been carried out to explain the contract, particularly the monthly pay and its method of calculation.

Also, interviews with the workers had revealed that most of them understood the terms spelled out in the employment contract. Some, however, was not fond of taking annual leave, particularly those on daily-rated pay.

The estates had continued to provide free housing, electricity and water to the workers' quarters. Electricity was still being internally generated and supplied at specific period of times in the evening and early morning. Rain and treated water were being supplied to the houses as well. In addition, in every estate, there were a clinic, a humana school and a crèche. Bus services and insurance were still being provided for school going children for a certain fee. Sundry shops had continued to operate in certain estates. A surau was still being made available in the Sri Kamusan Estate and being planned to be built in the other estates.

It was noted that the existing old wooden houses which were in unsatisfactory conditions were being replaced progressively with new concrete 2 bedroom houses provided with basic furniture meeting the Workers' Minimum Standards of Housing and Amenities Act, 1990. In addition, the new houses were more spacious and each room has its own toilet and bathroom. Minimal landscaping works was carried out by the estates.

Based on the visits made to the various facilities at the estates, the following OFIs were raised:

- **OFI 17** - The owner of the sundry store at Hibumas 1 informed the auditor that the displayed price tags showed the prices of the items were bought on credit. The cash prices were less than the credit prices. It would certainly help both groups of customers if cash price tags were also displayed. Customers would then make better informed decisions before buying the various items.
- **OFI 18** - The crèche minders interviewed mentioned that they had had little exposures on the appropriate knowledge and skills related to their job. They had not attended any training programs offered outside the estates. It was felt that they would perform their job more effectively if they possessed the relevant knowledge and skills acquired from training programs organized by various outside parties. One of the critical aspects of training would be on the safety management of children in the crèche.
- **OFI 19** - The estates/mill had started to build new houses for the workers and staffs to replace the current ones, some of which was in unsatisfactory conditions. The workers had commented that the new houses were more spacious and more comfortable to live in. In addition, the new buildings had added aesthetic to the landscape. The attractiveness of the landscapes could be further enhanced if appropriate trees and plants were planted in appropriate locations. In other words, proper implementation of landscape designs would "brighten" to their life in the estates/mill. Also, the estate management and workers must continue their efforts to maintain cleanliness of the housing compounds.

**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.

**Findings:**

The estate workers still had no union. However, there were workers organizations in all the estates. The office bearers of the organizations were elected through a democratic process of election.

The elected office bearers were members of the estate's Jawatankuasa Kebajikan dan Sosial Pekerja (Social and Welfare Committee) who had continued to meet very regularly to discuss matters or

issues of interest to workers and estates. It was noted that, in the past, the committee had met at least twice per year and minutes of meetings were written in Bahasa Malaysia and kept in proper files. In the Sri Kamusan Estate, for example, the committee had met 4 times in 2011 and 5 times in 2010. In Hibumas I, on the other hand, the committee had met twice each in 2010 and 2011.

A published statement on freedom of workers to join union was still made available publicly in all estates. The statement read, among others, that the workers were allowed to join any registered organizations or associations but foreign workers were still not allowed to hold any positions in the organizations or associations.

**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.

**Findings:**

All the estates had continued to recruit only workers who are above the minimum age of 16 years to work in the plantations. The lists of workers, had been updated and maintained by the estates, and provided information on date of birth, among others had shown that the youngest workers were more than sixteen years old. For example, the youngest worker at Hibumas 2 was 19 years old. Interviews with the staffs and workers in all the estates had also revealed that children had not been recruited to work in the estates.

However, an interview with a worker at the line site revealed that children had still continued to help their parents to carry out their jobs at certain times of the year. This finding was confirmed by an estate field staff who accompanied the auditor during the interview. Hence, in order not to contravene the legal requirements as well as in the interest of the children themselves, the estates should continue to monitor the field operations to control the problem as well as to remind the workers on the matter. Due to this finding, an **OFI 20** had been raised on this criterion.

**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.

**Findings:**

A Bahasa Malaysia version of the policy entitled "Polisi Peluang Kesamarataan" revised in September 2010 was still being made available in the estates/mill. This 3-page policy statements emphasized on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy had been posted on notice boards for the understanding of the public and workers.

Interviews with the workers' representatives and the workers themselves had revealed that the workers in the estates and mill had not been discriminated against any factors, such as gender, age and nationality. Examination of the job contracts also revealed that the pay system, for example, was consistent for workers with different backgrounds. The basic pay for daily rated workers, for example, is RM 15 regardless of gender and nationality.

**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.

**Findings:**

All the estates and mill had continued to abide by the policies on sexual harassment adopted from Wilmar International which were revised in September 2010 (seen at Hibumas 2 Estate). For the purpose of implementing the policies, a manual entitled "Sexual Harassment in the Workplace" had been circulated and kept in all the estates and followed on the handling of sexual harassment cases. Also, the "Jawatankuasa Wanita dan Kanak-Kanak (JKWK)" which had been formed and remained active in all the estates and mill.

In all the estates, the JKWK had continued to hold meetings for 2 or 4 times a year since their formation in early 2010. The committees had also continued to organize several activities including

gatherings, social visits and introductory talk on sexual harassment. According to the committee members interviewed, there had been no sexual harassment in all the estates.

It was noted that a few of the activities organized by the JKWK had direct relevance with the subject of sexual harassment. As these committees matured, they would certainly benefit from the help and encouragement from the management to plan and implement activities which deal directly with the subject of sexual harassment. Such activities would include talks by the authorities on women's rights, awareness on gender issues, and so forth. Therefore, an **OFI 21** had been raised on this criterion.

**Criterion 6.10**

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

**Findings:**

Interviews were being held with suppliers of services as well as with two sellers of FFB. One of the suppliers interviewed had been transporting FFB and gravel for more 2 years at Hibumas I Estate while another had been doing road maintenance works as well as transporting FFB for more than 10 years at Sekar Imej Estate.

The FFB and gravel transportation as well as road maintenance jobs were still being bound by contracts duly signed by the estates and the suppliers. These contracts specified the terms of the services, job specifications, pricing and payment systems. These contracts were still written in the English language.

The suppliers had mentioned that they perfectly understood the contracts because they had been servicing the estates for quite a long time. They usually received their payments in the form of cheques the following month after the job has been carried out.

The contract had spelled out the penalty for late delivery of services. According to the Estate Manager at Sri Kamusan Estate, late delivery was common, however, it was still within tolerable limits and no penalty had been imposed on any of the suppliers.

There was no contracts for the sale of FFB by out growers. According to the interviewees, they sometimes had checked the oil palm prices released by the MPOB and compared with the POM's price being posted on the white board at the office. So far, they had been satisfied with the prices quoted by the POM. Payments were still being made on the third week of the following month. The sellers who had been interviewed expressed their satisfaction with the policies of the POM on the buying of FFB.

**Criterion 6.11**

Growers and millers contribute to local sustainable development wherever appropriate.

**Findings:**

The estates had continued contributing to the development of the local communities in monetary as well as in-kinds. One of the major contributions was the maintenance of access roads to their villages. For example, Hibumas I Estate had spent about RM 2,500 from June to September 2011 for maintaining the road to the neighboring Kg. Keliaga. The local leaders interviewed had indicated their appreciation on the assistance which had been rendered over many years since the establishment of the estates. The estates had also continued to allow the local communities to use the estate roads at no charge.

The other major contribution was the continued provision of employment to the local communities. In almost every estate, members of the local communities were represented in the work force either in the offices or in the fields. In the Sapi Sugut Estate, for example, more than 50 of the estate workers were from the neighboring Kampong Monomod. The local leaders around Sri Kamusan Estate had also mentioned that a few of their community members had continued to work either in the mill or in the estate. Estate employment was particularly popular to the local communities in times when they were not involved with work in their own plantation.

The estate had also continued giving financial assistance to local government agencies to organize sports activities and public programs. For example, Hibumas I Estate had donated more than RM 10,000 in April 2011 to government agencies such as local health office, school and Youth and Sports Department. Sri Kamusan Estate, on the other hand, had donated about RM 3,000 to various organizations and charities for the period between March 2008 to June 2011.

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

### **Criterion 7.1**

A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

### **Findings:**

The establishment of Sri Kamusan CU started with Hibumas 1 Estate in 1999 and continued with Hibumas 2 Estate and Sri Kamusan Estate in 2000, Jebawang Estate in 2003 and finally Sekar Imej and Sapi Sugut Estate in 2004.

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

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

### **Criterion 8.1**

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

- 8.1.1 Minimise use of certain pesticides (C4.6)
- 8.1.2 Environmental impacts (C5.1)
- 8.1.3 Maximizing recycling and minimizing waste or by-products generation.
- 8.1.4 Pollution prevention plans (C5.6)
- 8.1.5 Social impacts (C6.1)
- 8.1.6 A mechanism to capture the performance and expenditure in social and environmental aspects.

### **Findings:**

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

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

- The POM had installed Continuous Emission Monitoring System (CEMS) where the smoke emission result was transmitted directly to Department of Environment (DOE) at Kota Kinabalu;
- Implementation of RSPO supply chain system for the production of sustainable palm oil products;
- Installation of Effluent Treatment Plant to enhance the quality of effluent discharge;
- Commitment to minimize the use of certain pesticides by implementing IPM (planting more variety of beneficial predator plants – mucuna and mahogany - other than tunera);
- Commitment to zero waste, use of by-products such as EFB and POME in the fields and also increasing the awareness of workers on 3R's initiatives (i.e. reduce, reuse, recycle);
- Construction of recycling shed;
- Job employment opportunities in estate and mill for local communities;
- Improvement on HCV monitoring and successful maintenance of the HCV area;
- Improving workers housing with sports facilities;
- Creating awareness on environment and social impacts;
- Construction of new concrete house replacing the wooden house, new Humana, new Security Post as well as building of rest house with prayer room for workers;
- Provision of school bus children of workers;
- Maintenance of access road for the local community;

- The allowable use of “infringed” estate land by villagers of Kg. Kaboiton and Kg. Monomod at Hibumas 1 Estate for agricultural and subsistence purposes only via signed MoU;
- Standby transport for clinic use in case of emergency;
- Financial assistance to local government agencies and deserving local organization in support of their social activities; and
- Improved SIA management plan had been established jointly after consultation and participation of external stakeholders to address social factors such as economic livelihood, working condition and facilities on health and education.

### **3.2 Identified Non-Conformances**

Details of the non-conformities, corrective actions taken by all assessed estates and POM, and assessors’ verification of the corrective actions taken are as in **Attachment 4**. All non-conformities had been closed out except for one.

### **3.3 Status of Non-Conformities Previously Identified**

All non-conformities raised during previous Stage 2 assessment were verified for the corrective actions effectiveness. Corrective action has been taken and verified by the assessor. Details of the verified nonconformities are in **Attachment 3**.

### **3.4 Noteworthy Positive Observations**

Sri Kamusan CU had continued to be committed to RSPO certification as evident by the continued actions being taken on the upgrading and continuous improvements in key areas as mentioned in Principle 8. Overall, the Sri Kamusan CU as a Division had met the time bound plan for certification of its other certification units.

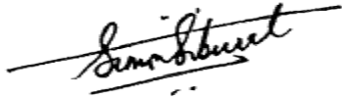
### **3.5 Issues Raised by Stakeholders and Findings with Respect to the issues**

There was no new issue raised by stakeholders.

The stakeholders that were consulted during this surveillance audit include all the relevant government agencies, surrounding communities, local businesses and contractors. Communication record were maintained by Sri Kamusan CU.

**4. CERTIFIED ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY AND FORMAL SIGN-OFF OF ASSESSMENT FINDINGS**

I, the undersigned, representing Sri Kamusan CU acknowledge and confirm the contents of the assessment report and findings of the assessment.



---

Date:

Name: SIMON SIBURAT  
(Group Sustainability Controller)

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



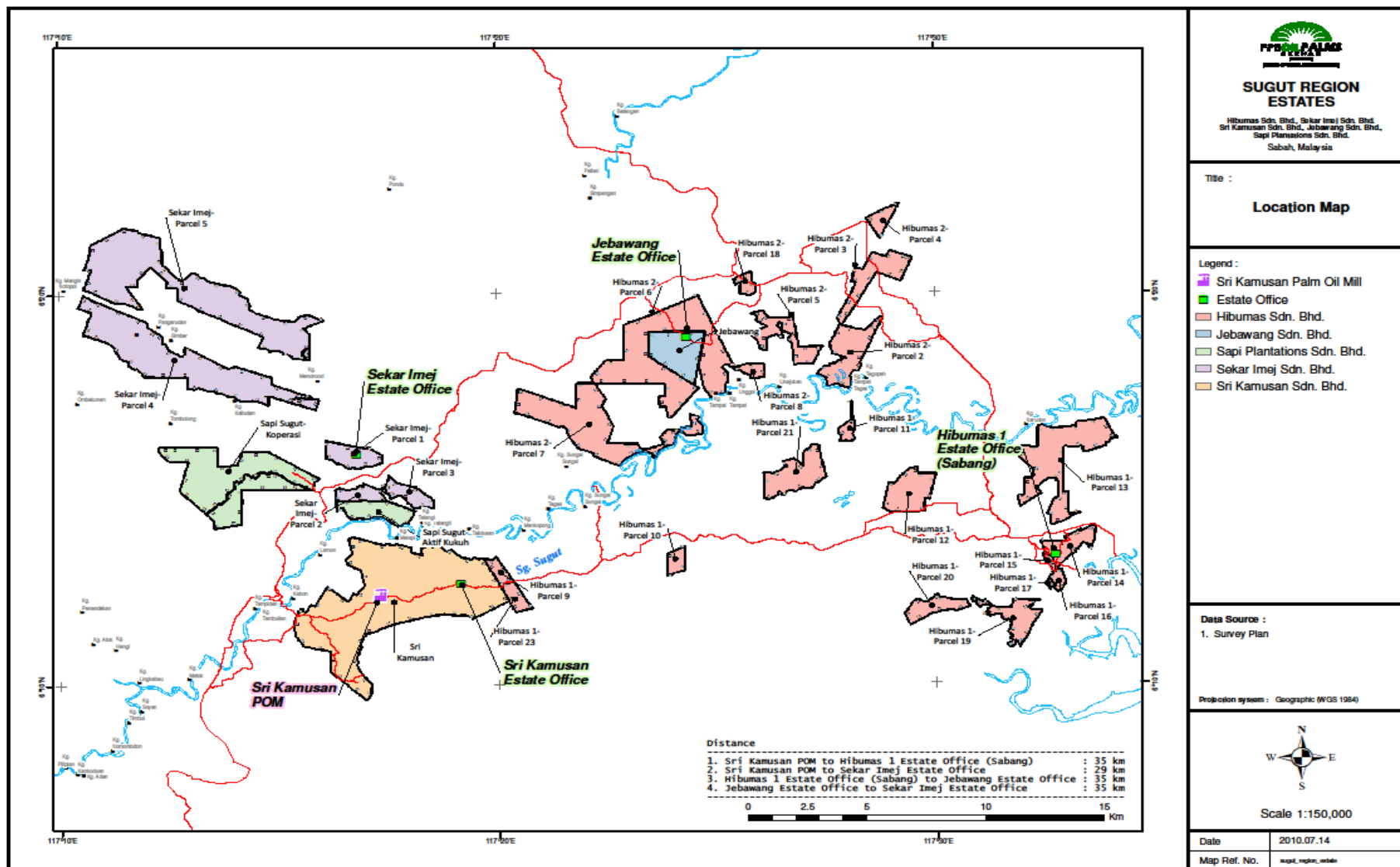
---

Date:

Name: MAHZAN BIN MUNAP  
(Lead Assessor)



Location of Sri Kamusan Certification Unit



**SURVEILLANCE ASSESSMENT PLAN**

**1. Objectives**

The objectives of the assessment are as follows:

- (i) To determine PPB Oil Palms Berhad (PPBOB) conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

**2. Date of assessment** : 14<sup>th</sup> May 2012 to 18<sup>th</sup> May 2012

**3. Site of assessment** : PPB Oil Palms Berhad  
Sri Kamusan Certification Unit

- Sri Kamusan Palm Oil Mill
- Sri Kamusan Estate
- Hibumas 1 Estate
- Hibumas 2 Estate
- Jebawang Estate
- Sekar Imej Estate
- Sapi Sugut Estate

**1. Reference Standard** : RSPO P&C MYNI  
Company's audit criteria including Company's Manual/Procedures

**5 Assessment Team**

- a. Lead Assessor : Hj Mahzan B Munap
- b. Assessor : Khairul Njawan Ahamd Jahari  
Dr. Rusli B. Mohd  
Raymond Yap Nyoke Yong  
Hafriazhar B Mohd Mokhtar  
Mohd Hidhir (Trainee Auditor)

*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 : Thirty 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 assessor

**11. Assessment Programme Details** : As below

**Day One: 14<sup>th</sup> May 2012 (Monday)**

Time	Activities / areas to be visited					Auditee
	Mahzan	Raymond Yap	Hafriazhar	Khairul Najwan	Dr. Rusli	
7.00 – 10.15 am	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader at Jebawang Estate office. <i>Kindly note all PPB Oil Palm estate and mill managers are required to attend the opening meeting at Jebawang Estate office.</i>					Top mgmt & Committee Member
10.15 – 11.00 am	Briefing on the organization implementation of RSPO at Sri Kamusan Certification Unit (i.e. changes on organization activities, if any); time bound plan and corrective action taken to address previous assessment findings.					Management Representative
11.00 am - 1.00 pm	<p>Site visit and assessment at Jebawang Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to OSH Management System</li> <li>Witness activities &amp; assessment at site i.e. (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>Line site</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, genets, chemical store, fertilizer store, etc)</li> <li>Interview OSH Committee</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Interview OSH Committee, workers and dependents (related to Safety and Health, Environment,</li> </ul>	<p>Site visit and assessment at Hibumas 2 Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to Estate management</li> <li>Nursery (if any)</li> <li>Good Agricultural Practice</li> <li>Witness activities &amp; assessment at site (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>EFB mulching</li> <li>Riparian Zone</li> <li>River system including POME discharge</li> <li>Plantation on hilly/swampy area</li> <li>Waste management at field and line site</li> <li>Chemical store/fertilizer</li> <li>Estate Workshop</li> <li>Commitment to transparency</li> </ul>	<p>Site visit and assessment at Jebawang Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to EIA and management plan</li> <li>Source of water supply</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, gensets, chemical store, fertilizer store, etc)</li> <li>Recycling activities</li> <li>General waste disposal</li> <li>Chemical handling and triple rinsing</li> <li>Waste Management at estate, line site and dump site</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Training</li> <li>Commitment to long-term economic and financial viability</li> </ul>	<p>Site visit and assessment at Hibumas 2 Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to estates boundary, HCV and management plan</li> <li>Conservation area management</li> <li>Area of more than 25°</li> <li>Inspection of protected sites with HCV attributes</li> <li>Plantation Boundary and land use by neighbour</li> <li>Forested area</li> <li>Riparian Zone</li> <li>Water bodies</li> <li>Source of water supply</li> <li>River system including POME discharge</li> <li>Plantation on hilly/swampy area</li> <li>Interview with stakeholders and relevant government agencies, if</li> </ul>	<p>Site visit and assessment at Hibumas 2 and Jebawang Estates</p> <ul style="list-style-type: none"> <li>View documentation and records relating to local community and indigenous peoples issues such as EIA, SIA and management plans</li> <li>Interviews with Administration staff, Union members</li> <li>Visit and discussion with management (CSR, community affairs), workers and dependents at line site, surrounding local, indigenous people issues on EIA, SIA and management plan.</li> <li>Facilities at workplace (surau, rest area, canteen, etc)</li> <li>Facilities provided at living quarters (i.e. humana, surau, community center, provision shop &amp; etc)</li> <li>Consultation with relevant</li> </ul>	Guide for each Assessor

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

**Day Two: 15<sup>th</sup> May 2012(Tuesday)**

Time	Activities / areas to be visited					Auditee
	Mahzan	Raymond Yap	Hafriazhar	Khairul Najwan	Dr. Rusli	
8.00 am – 1pm	<p>Site visit and assessment at Sri Kamusan Palm Oil Mill on Safety and Health practices</p> <ul style="list-style-type: none"> <li>• FFB unloading, grading, processing to storage</li> <li>• Utilities (boiler, WTP, chemical store &amp; etc)</li> <li>• Interview Safety Committee and contractors</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Verify corrective actions taken from the last audit</li> <li>• Continuous Improvement Plan</li> <li>• Training</li> </ul>	<p>Site visit and assessment at Hibumas 1 Estate on Estate Operation</p> <ul style="list-style-type: none"> <li>• View documentation and records relating to Estate management</li> <li>• Nursery (if any)</li> <li>• Good Agricultural Practice</li> <li>• Witness activities &amp; assessment at site (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>• EFB mulching</li> <li>• Riparian Zone</li> <li>• River system including POME discharge</li> <li>• Plantation on hilly/swampy area</li> <li>• Waste management at field and line site</li> <li>• Chemical store/fertilizer</li> <li>• Estate Workshop</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> </ul>	<p>Site visit and assessment at Sri Kamusan Palm Oil Mill on Environmental area of concerns</p> <ul style="list-style-type: none"> <li>• Process area, boiler, ETP, Scheduled Waste store, Diesel generator set etc.</li> <li>• Environmental Aspect, Impact and their controls</li> <li>• Waste Management plan and activities</li> <li>• Source of water supply</li> <li>• Interview RSPO Committee members and contractors</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Verify corrective actions taken from the last audit</li> <li>• Continuous Improvement Plan</li> <li>• Training</li> </ul>	<p>Site visit and assessment at Hibumas 1 Estate on conservation of natural resources and biodiversity</p> <ul style="list-style-type: none"> <li>• View documentation and records relating to estates boundary, HCV and management plan</li> <li>• Conservation area management</li> <li>• Area of more than 25°</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Plantation Boundary and land use by neighbour</li> <li>• Forested area</li> <li>• Riparian Zone</li> <li>• Water bodies</li> <li>• Source of water supply</li> <li>• River system including POME discharge</li> <li>• Plantation on hilly/swampy area</li> <li>• Interview with stakeholders and relevant government agencies, if applicable</li> <li>• Laws and regulations</li> </ul>	<p>Site visit and assessment at Hibumas 1 on responsible social considerations</p> <ul style="list-style-type: none"> <li>• View documentation and records relating to local community and indigenous peoples issues such as EIA, SIA and management plans</li> <li>• Interviews with Administration staff, Union members</li> <li>• Visit and discussion with management (CSR, community affairs), workers and dependents at line site, surrounding local, indigenous people issues on EIA, SIA and management plan.</li> <li>• Facilities at workplace (surau, rest area, canteen, etc)</li> <li>• Facilities provided at living quarters (i.e. humana, surau, community center, provision shop &amp; etc)</li> <li>• Consultation with relevant government</li> </ul>	Guide for each Assessor

		<ul style="list-style-type: none"> <li>• Continuous Improvement Plan</li> <li>Verify corrective actions taken from the last audit</li> <li>• Training</li> </ul>		Verify corrective actions taken from the last audit <ul style="list-style-type: none"> <li>• Training</li> </ul>	agencies, if applicable <ul style="list-style-type: none"> <li>• Commitment to long-term economic and financial viability transparency, and</li> <li>• Laws and regulations</li> <li>• Training</li> </ul>	
1.00 – 2.00 pm	<b>LUNCH BREAK</b>					All
2.00- 5.30pm	<ul style="list-style-type: none"> <li>• Continue with unfinished elements</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P4 (4.1, 4.6, 4.7, 4.8), C5.4, P6 (6.5, 6.10), P8	<ul style="list-style-type: none"> <li>• Continue with unfinished elements</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P4 (4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8), P5 (P5.1, 5.3, 5.5, 5.6), P8	<ul style="list-style-type: none"> <li>• Continue with unfinished elements</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P4 (4.1, 4.4, 4.8), P5 (5.1, 5.3, 5.4, 5.5, 5.6), P8	<ul style="list-style-type: none"> <li>• Continue with unfinished elements</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P4 (4.1), P5 (5.2, 5.5), P6 (6.2) P8	<ul style="list-style-type: none"> <li>• Continue with unfinished elements</li> <li>• Other areas identified during the assessment</li> </ul> Assessment on P1, P2, P3, P6, P8	Guide for each Assessor
8.00pm 9.00 – 10.00pm	<b>Dinner</b> Assessment team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document / record					All Assessors

**Day Three: 16<sup>th</sup> May 2012 (Wednesday)**

Time	Activities / areas to be visited					Auditee
	Mahzan	Raymond Yap	Hafriazhar	Khairul Najwan	Dr. Rusli	
8.00 am - 1.00 pm	<p>Site visit and assessment at Sri Kamusan Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to OSH Management System</li> <li>Witness activities &amp; assessment at site i.e. (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>Line site</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, gensets, chemical store, fertilizer store, etc)</li> <li>Interview OSH Committee</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Interview OSH Committee, workers and dependents (related to Safety and Health, Environment, Social and welfare)</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> <li>Verify corrective</li> </ul>	<p>Site visit and assessment at Sri Kamusan Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to Estate management</li> <li>Nursery (if any)</li> <li>Good Agricultural Practice</li> <li>Witness activities &amp; assessment at site (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>EFB mulching</li> <li>Riparian Zone</li> <li>River system including POME discharge</li> <li>Plantation on hilly/swampy area</li> <li>Waste management at field and line site</li> <li>Chemical store/fertilizer</li> <li>Estate 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>Site visit and assessment at Sri Kamusan Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to EIA and management plan</li> <li>Source of water supply</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, gensets, chemical store, fertilizer store, etc)</li> <li>Recycling activities</li> <li>General waste disposal</li> <li>Chemical handling and triple rinsing</li> <li>Waste Management at estate, line site and dump site</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Training</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> <li>Verify corrective actions taken from the last audit</li> <li>Training</li> </ul>	<p>Site visit and assessment at Sri Kamusan Estate</p> <ul style="list-style-type: none"> <li>View documentation and records relating to estates boundary, HCV and management plan</li> <li>Conservation area management</li> <li>Area of more than 25°</li> <li>Inspection of protected sites with HCV attributes</li> <li>Plantation Boundary and land use by neighbour</li> <li>Forested area</li> <li>Riparian Zone</li> <li>Water bodies</li> <li>Source of water supply</li> <li>River system including POME discharge</li> <li>Plantation on hilly/swampy area</li> <li>Interview with stakeholders and relevant government agencies, if applicable</li> <li>Laws and regulations</li> <li>Verify corrective actions taken from the last audit</li> <li>Training</li> </ul>	<p>Site visit and assessment at, Sri Kamusan Estate and Sri Kamusan Palm Oil Mill</p> <ul style="list-style-type: none"> <li>View documentation and records relating to local community and indigenous peoples issues such as EIA, SIA and management plans</li> <li>Interviews with Administration staff, Union members</li> <li>Visit and discussion with management (CSR, community affairs), workers and dependents at line site, surrounding local, indigenous people issues on EIA, SIA and management plan.</li> <li>Facilities at workplace (surau, rest area, canteen, etc)</li> <li>Facilities provided at living quarters (i.e. humana, surau, community center, provision shop &amp; etc)</li> <li>Consultation with relevant government agencies, if applicable</li> </ul>	Guide for each Assessor



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

**Day Four: 17<sup>th</sup> May 2012 (Thursday)**

Time	Activities / areas to be visited					Auditee
	Mahzan	Raymond Yap	Hafriazhar	Khairul Najwan	Dr. Rusli	
8.00 am - 1.00 pm	Site visit and assessment at Sapi Sugut Estate <ul style="list-style-type: none"> <li>View documentation and records relating to OSH Management System</li> <li>Witness activities &amp; assessment at site i.e. (weeding/ spraying/ harvesting/ other maintenance activities)</li> </ul>	Site visit and assessment at Sapi Sugut Estate <ul style="list-style-type: none"> <li>View documentation and records relating to Estate management</li> <li>Nursery (if any)</li> <li>Good Agricultural Practice</li> <li>Witness activities &amp; assessment at site (weeding/ spraying/</li> </ul>	Site visit and assessment at Sapi Sugut Estate <ul style="list-style-type: none"> <li>View documentation and records relating to EIA and management plan</li> <li>Source of water supply</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, gensets,</li> </ul>	Site visit and assessment at Sapi Sugut Estate <ul style="list-style-type: none"> <li>View documentation and records relating to estates boundary, HCV and management plan</li> <li>Conservation area management</li> <li>Area of more than 25°</li> <li>Inspection of protected sites with HCV attributes</li> </ul>	Site visit and assessment at Sapi Sugut Estates <ul style="list-style-type: none"> <li>View documentation and records relating to local community and indigenous peoples issues such as EIA, SIA and management plans</li> <li>Interviews with Administration staff, Union members</li> </ul>	Guide for each Assessor

	<ul style="list-style-type: none"> <li>Line site</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, gensets, chemical store, fertilizer store, etc)</li> <li>Interview OSH Committee</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Interview OSH Committee, workers and dependents (related to Safety and Health, Environment, Social and welfare)</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> <li>Verify corrective actions taken from the last audit</li> </ul>	<p>harvesting/ other maintenance activities)</p> <ul style="list-style-type: none"> <li>EFB mulching</li> <li>Riparian Zone</li> <li>River system including POME discharge</li> <li>Plantation on hilly/swampy area</li> <li>Waste management at field and line site</li> <li>Chemical store/fertilizer</li> <li>Estate 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> <li>Verify corrective actions taken from the last audit</li> <li>Training</li> </ul>	<p>chemical store, fertilizer store, etc)</p> <ul style="list-style-type: none"> <li>Recycling activities</li> <li>General waste disposal</li> <li>Chemical handling and triple rinsing</li> <li>Waste Management at estate, line site and dump site</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Training</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> <li>Verify corrective actions taken from the last audit</li> <li>Training</li> </ul>	<ul style="list-style-type: none"> <li>Plantation Boundary and land use by neighbour</li> <li>Forested area</li> <li>Riparian Zone</li> <li>Water bodies</li> <li>Source of water supply</li> <li>River system including POME discharge</li> <li>Plantation on hilly/swampy area</li> <li>Interview with stakeholders and relevant government agencies, if applicable</li> <li>Laws and regulations</li> <li>Verify corrective actions taken from the last audit</li> <li>Training</li> </ul>	<ul style="list-style-type: none"> <li>Visit and discussion with management (CSR, community affairs), workers and dependents at line site, surrounding local, indigenous people issues on EIA, SIA and management plan.</li> <li>Facilities at workplace (surau, rest area, canteen, etc)</li> <li>Facilities provided at living quarters (i.e. humana, surau, community center, provision shop &amp; etc)</li> <li>Consultation with relevant government agencies, if applicable</li> <li>Commitment to long-term economic and financial viability transparency, and</li> <li>Laws and regulations</li> <li>Training</li> </ul>	
1.00 – 2.00pm	<b>LUNCH BREAK</b>					All
2.00 – 5.30 pm	<ul style="list-style-type: none"> <li>Continue Assessment</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P4 (4.1, 4.6, 4.7, 4.8), P6 (6.5, 6.10), P8</p>	<ul style="list-style-type: none"> <li>Continue Assessment</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P4 (4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8), P5 (P5.1, 5.3, 5.5, 5.6), P8</p>	<ul style="list-style-type: none"> <li>Continue Assessment</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P4 (4.1, 4.4, 4.8), P5 (5.1, 5.3, 5.4, 5.5, 5.6), P8</p>	<ul style="list-style-type: none"> <li>Continue Assessment</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P4 (4.1, 4.4, 4.8), P5 (5.2, 5.5), P6 (6.2) P8</p>	<ul style="list-style-type: none"> <li>Continue Assessment</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, P6, P8</p>	Guide for each Assessor

8.00pm 9.00 – 10.00pm	<b>Dinner</b> Assessment team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document / record	All Assessors
-----------------------------	--	---------------

**Day Five: 18<sup>th</sup> May 2012 (Friday)**

Time	Activities / areas to be visited					Auditee
	Mahzan	Raymond Yap	Hafriazhar	Khairul Najwan	Dr. Rusli	
8.00 – 9.30am	Verification on outstanding issues for Sri Kamusan Certification Unit Assessor to inform auditee on required document / record					Guide for each Assessor
9.30 – 11.00am	Audit team discussion and preparation on assessment findings					All Assessors
11.00 -11.45 am	Discussion and acceptance on audit findings with representatives from SOU 17					Auditee
11.45am - 1.30pm	<b>LUNCH BREAK &amp; FRIDAY PRAYER</b>					All
1.30 - 2.30 pm	Closing meeting at Sri Kamusan Estate Office presentation of Sri Kamusan Certification Unit assessment findings					All
2.30pm	End of assessment & Travel from Sri Kamusan to Sandakan					

## Verification of Previous Audit Findings

P & C, Indicator	Classification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Criterion 2.1 Indicator 2.1.1	Major	<p>The boiler (heating surface area = 11,833 ft<sup>3</sup>) at Sri Kamusan Palm Oil Millis currently operated by non-competent person against the requirements of Factory and Machinery (Person – In-Charge) Regulations 1970.</p> <p>The laboratory Local Exhaust Ventilation (LEV) monthly inspection has not been conducted as required by Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000.</p>	<p>The Plantation has directed General Manager who has Grade 1 Steam Engineer act as mill visiting engineer twice a month starting from December 2010.</p> <p>Notification letter from Department of Occupational Safety &amp; Health (DOSH) has confirmed that the existing Mill Manager to sit for examination for the Grade 1 Steam Engineer on 14<sup>th</sup> December 2010 and oral interview on 17<sup>th</sup> December 2010.</p> <p>For long term measure, the management will continue to advertise in local and national news papers search for suitable candidates to fill the post.</p> <p>To conduct LEV monthly inspection</p>	<p>The Mill Manager has passed the DOSH Steam Engineer Examination is now a certificated Steam Engineer Grade 1 in-charge of the boiler at Sri Kamusan Palm Oil Mill..</p> <p>Monthly LEV inspection had been carried out and records of inspection kept.</p> <p><b>Status of Non conformance : Closed</b></p>

## Detail of Non-Conformities and Corrective Actions Taken

P & C, Indicator	Classification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
P2 C2.1	Major	<p><b><u>I 2.1.1 Evidence of compliance with legal requirements</u></b></p> <p>Contravention against Factories and Machinery Act</p> <p><b>1. (Person-In-Charge) Regulations 1970.</b></p> <p>a) (i) The first grade Steam Engineer was not assisted by either a first or second grade engineer and either by such first or second grade engine driver when boiler (heating surface area=11,833 ft<sup>2</sup>) was operating during each shift.</p> <p>(ii). Only one first grade engine driver was available and not one for each shift.</p> <p>b) No competent Internal Combustion Engine driver available at mill and estates (except for Sapi Sugut Estate) during each shift.</p> <p><b>2. Notification of Fitness and Inspection Regulations 1970</b></p> <p>a) Permit to install the new sterilizer had not been applied to DOSH, Sabah, i.e. no record of JKJ 105 (Form A, Fourth Schedule) was used.</p>	<p>1. Although no suitable candidate had been found, the Human Resource Department will continue to advertise these vacancies in local newspaper, the next advertisement being scheduled on 25<sup>th</sup> and 26<sup>th</sup> May 2012.</p> <p>2. In the meantime, mill will continue to train existing employees to attain the competent licence. The trained employee, Mr. Dorinus Sinto will be sitting for the 2<sup>nd</sup> Grade Steam Engineer certificate on 19<sup>th</sup> June 2012.</p> <p>3. The estates planned to send their candidates (4 people who had attended the MPOA ICE Course) for 2<sup>nd</sup> Grade Driver examination in 3<sup>rd</sup> quarter 2012.</p> <p>4. The JKJ 105 form will be couriered to DOSH Sandakan and Kota Kinabalu on 26<sup>th</sup> May 2012.</p>	<p>1. Newspaper cuttings for vacancies of</p> <ol style="list-style-type: none"> <li>i. Mill Engineer(s)</li> <li>ii. Engine Driver(s)</li> <li>iii. Boiler Chargeman(s)</li> </ol> <p>advertised In Daily Express and Borneo Post on 25<sup>th</sup> and 26<sup>th</sup> May, 2012 had been submitted to SIRIM QAS and sighted acceptable.</p> <p>2. Copies of application to DOSH for staff to sit for the 2<sup>nd</sup> Grade Steam Engineer and ICE 2<sup>nd</sup> Grade Engine Driver examination had been submitted to SIRIM QAS and sighted acceptable by the Assessor.</p> <p>3. Copies of the JKJ 105 and its supporting document had been submitted to SIRIM QAS and found acceptable.</p> <p><b>Status: NCR Open.</b></p> <p>To verify during next assessment if vacancies had been filled, candidates passed their examination and approval obtained for Permit to Install the sterilizer.</p>
P4 C.4.4.1	Major	<p><b><u>Indicator 4.4.1 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before</u></b></p>	<p>1. Training was conducted on 24<sup>th</sup> May 2012 to all sprayers and supervising staff Training evaluation was done right after to</p>	<p>Photographs of (1) training conducted to sprayers and supervising staff in the field and conference room as well as the (2) Signboards with writings "Dilarang</p>

		<p><b><u>replanting along all natural waterways within the estate.</u></b></p> <p><b><u>Riparian Zone Management PPOB Operation procedure</u></b></p> <p>Buffer zone was not maintained at Sri Kamusan Estate, Division C, Block 46 and 47. The circle spraying activities or sprayed grasses had been sighted along the buffer zone</p>	<p>determine whether they understand the topic. This type of training will be conducted periodically to ensure that the sprayers and supervising staff do not repeat the same mistake.</p> <p>2. Estate will erect more warning signage “Dilarang Sembur Racun Dan Membaja Di Kawasan Ini” at appropriate spots. Fixing of signage is expected to be completed by 1<sup>st</sup> June 2012. Also to place stakes to mark riparian buffer zone boundary</p>	<p>Sembur Racun Dan Membaja Di Kawasan Ini” placed in areas declared as riparian zone were submitted to SIRIM QAS as evidence.</p> <p>Stakes to mark riparian buffer zone boundary had been placed and repainting of faded red markings of the oil palms along the riparian buffer zone had been done as per “Report For Corrective Actions Taken to Rectify RSPO Non-Conformity For Spraying Herbicide in Riparian Buffer Zone” submitted to SIRIM QAS.</p> <p><b>Status: NCR Closed</b></p>
P5 C5.3	Minor	<p><b><u>I 5.3.2: Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution</u></b></p> <p>The scheduled waste volume/tonnage record was found decreasing instead of increasing when there was no waste disposal made, for examples;</p> <ul style="list-style-type: none"> <li>• At Jebawang Estate, the Fifth Schedule record showed decreasing capacity in one of the scheduled waste category without proper/relevant disposal records in the latest two months of 2012.</li> <li>• The inventory (Fifth Schedule) records at Sri Kamusan Palm Oil Mill were inconsistent and did not correspond with the Notification of Scheduled Waste (Second Schedule) records - no proper / relevant disposal records.</li> </ul>	<p>Due to miscalculation, therefore wrong recording in the Fifth Schedule and miss out filling the correct column in the Second Schedule, a training on Schedule Waste Management for Person-In-Charge at estates and mill will be conducted on 15<sup>th</sup> July 2012.</p>	<p>(1) The corrected figures inserted to account for the miscalculation had been submitted on the revised Fifth Schedule form by Hibumas 2 estate and</p> <p>(2) the revised Second Schedule form submitted to DOE by Sri Kamusan</p> <p>and both copies sent to SIRIM QAS as evidence were found acceptable.</p> <p><b>Status: NCR Closed</b></p> <p>The training records had yet to be sighted.</p>

P & C, Indicator	Classification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Criterion 2.1 Indicator 2.1.1	Major	<p>The boiler (heating surface area = 11,833 ft<sup>3</sup>) at Sri Kamusan Palm Oil Millis currently operated by non-competent person against the requirements of Factory and Machinery (Person – In-Charge) Regulations 1970.</p> <p>The laboratory Local Exhaust Ventilation (LEV) monthly inspection has not been conducted as required by Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000.</p>	<p>The Plantation has directed General Manager who has Grade 1 Steam Engineer act as mill visiting engineer twice a month starting from December 2010.</p> <p>Notification letter from Department of Occupational Safety &amp; Health (DOSH) has confirmed that the existing Mill Manager to sit for examination for the Grade 1 Steam Engineer on 14<sup>th</sup> December 2010 and oral interview on 17<sup>th</sup> December 2010.</p> <p>For long term measure, the management will continue to advertise in local and national news papers search for suitable candidates to fill the post.</p> <p>To conduct LEV monthly inspection</p>	<p>The Mill Manager has passed the DOSH Steam Engineer Examination is now a certificated Steam Engineer Grade 1 in-charge of the boiler at Sri Kamusan Palm Oil Mill..</p> <p>Monthly LEV inspection had been carried out and records of inspection kept.</p> <p><b>Status of Non conformance : Closed</b></p>

## OPPURTUNITIES FOR IMPROVEMENT

Principle and Criteria	Details
2.1.1 & 2.1.3	<p><b>Evidence of compliance with legal requirements &amp; mechanism for ensuring that they are implemented.</b></p> <p>The estates/mill have prepared a long list of pertinent laws and regulations. Nonetheless, the list could be improved by incorporating relevant international conventions. With respect to labour, such conventions would include those on freedom of association and the rights to collective bargaining.</p> <p>Although evaluation of compliance being carried out on a 3-monthly basis by mill and estate, the reporting was not specific because the questions / format contained in the form was general.</p> <p>Noted in the written approval for the new ETP in Sri Kamusan POM there was a need for a Competence Person in charge for the ETP. However, clarification with DOE has yet to be sought on the competency requirements needed.</p>
2.2.3	<p><b>Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.</b></p> <p>Though at all estate boundary stones had been maintained, however, the locating of the missing boundary stone has yet to be intensified.</p>
4.7	<p><b>An occupational health and safety plan is documented, effectively communicated and implemented.</b></p> <p>Harvesters' foot bridges in the area (Parcel 19 Hibumas 1) are of wooden plank types. There is potential of accidents and Concrete foot bridge is preferred.</p>
4.8.1	<p><b>A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept.</b></p> <p>Accident investigation training has yet to be conducted in light of many minor injuries (3 days and less) had been reported at all sites when investigations were lacking.</p> <p>The records of training on HCV and buffer zone to workers and staff need to be improved especially for conductor and sprayer gang.</p>
5.2.1	<p><b>Identification and assessment of HCV habitats and protected areas within landholding; and attempt assessment of HCV habitats and protected areas surrounding landholdings.</b></p> <p>Although the 2010 HCV report had been reviewed and site verification conducted, corrections to inconsistencies found had yet to be consolidated into a revise report, e.g. inclusion of pond at Hibums 2.</p>
5.2.2	<p><b>Management plan for HCV habitats (including ERTs) and their conservation</b></p> <p>The HCV monitoring has been conducted on a quarterly basis. However the description/details in the form need to be improved especially for buffer zone and flood plain areas.</p> <p>The monitoring for the HCV areas at Hibumas 1 estate has been conducted, however it was found the pictures attached in the report was the updated accordingly, that is, same pictures</p>



	<p>were used throughout all reporting periods..</p> <p>The HCV monitoring under same estate management has been conducted for Sekar Imej Estate but has yet to include Sapi Sugut,</p> <p><b>5.2.3 Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts.</b></p> <p>The forest clearing by local communities was sighted at Paitan FR adjacent to Block 17. Although regular patrols had been conducted for Hibumas 2, however communication records including this clearing has yet to be relayed (OFI re issue).</p> <p><b>5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution</b></p> <ol style="list-style-type: none"> <li>1) All estates shall follow-up regularly with DOE with regards to their application made to store the scheduled waste for more than 20MT or 180days or both</li> <li>2) The mill shall apply to DOE the permission to store the scheduled waste for more than 20MT or 180days or both as of applied by the estates</li> <li>3) The mill shall reports regularly to DOE on the progress of their rectification program with regards to the holding pond bund collapse incident.</li> <li>4) The new labor quarters constructed in Hibumas 1 &amp; 2 and Sekar Imej main drains out-let discharged direct into the main water course. Installation of garbages traps will reduce pollutant from entering the main water course.</li> </ol> <p><b>6.1.1 A documented social impact assessment including records of meetings</b></p> <p>Social impact assessment reports have been prepared for the various estates by an appointed consultant company. These reports are very comprehensive as they discussed in detail on the background of the various stakeholders, highlighted social issues raised by these stakeholders and presented measures to mitigate the issues of problems. Nonetheless, the report could still be enhanced by incorporating two other sections, namely:</p> <ol style="list-style-type: none"> <li>iii. an executive summary at the beginning and</li> <li>iv. a recommendation on the timeframe for the plan review</li> </ol> <p><b>6.1.3 A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.</b></p> <p>The estates did prepare timetables to show that the SIA Action Plans formulated in October 2010 have been reviewed and updated as necessary. It was learnt that the reviews were carried out either by the estates' management or by specially appointment committees. In one estate (Kamusan), minutes of discussions were prepared and presented with the revised action plans. The minutes, among others, clarify certain decisions made on the action plans.</p> <p>The other estates could emulate the example set by Kamusan by preparing the minutes of their discussions as this would enhance understanding of the revised plans. It was observed that some decisions in the revised plans could be better understood if supported with pertinent clarifications or explanations.</p> <p>The revised action plans could also be improved by incorporating new issues, namely, those surfaced after during the implementation of the plans.</p> <p><b>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 services are available or accessible (not applicable to smallholders).</b></p>
--	---

	<p>i. The owner of the grocery store at Hibumas 1 informed us that the displayed price tags show the prices of the items bought on credit. The cash prices are less than the credit prices. It would certainly help both groups of customers if cash price tags are also displayed. Customers would then make better informed decisions before buying the various items.</p> <p>ii. The crèche teachers interviewed mentioned that they have had little exposures on the appropriate knowledge and skills related to their job. They have not attended any training programmes offered outside the estates. It is felt that they would perform their job more effectively if they possess the relevant knowledge and skills acquired from training programmes organized by various outside parties. One of the critical aspects of training would be on the safety management of children in the crèche.</p> <p>iii. The estates/mill have started to build new houses for the workers and staffs to replace the current ones, some of which are in deplorable conditions. The workers commented that the new houses are more spacious and more comfortable to live in. In addition, the new buildings add beauty to the landscapes. The attractiveness of the landscapes could be further enhanced if appropriate trees and plants are planted in appropriate locations. In other words, proper implementation of landscape designs would add “keceriaan” to the line sites. Also, the estate management and workers must continue their efforts to maintain cleanliness of the housing compounds.</p> <p><b>6.7 Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with educational programmes. Children are not exposed to hazardous working conditions.</b></p> <p>An interview with a worker at the line site revealed that children still continue to help their parents to carry out their jobs at certain times in the year. This finding is confirmed by an estate field staff who accompanied the interview. So as not to contravene the legal requirements as well as in the interest of the children themselves, the estates should continue to monitor the field operations to control the problem as well as remind the workers on the matter.</p> <p><b>6.9.2 A policy on sexual harassment and violence and records of implementation</b></p> <p>The gender committees in the estates have started to implement various activities for their members. However, it was noted that few of these activities have direct relevance with the subject of sexual harassment. As these committees mature, they would certainly benefit from the help and encouragement from the management to plan and implement activities which deal directly with the subject of sexual harassment. Such activities would include talks by the authorities on women’s rights, awareness on gender issues, and so forth.</p>
--	---