



**PUBLIC SUMMARY
3RD RSPO SURVEILLANCE ASSESSMENT**

AUDIT DATE: 5th – 9th MAY 2014

**PPB OIL PALMS BERHAD
SRI KAMUSAN CERTIFICATION UNIT
SANDAKAN, SABAH, MALAYSIA**

Prepared by:

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File Ref.: EP 09760004

**RSPO PRINCIPLES & CRITERIA MY-NI
ANNUAL SURVEILLANCE ASSESSMENT (ASA 3)
REPORT**

CLIENT : PPB OIL PALMS BHD., SRI KAMUSAN CERTIFICATION UNIT

CERTIFICATION UNIT [MILL AND SUPPLY BASE INCLUDING SMALLHOLDER (if applicable)]

- 1) Sri Kamusan Palm Oil Mill
- 2) Sri Kamusan Estate
- 3) Hibumas 1 Estate
- 4) Hibumas 2 Estate
- 5) Jebawang Estate
- 6) Sekar Imej Estate
- 7) Sapi Sugut Estate

LOCATION (GPS), MILL AND/OR HECTARAGE:

(In the case of multisite certification, list additional sites in attachments):

MAP: See Appendix 1

AUDIT DATE : 5 – 9/05/2014

DURATION: 25 auditor days

Standard: RSPO MYNI: 2008

SCOPE OF REGISTRATION (specify sites, tonnages and/or approved processes and model(s):

Production of Crude Palm Oil and Plam Kernel using the Mass Balance Model

NO OF EMPLOYEES (Applicable to the scope of activities audited):

The following attachments form part of this report:

Non-conformity Report(s)



List of additional site(s)




Report by Audit Team Leader

Acknowledgement by Client's Representative

Name : VALENCE SHEM

Name : Edrin Anak Moss

Signature : 

Signature : 

Date : 7/7/2014

Date : 7/7/2014

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List of Abbreviations

BOD	Biochemical Oxygen Demand
B.Sc.	Bachelor of Science
CA	Collective Agreement
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CU	Certification Units
DID	Drainage and Irrigation Department, Malaysia
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EAI	Environmental Aspect Identification
EB	Executive Board
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EIE	Environmental Impact Evaluation
EMP	Environmental Management Plan
EPD	Environmental Protection Department (Sabah)
EPF	Employees Provident Fund
EQA	Environmental Quality Act
ERT	Endangered, Rare and Threatened Species
FFB	Fresh Fruit Bunch
FMA	Factory and Machinery Act
FSC	Forest Stewardship Council
GAP	Good Agricultural Practice
GPS	Global Positioning System
Ha	Hectares
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
ISO	International Organization for Standardization
JCC	Joint Consultative Committee
MSDS	Material Safety Data Sheet
MPOA	Malaysian Palm Oil Association
MPOB	Malaysia Palm Oil Board
MYNI	Malaysia National Interpretation
MYNI – WG	Malaysia National Interpretation – Working Group
NADOOPOD	Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease
NCR	Non-Conformity Report
NGO	Non-Governmental Organisation
OER	Oil Extraction Rate
OG	Oil & Grease
OSH	Occupational Safety and Health
OSHA	Occupational Safety and Health Act
OHSAS	Occupational Health and Safety Assessment Series
Ph.D.	Doctor of Philosophy
PIC	Person-In-Charge
PK	Palm Kernel
PMM	Proposal of Mitigation Measure
PIR	Public Information Request
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PTW	Permit To Work
QMS	Quality Management System
RSPO	Roundtable on Sustainable Palm Oil
SIA	Social Impact Assessment
SOCSSO	Social Security Organization
SOP	Standard Operating Procedure
UKAS	United Kingdom Accreditation Services
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health

1.0 Scope of Surveillance Assessment Report

1.1 Introduction

The certification unit (CU) of Sri Kamusan Palm Oil Mill (Sri Kamusan POM), a wholly-owned subsidiary company of PPB Oil Palms Berhad (PPB) was assessed for certification against the RSPO Principles and Criteria for Sustainable Palm Oil Production MYNI (RSPO MYNI) in December 2010 and was certified in 2011. The CU comprised the Sri Kamusan POM, Sri Kamusan Estate, Hibumas 1 Estate, Hibumas 2 Estate, Jebawang Estate, Sekar Imej Estate and Sapi Sugut Estate. The present assessment did not cover the Independent smallholdings that had been supplying fresh fruit bunches (FFBs) to the mill. The last surveillance assessment was conducted on 17th to 21st June 2013.

Sri Kamusan POM commenced its operations in 2005 with a processing capacity of forty (40) metric tonnes of FFBs per hour. The total combined land area of the six estates is 14,258.1 hectares (Ha) of which 7,636.12 Ha had been planted with oil palm.

1.2 Location of Mill and Supply Base

Sri Kamusan CU covers one palm oil mill and six oil palm estates, all located at Nagoh-Pitas Rad, Labuk Sugut, Sandakan, Sabah, Malaysia. The locations and area details of the mill and estates are shown in Table 1.

Table 1: Location Coordinates and Area of Sri Kamusan CU (Mill and Estates)

Mill/Estate	Year of establishment	Area (Ha)		GPS Location (Office)	
		Titled	Planted	Latitude	Longitude
Sri Kamusan POM	2005	NA	NA	N6°12'14"	E117°17'27"
Sri Kamusan Estate	1999	2,832.00	1,565.87	N6°12'31"	E117°19'17"
Hibumas 1 Estate	2001	2,449.38	1,829.77	N6°13'12"	E117°32'53"
Hibumas 2 Estate	2000	3,472.62	2,306.22	N6°16'16"	E117°28'23"
Jebawang Estate	2003	403.80	337.44	N6°18'48"	E117°24'28"
Sekar Imej Estate	2004	3,642.00	1,011.24	N6°15'52"	E117°16'54"
Sapi Sugut Estate	2004	1,458.30	585.58	N6°14'34"	E117°17'09"
Total		14,258.10	7,636.12		

The location map of the CU is shown as in Attachment 1.

1.3 Production Volume of All Certified Products

Table 2: Actual FFB Contribution by each Estate and other sources to Sri Kamusan POM of the last reporting period (May 2013 to April 2014)

Operating Unit	FFB Contribution	
	MT	%
Sri Kamusan Estate	35,307.76	15.6
Hibumas 1 Estate	34,253.87	15.1
Hibumas 2 Estate	26,298.39	11.6

Jebawang Estate	7,984.62	3.5
Sekar Imej Estate	11,659.20	5.1
Sapi Sugut Estate	8,608.22	3.8
Outsiders (non-certified)	102,342.35	45.3
Total	226,454.41	100.0

Table 3: Projected FFB Contribution by each Estate and other sources to Sri Kamusan POM for the next reporting period (May 2014 to April 2015)

Operating Unit	FFB Contribution	
	MT	%
Sri Kamusan Estate	35,262	12.49
Hibumas 1 Estate	36,542	12.94
Hibumas 2 Estate	43,700	15.48
Jebawang Estate	8,150	2.89
Sekar Imej Estate	11,765	4.17
Sapi Sugut Estate	10,969	3.88
Outsiders (non-certified)	136,000	48.15
Total	282,388	100.00

Table 4: Actual FFB received and CPO & PK dispatch by SKPOM of the last reporting period (May 2013 – April 2014)

	Total (MT)
FFB Received	226,454.41
FFB Processed	226,172.92
CPO Produced	48,736.80
PK Produced	9,104.76
Certified CPO sold as Mass Balance	None. All certified CPO was sold under other sustainability certification.
Certified PK sold Mass Balance	4,901.23
CPO sold as non-certified	21,609.09
PK sold as non-certified	4,095.62

Table 5: Projected FFB received and CPO & PK dispatch by SKPOM for the next reporting (May 2014 – April 2015)

	Total (MT)
FFB Received	282,388.00
FFB Processed	282,388.00
CPO Production	60,713.00
PK Production	12,143.00

Certified CPO to be sold as Mass Balance	31,473.62
Certified PK to be sold Mass Balance	6,294.93
CPO to be sold as non-certified	29,239.38
PK to be sold as non-certified	5,848.07

1.4 Certification Details

Parent company	: PPB Oil Palms Berhad
RSPO Membership Number	: 1-0011-04-000-00
Member since	: 28/09/2004
Certificate Number	: RSPO 0011
Date of previous assessment	: 17 th to 21 st June 2013
Date of certification	: 13 th May 2010

1.5 Description of Fruit Supply Base

The planting profiles of all the directly managed supply bases are stated in Table 7 to Table 12.

Table 6: Sri Kamusan Estate

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2000	1 st Generation	390.48	24.9
2002	1 st Generation	386.87	24.7
2003	1 st Generation	788.52	50.4
Total		1,565.87	100

Table 7: Hibumas 1 Estate

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
1999	1 st Generation	1,068.72	57.9
2000	1 st Generation	201.87	11.2
2001	1 st Generation	224.67	12.3
2004	1 st Generation	125.41	6.8
2006	1 st Generation	139.60	7.6
2007	1 st Generation	69.50	4.2
Total		1,829.77	100

Table 8: Hibumas 2 Estate

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2000	1 st Generation	500.94	21.7
2005	1 st Generation	817.80	35.5
2006	1 st Generation	907.24	39.3
2007	1 st Generation	80.24	3.5
Total		2,306.22	100.00

Table 9: Jebawang Estate

Year of	Planting Cycle	Planted Area (ha)	Percentage of
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Planting			Planted Area
2003	1 st Generation	337.44	100.00
Total		337.44	100.00

Table 10: Sekar Imej Estate

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2004	1 st Generation	185.13	18.2
2005	1 st Generation	135.91	13.4
2007	1 st Generation	121.63	11.8
2008	1 st Generation	377.82	34.6
2009	1 st Generation	190.75	22.0
Total		1011.24	100.00

Table 11: Sapi Sugut Estate

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2004	1 st Generation	158.94	27.14
2005	1 st Generation	426.59	72.86
Total		585.53	100.00

1.6 Organisational Information / Contact Person(s)

PPB Oil Palms Berhad through its Headquarter in Sandakan is responsible for overseeing Sri Kamusan CU and other management units in Sabah. The correspondence address and contact persons are as detailed below:

Address:

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

Contact person (at Sandakan):

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

Contact person (at Sri Kamusan):

Name : Mr. Chang Sip Woon
Designation : Group Manager
Address : Km 238 off Jalan Nangoh Pitas, Labuk Sugut, Sandakan, Sabah, Malaysia.
Telephone : +089-259105/019-8839011
Fax : +089-259102
e-mail : swchang@wilmar.com.my

2.0 Assessment Process

2.1 Certification Body

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

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

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

2.2 Assessment Team Members

The assessment team consisted of five assessors and one trainee assessor. The details of the assessors and their qualification are detailed below:

Member of the Assessment Team	Role/area of RSPO requirements	Qualifications
Valence Shem	Assessment Team Leader / Supply Chain and environmental issues	<ul style="list-style-type: none"> • experience in Oil Palm Plantation management • Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004 • B.Tech. (Hons) Industrial Technology • Successfully completed and passed the RSPO Lead Assessor Course in 2011.
Khairul Najwan Ahmad Jahari	Assessor / HCV habitats & ecology	<ul style="list-style-type: none"> • experience in Forest related areas as a researcher with FRIM since 2003 • Attended a training on RSPO P & C and certification requirements in January 2011 • Successfully passed EMS 14001: 2004 Lead Auditor Course, March 2009. • Successfully passed OHSAS 18001: 2007 Lead Auditor Course, Feb 2009. • Successfully passed QMS 9001: 2008 Lead Auditor Course, Feb 2009. • B.Sc. of Forestry (Forest Management) • M Sc Environmental (GIS Remote Sensing, still pursuing) • Successfully completed and passed the RSPO Lead Assessor Course in 2011.
Mohd. Razman Salim	Assessor / workers & community issues	<ul style="list-style-type: none"> • experience in Forest Management, forest, HCVF and ecology • Successfully completed Lead Assessor Course for ISO 9001, ISO 14001 and OHSAS 18001 • B.Sc. Forestry (Hons) - University Putra Malaysia • Attended RSPO Training
Jagathesan a/l Suppiah	Assessor / Occupational	<ul style="list-style-type: none"> • More than 23 years working experience in

	Safety & Health issues	<p>Manufacturing concerns at various Managerial position, Managing Operation, Quality Assurance & Regulatory Affairs and Quality & Process Control Disciplines</p> <ul style="list-style-type: none"> • Experience of carrying out audits on more than 700 companies around Malaysia for the past 15 years for various schemes i.e. ISO 9000, ISO 13485, ISO 14000, OSHAS 18000 and GMP/FDA regulations • Successfully completed Lead Assessor training for ISO 9001, ISO 14000, OSHAS 18001, ISO 13485 and RSPO • Bachelor of Chemical Science (Hons)
Selvasingam T Kandiah	Assessor / Good Agriculture Practice	<ul style="list-style-type: none"> • Attended RSPO Training • A Planter with Kumpulan Guthrie Berhad (1995-2002 – retired) • Inclusive of One year in Liberia and • 2 years in Estate Department in Guthrie head quarters • Experience in Managing: • Nursery: Rubber and Cocoa • Immature Area: Cocoa Replant, Rubber Replant, Oil Palm Replant & Oil Palm New Clearing • Area: Cocoa, Rubber & Oil Palm.
Mohd. Hafiz Mat Hussain	Trainee Assessor / GAP, OHS and Environmental issues	<ul style="list-style-type: none"> • experience in Oil Palm Plantation • Successfully passed ISO 9001, OHSAS 18001 & ISO 14001:2004 Lead Auditor Course • B.Sc.(Hons) Technology in Plantation Management – University Teknologi Mara • Attended RSPO Training

2.3 Assessment Methodology and Programme

The surveillance assessment was guided by the sampling formula of $0.8 \sqrt{y}$. Nonetheless, all the estates were visited in this assessment but were assessed with different elements of the standard. The mill is assessed in every assessment.

The assessment team carried out field and office assessments for conformance against the RSPO-MY principles and criteria. The visits also covered HCV habitats, labour lines, storage areas and other workplaces.

Common systems were identified and specific evidences were recorded for individual estates. Interviews, particularly those with employees, local communities and suppliers were conducted formally as well as informally, without the presence of company management personnel. In addition to that, records as well as other related documentation were also reviewed.

It is important to note that the finding from this assessment is based on samples taken from the organization activities, procedures, records etc. Statistically, there is always a possibility that one or more problematic issues/areas will remain unidentified during the course of this audit. The absence of non-compliance in any area or activity does not necessarily imply that no lapses or non-compliance exist.

The assessment programme is in Attachment 2.

3.0 Assessment Findings

3.1 Summary of Findings

The findings of the third Annual Surveillance Assessment were presented during the on-site closing meeting. There were four major nonconformity reports (NCR) being raised on the Sri Kamusan CU's compliance against the requirements of the RSPO MY-NI. The details of the NCR and the corrective actions taken are as in Attachment 3.

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

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
C 1.1 Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making	1.1.1	Records of requests and responses must be maintained. <i>Major.</i>	Yes	<p>Sekar Imej Estate, Sapi Sugut and Hibumas 2 Estates continued to maintain records on requests for information and documents that were related to the RSPO Criteria. The CU had continued to implement communication procedure as described in the established procedures for estates. Communications with workers were identified and maintained in complaints forms document No. RH/EMSP 04 FRM1/(00)/0507. The record stated date of communication received, response and remarks. The latest complaint sighted in Sekar Imej was that the Ceiling Fan was not working and water not clean dated 28/04/1014 and on Hibumas 2 Estate it was on door knob of front door being spoilt dated.</p> <p>Sri Kamusan POM and Jebawang Estate continued to maintain a comprehensive system with respect to this criterion. Request Form for their stakeholders or other interested party who had viewed / obtained document related to RSPO and Record of Visitation by government agencies such as DOE and DOSH were maintained. From the record sighted it was found that Sri Kamusan POM, and Jebawang Estate had not received any request for such information from external stakeholders except from internal stakeholders which were their staffs and workers.</p>
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or	1.2.1	Land titles / user rights (C 2.2)	Yes	The relevant documents as required in this Criterion were publicly available upon request. Each estate had maintained record of requests made by stakeholders and this record was presented during the assessment. In addition, all the policies of the company had been clearly displayed on notice boards in all the offices.
	1.2.2	Safety and health plan (C 4.7)	Yes	Safety and Health Manual rev 2, dated 12/12/2011 was available. Cross refer to C 4.7.
	1.2.3	Plans and impact assessments relating to	Yes	Sri Kamusan POM, Jebawang Estate and Sekar Imej Estate continued to hold and update copies of all the documents listed under Criterion 1.2 and ensured that all the

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:-		environmental and social impacts (C 5.1, 6.1, 7.1, 7.3)		documents such as Social impacts “Social Impact Assessment for Sugut Region Estates (PPB Oil Palms Berhad), Beluran, Sabah, Malaysia – Sri Kamusan Estate and Mill Social Impact Assessment Report, October 2010” were made available at the visited estates and mills. EIA for Sekar Imej is also available for public.
	1.2.4	Pollution prevention plans (C 5.6)	Yes	Action plan to mitigate pollution is available for public. Cross refer to C5.6.
	1.2.5	Details of complaints and grievances (C 6.3)	Yes	Record of complaint and grievances were made available at the visited mill and estates. Detail of complaints and grievances for Sri Kamusan POM, Jebawang Estate and Sekar Imej Estate were recorded in the Complaint Form, Request Form and Public Information Request (PIR) Form. Complaint Form and Request Form were used by internal stakeholders (staffs and workers). While Public Information Request (PIR) Form was used by external stakeholders.
	1.2.6	Negotiation procedures (C 6.4)	Yes	Sri Kamusan POM, Jebawang Estate & Sekar Imej Estate have established a standard of procedure for handling any complaints and grievances by following 'Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation' and 'Consultation and Communication - Procedure for collective negotiations and resolution of disputes or grievances'. All the documents were made available at the visited estates and mill.
	1.2.7	Continuous improvement plan (C 8.1)	Yes	In Sekar Imej Estate to improve on FFB crop evacuation for the hilly areas the management had constructed chutes made of plastic or wooden. In 2014 the management have budgeted to construct an addition of 10 wooden gravity chutes to further assist harvesters in FFB crop evacuation. Hibumas 2 Estate had provisions in the CAPEX for 2014 to provide HDPE Toys to the crèche and Humana School. Stakeholders could refer to SIA Management Action Plan for social continuous improvement plan for Sri Kamusan CU. The CU had listed out their future plan for their stakeholders especially their staffs, workers and local communities. The updated action plan was made available at the visited estates and mill.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is	2.1.1	Evidence of compliance with legal requirements. <i>Major</i>	No	Generally, Sri Kamusan CU continued to comply with most of the applicable local, national and ratified international laws and regulations. As per the requirement in the

<p>compliance with all applicable local, national and ratified international laws and regulations</p>			<p>land titles all land was utilised for Agricultural purposes. Relevant licences and permits such as MPOB license, Trading Licence, Energy Commission and Domestic Trade Ministry for diesel and fertilizer storage were made available on site.</p> <p>The Sri Kamusan CU had also complied with the Sabah Labour Ordinance (cap 67) related to the provisions of wages, paid public holidays, paid annual leave and sick leave in its employment contracts with its workers. Inspection of the payment records of workers in the Sri Kamusan POM, Jebawang Estate and Sekar Imej Estate showed that they were paid the minimum wage determined by the government as stated in the National Wages Consultative Council Act 2011-Minimum Wages Order 2012. Pay slips of foreign workers showed that the monthly pay received per worker met the minimum wage.</p> <p>Site visits made to the workers' housing at the Sekar Imej Estate had confirmed that the housing specifications had been in accordance with the Minimum Standards of Housing and Amenities Act 1990. The number of houses was found to be sufficient to accommodate all the workers.</p> <p>Some example of permits observed at Sri Kamusan POM:</p> <ul style="list-style-type: none"> i) Fire Prevention & Protection Certificate – as per Fire Service (Fire Certificate) Regulation 2001 ii) Boiler – Reg: SB PMD 46 iii) Sterilizer – Reg: SB PMT 612, SB PMT 613 iv) Vacuum Deairator – Reg: SB PMT 606 <p>DOSH visits monitoring Log was also being maintained.</p> <p>Example of DOSH permit at Sri Kamusan Estate</p> <ul style="list-style-type: none"> i) Air Compressor Receiver – Reg: SB PMT 1635 – validity: 17/5/2014 – DOSH Cert: PMT – SB 31425 ii) DOSH visit monitoring Log maintained – last visit: 18/2/2013 – recommendation of <i>'Pastikan Safety valve berfungsi dengan baik'</i> - has been taken into consideration. <p>At Sekar Imej Estate, obtaining of Written Approval for 2 units of generator set was still in progress. Scheduled Wastes handling was found to be in accordance with the EQA Regulations. EIA terms and conditions were monitored once in every 4 months by an EPD's authorized consultant. However, one of the consultant's findings has not been</p>
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				adequately addressed for the last three consecutive reports. The finding was about the inadequate marking of steep area (>25° slope). Therefore NCR VS 01 was assigned due to this lapse.
	2.1.2	A documented system, which includes written information on legal requirements. <i>Minor</i>	Yes	<p>At Sekar Imej Estate, Legal Register is available and last updated on 3/4/2014 by PPB's Corporate Social Responsibility (CSR) unit. New requirements such as competent person has yet to be registered but this has already been acknowledged by the management as recorded in a management meeting conducted on 14/3/2014 at Sugut regional level.</p> <p>At Hibumas 2 Estate there is a documented system for identifying, tracking, updating the changes of legal requirements and to monitor the status of legal compliance. Each estate had developed its Legal Register. There is evidence of compliance to legal requirements which has been evaluated on an annual basis.</p> <p>At Sri Kamusan POM, a comprehensive Legal Register has been established since 16/07/2010 and latest update was on 3/05/2014 by PPB's CSR unit.</p> <p>At Sri Kamusan Estate, a comprehensive Legal Register has been established since 4/10/2011 and latest update was on 3/04/2014 also by PPB's CSR unit.</p>

	2.1.3	A mechanism for ensuring that they are implemented. <i>Minor</i>	Yes	Generally, Sri Kamusan CU has the mechanisms for ensuring all the applicable legal requirements are implemented. The mechanisms are by the implementation of internal audit, management meeting, advisories visits and routine inspection by the authority such as DOE, EPD, etc. Nonetheless, the coverage of the mechanisms can still be improved further as some of the new applicable legal requirements have yet to be registered in the legal list.
	2.1.4	A system for tracking any changes in the law. <i>Minor</i>	Yes	The CSR unit in PPB is the unit responsible to track changes in the legal and other requirements through various media such as internet, newsletter, etc. Some example of updates of the legal requirements associated to the CU's operation that was observed by the assessors are ILO Convention (C100, C105, C111, C138, C182, C184, C29, C81, C87 & C98), Occupational Safety & Health (Class – Packaging & Labelling of Hazardous Chemicals Regulation, 2013) and Factory and Machinery Act (Act A1268).

C 2.2 The right to use the land can be	2.2.1	Evidence of legal ownership of the land including history of land tenure. <i>Major</i>	Yes	Evidence of legal ownership of the land including history of land tenure was verified during this audit. Each estate was provided with legal use of the land through a Country Lease signed by the Director of Lands and Surveys of Sabah following the payment of
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demonstrated, and is not legitimately contested by local communities with demonstrable rights.				<p>premium. This document was made available by all the individual estates.</p> <p>There was no formal conflict or dispute over the land. Even though Sri Kamusan CU had rights of ownership over the land (as per land title), there had been cases of 'infringement' or use of land by the local communities. Villagers in Kg Mononod and Kg Kaibuton, Sugut had planted oil palm as well as building their houses in Sekar Imej Estate. A MoU had been drafted spelling out terms of access of the villagers to the plantation land for agricultural/subsistence. Issues were resolved through the Joint Consultative Committee (comprising the management of the CU and relevant stakeholders) chaired by the Manager of Sekar Imej Estate. Sekar Imej Estate had reached an agreement with the signing of the MoU on 18 November 2010 with the villagers of Kg. Kaibuton and Kg. Mononod, granting them access to the plantation land for agricultural/subsistence purpose. The villagers had confirmed that the MoU was signed with free prior and informed consent. During interviewing the villagers' representative, Mr. Asmadin Daling and Ketua Kampung Kg Mononod, the villagers were understand the content of MoU and agreed that they would not expand their exiting use of company land.</p> <p>A Joint Consultative Committee had last met on 25 April 2014 to discuss and get any feedback from the villagers on the land issue. The outcome of the meeting was recorded in meeting minutes of <i>Minit Mesyuarat Penilaian Surat Perjanjian & Persefahaman bersama penduduk Kg. Kaiboton, Kg. Mononod mengenai hal-hal berkaitan tanah</i> (Minute Meeting on Letter of Agreement & MoU with Kg. Kaiboton, Kg. Mononod on land issue) and verified by the assessor.</p>
	2.2.2	Growers must show that they comply with the terms of the land title. [This indicator is to be read with Guidance 2] <i>Major</i>	Yes	The management of the individual estate had complied with the condition that the land shall be for agricultural purposes and cultivation of Oil Palm throughout the whole tenure of the title.
	2.2.3.1	Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained. <i>Minor</i>	Yes	The boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained at Sri Kamusan CU. All the estates had maps to indicate the locations of the boundary stones. During the site assessment, the boundary stones of Hibumas 1 & 2, Jebawang and Sekar Imej Estates were inspected. The boundary stone boundary marking had also been done by pegging Belian poles painted red and white.
	2.2.3.2	Where there are, or have been, disputes, proof of resolution or progress	Yes	Records shows there had been cases of 'infringement' or use of land by the local communities on 2010. However resolution or progress towards resolution by conflict resolution processes acceptable to all parties was implemented.

		towards resolution by conflict resolution processes acceptable to all parties are implemented. Cross ref. to 2.3.3, 6.4.1 and 6.4.2. <i>Minor</i>		<p>A Joint Consultative Committee (comprising the management of the CU and relevant stakeholders) chaired by the Group Manager had been established to deal with both external and plantation-wide issues.</p> <p>Hibumas 2 had conduct a stakeholder meeting with local communities on 23 May 2014 with surrounding local communities from Kg Munungan and Kg Pulau.</p> <p>Sekar Imej Estate also had conducted stakeholder meeting on 25 April 2014 with local communities Kg Mononod, Kg Kaiboton and Kg Telidusen.</p> <p>Minutes of meeting was verified by the auditor. There are no issues regarding the land use at the time of audit.</p> <p>There was no formal conflict or dispute over the land at Hibumas 1 Estate.</p>
C 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.	2.3.1	Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights. <i>Major</i>	Yes	An MoU had been drafted spelling out terms of access of the villagers to the plantation land for agricultural/subsistence. Issues were resolved through the Joint Consultative Committee. Sekar Imej Estate had reached an agreement with the signing of the MoU on 18 November 2010 with the villagers of Kg. Kaibotan and Kg. Menonod, granting them access to the plantation land for agricultural/subsistence purpose. Interviews with Ketua Kampung & Pengerusi Jawatankuasa Kg Menonod had confirmed that the MoU was signed with free prior and informed consent.
	2.3.2	Map of appropriate scale showing extent of claims under dispute. <i>Major</i>	Yes	<p>There are no issues at Hibumas 1 & 2, Jebawang and Sekar Imej Estates at the time of audit. Therefore this indicator is not applicable.</p> <p>The issues raised on 2010 at Hibumas 2 and Sekar Imej Estate shows the map of appropriate scale showing extent of claims under dispute was available and verified by the auditor's.</p>
	2.3.3	Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6). <i>Minor</i>	Yes	Copies of negotiated agreements detailing process of consent at Hibumas 2 and Sekar Imej dated 2010 has been verified.

Principle 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	Annual budget with a minimum 2 years of projection <i>Major</i>	Yes	<p>At Hibumas 2 Estate, Sekar Imej Estate and Sapi Sugut Estate, it was noted that all the three estates continued to be committed to long-term economic and financial viability had annual budgets for the financial year 2014. The annual budgets are prepared on an annual basis before the end of current year.</p> <p>Hibumas 2 Estate had projections up to financial year 2017 while Sekar Imej Estate & Sapi Sugut Estate had projections up to 2023.</p> <p>The yearly budget and projections where the cost of production was reviewed annually and compared against expenditure for each year was an on-going process. The parameters monitored remained essentially unchanged and included Capital (CAPEX) and Operating costs. The operating expenditure included expenditure for Replanting, Mature and Immature Oil Palm upkeep, Administration cost, Housing and Machinery upkeep, allocation for sustainability implementation (environmental, social, occupational safety and health), infra-structure development (roads, etc.), and training, etc.</p>
	3.1.2	Annual replanting programme projected for a minimum of 5 years with yearly review. <i>Minor</i>	Yes	All the planting in all the 3 Estates visited had palms of the 1st generation and were planted between the years 2000 and 2009. The palms being still young would not be required to be replanted within the next 5 years as such no Replanting program had been prepared.

Principle 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented and consistently implemented and monitored.	4.1.1	Documented Standard Operating Procedures (SOP) for estates and mills. <i>Major</i>	No	<p>Geneerally, at Hibumas 2 Estate, Sekar Imej Estate and Sapi Sugut Estate, it was noted that the estates continued to use the Wilmar International Limited, The Agriculture Manual and Safe Standard Operating Procedure (SSOP) for their operating procedures. The agriculture manual provided guidance on oil palm nursery, oil palm replanting, field upkeep, FFB harvesting and collection.</p> <p>It was observed that the SOPs were communicated to the workers as evident during interviews with the workers involved with oil palm harvesting, herbicide spraying,</p>

				<p>pruning, etc.</p> <p>The 3 Estates had consistently implemented and monitored most good agricultural practices as per SOPs except for the following:</p> <ol style="list-style-type: none"> 1) The Agriculture Manual and the SOP recommended that all the fertilizers should be broadcasted evenly in the palm circles. During the site review in Block 16 – 2008 planting in Sekar Imej Estate fertiliser was applied in a band close to the palm trunk and not broad casted. Furthermore no fertiliser had be applied to 7 palms. Again, during the site review in Hibumas 2 Estate in Block 17 part of the 150 grams Borate fertiliser recommended per palm was applied on to the palm trunks instead of all of it being applied in the palm circle. 2) During the site review in Block 17 in Hibumas 2 Estate VOPs was observed in the some palm circles. <p>Therefore an NCR (STK 1) was assigned due to these lapses. On the positive side palms were well pruned and cut fronds well stacked in all 3 estates.</p> <p>At Sri Kamusan POM, since the mill is certified to ISO 22000: 2005 (Food safety Management System, obtained in 22th August, 2012), the Food safety Procedures are in place. Apart from that, Safety & Standard Operating Procedure (SSOP) are also available.</p> <p>Latest Review as following.</p> <ol style="list-style-type: none"> a) Press Procedure – rev. 2, dated 28/4/2014 b) Lab Procedure – rev. 2 , dated 12/7/2013 <p>The following Procedures were sampled for implementation:</p> <ol style="list-style-type: none"> i) FFB Grading ii) Milling operation iii) Lab – QC & Monitoring Inspection <p>Generally, the implementation was found to be satisfactory.</p>
	4.1.2	Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months. <i>Minor</i>	Yes	<p>Records of monitoring and the actions taken by the estates continued to be maintained and kept for a minimum of 12 months. Monthly Progress, Monthly Costing and Annual Reports on monitoring of all activities were made available during the surveillance as well as official monthly reporting to MPOB. Among those records sighted at the estates included rainfall data, pest census, agrochemicals usage and Programme sheets for Fertiliser Application, Field upkeep, etc.</p> <p>Sampled the following Records at Sri Kamusan POM:</p> <ol style="list-style-type: none"> a) Daily FFB grading sheet - Daily record – verified Jan – April, 2014 – reviewed – satisfactory.

				<ul style="list-style-type: none"> b) Kerne Plant Log sheet – Daily record – verified Jan – April, 2014 – reviewed - satisfactory c) Press Station Log Sheet - Daily record – verified Jan – April, 2014 – reviewed - satisfactory d) Log Sheet - Daily record – verified Jan – April, 2014 – reviewed - satisfactory e) Daily Chemical Usage for Boiler - verified Jan – April, 2014 – reviewed – satisfactory f) Kernel Analysis - verified Jan – April, 2014 – reviewed – satisfactory – During analysis when 'Whole Nut percentage noted to be high' – Adjustment of 'Ripple mill' motor carried out. g) FFA monitoring - verified Jan – April, 2014 – reviewed – satisfactory – When FFA noted to be on the high End (nearing 5%) – Noted evidence of segregation. <p>The concerned records are being maintained for more than 12 months.</p>
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	Monitoring of fertilizer inputs through annual fertilizer recommendations. <i>Minor</i>	Yes	<p>The visited estates continued to apply fertilisers as per EMU recommendations made by Head of R&D Department. Annual Fertiliser recommendations are made based on annual foliar sampling. Fertiliser application program was monitored using 'Control Form For Fertiliser' and Control of Fertiliser Stock & Movement Form'.</p> <p>The main fertilisers applied were NPK, NK3, RP, SOA, MOP, Kieserite and borate. Records sighted showed that actual applied in 2013 was in line with program with a total of 952.75, 477.43 and 2316.86 tonnes of fertilisers were applied in Sekar Imej Estate, Sapi Sugut Estate and Hibmas 2 Estate respectively. The dosage rate of fertilisers applied per palm was found to as per recommendation.</p> <p>In 2014 up to the end of April, 17.15%, 13.74% & 20.11% of the fertilisers recommended had been applied in Sekar Imej Estate, Sapi Sugut Estate and Hibmas 2 Estate respectively.</p>
	4.2.2	Evidence of periodic tissue and soil sampling to monitor changes in nutrient status. <i>Minor</i>	Yes	<p>The estates continued to carry out periodic foliar and soil sampling to monitor changes in nutrient status. Annual foliar sampling for the nutrients N, P, K, Mg, Ca & B had been carried out in all 3 estates and the results formed the basis for the fertiliser recommendations to maintain and to improve soil fertility. The last foliar sampling done was carried out in March & April 2014 in the 3 estates the results of which would be the basis for the formulation of the fertiliser recommendation for 2015.</p> <p>Soil maps were made available to the auditors which were made based soil analysis conducted in 2009. The soil analysis and maps were done by consultant.</p> <p>Analysis for soil organic carbon was carried out every 5 years and was last done in</p>

				2012.
	4.2.3	Monitor the area on which EFB, POME and zero-burn replanting is applied. <i>Minor</i>	Yes	No EFB was applied in Sekar Imej & Sapi Sugut Estates and only a minimum applied in Hibumas 2 Estate due to the distance from the Sri Kamusan Oil Palm Mill.
C 4.3 Practices minimise and control erosion and degradation of soils.	4.3.1	Documented evidence of practices minimizing soil erosion and degradation (including maps). <i>Minor</i>	Yes	<p>All 3 estates continued to have practices in place to minimise and control erosion and degradation of soils.</p> <p>As the topography for the 3 estates was generally hill and as per RSPO's requirement all 3 estates did not plant on all slope classification areas of more than 25 degrees. The unplanted slope areas amounted to 72.23%, 59.84% & 38.91% of the total area in Sekar Imej, Sapi Sugut and Hibumas 2 estates respectively.</p> <p>It was observed that the planted hill slopes of the estates and were terraced and Leguminuos cover crops such as Mucuna bracteata were planted to prevent erosion. Stop bunds had been constructed at 20 meter interval to retain water within the terrace.</p> <p>The estates continued to have soil erosion monitoring plots laid out in 3 different terrains and conditions as 0-12° (shaded), 0-12° (open), 12°-25° (open), 12°-25° (shaded); > 25° (open) and > 25° (shaded).</p> <p>In addition the estates practiced stacking pruned fronds along terraces in the hilly areas.</p>
	4.3.2	Avoid or minimize bare or exposed soil within estates. <i>Minor</i>	Yes	<p>In order to avoid/minimise bare or exposed soil the estates practised slashing of weeds in the inter rows with minimum spraying. However, palm circles and harvester paths are sprayed. No blanket spraying was advocated.</p> <p>Bare ground condition is not allowed practice in these estates. Item 1.1 of WAM, Chap 6 Upkeep and Maintenance of Oil Palm, Part 2: Upkeep of Mature Oil Palm requires full ground cover in the inter-row to be maintained.</p>
	4.3.3	Presence of road maintenance programme. <i>Minor</i>	Yes	<p>During the field visit, it was noted road conditions were satisfactory and accessibility were made possible by regular maintenance guided by its road maintenance programmes which consist of road resurfacing, grading & compacting and culvert maintenance.</p> <p>It was noted that Hibumas 2 Estate, Sekar Imej & Sapi Sugut have enough machinery such as backhoe, grader and compactor to maintain their field roads. The estates also purchased dry crusher run stones (DRC) and placed them in strategy points ready for use.</p>

				The financial support for this operation could be seen in the annual budget. Records of this activity are adequately maintained.
	4.3.4	Subsidence of peat soils should be minimised through an effective and documented water management programme. <i>Minor</i>	Yes	There are no peat soil in all the visited estates based on soil map prepared by Param Agricultural Soil Surveys (M) Sdn. Bhd.
	4.3.5	Best management practices should be in place for other fragile and problem soils (e.g. sandy, low organic matter and acid sulphate soils). <i>Minor</i>	Yes	There were no fragile soils and problem soils in all the visited estates visited.

C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate. <i>Major</i>	Yes	<p>Riparian belts along the major rivers were demarcated with appropriate signage. A standard procedure for protecting these buffers and consistent to regulation for all natural waterways has been established.</p> <p>Procedures on the maintenance and management of areas identified as riparian reserves, Chapter 3(1) 3.1.1 Guidelines for Riparian Reserve Identification and Marking included in the Agriculture Manual & Standard Operating Procedure for Oil Palm and Riparian Zone Management PPBOP Sabah Operation was verified.</p> <p>Width of riparian was also specified in the EIA report and in the manual guidelines for riparian reserve following Sabah Water Resource Enactment 1998 and Drainage and Irrigation Department guidelines 1998.</p> <p>Maps indicating the riparian buffer were presented by each of the estates. The riparian buffer with a width of 40m along Sg. Bonggaya in Block 40, Parcel 19, Hibumas 1 Estate and along waterway to Sg. Sugut at in Block 002, Parcel 2 Hibumas 2 and along natural waterway to Sg. Sungai at Block 8, Sekar Imej was inspected and was found to be intact with natural vegetation.</p> <p>It was observed that oil palm trunks marking the boundary of the buffers had been painted to alert the workers not to blanket spray or fertilize palms along the buffer zones</p>
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				<p>of streams. 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.</p> <p>During the assessment, it was observed that wetlands and many water bodies had been protected. The largest was the seasonal flood plain in Hibumas 1 & 2 Estates which had been demarcated as HCV site. No planting was done within this area.</p>
	4.4.2	No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate. <i>Major</i>	Yes	No construction of bunds/weirs/dams across the main rivers or waterways was observed in the estates. No main river across Hibumas 1 and 2, Jebawang and Sekar Imej Estates. There were only tributary waterways to main river.
	4.4.3	Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to C 5.1 and 8.1). <i>Major</i>	Yes	<p>Outgoing water into main natural waterways was monitored at a frequency that reflects the estates and mills current activities which may have negative impacts. Latest monitoring was conducted on 14 March 2014.</p> <p>For every estate of the CU, the water quality index (WQI) for a selected stream was monitored at the point where the stream existed (outlet) of the estate. The water sampling process was done once every three months as specified in the EIA approval given by the Department of Environment Protection Sabah.</p> <p>The parameters measured were TSS, Oil & Grease, Turbidity, Nitrate and Phosphate, and pH. Sample reports by the consultant on water sampling data were made available.</p> <p>The reports "<i>Laporan Pemantauan & Pematuhan Syarat-Syarat Alam Sekitar</i>" on November 2013-February 2014 for Hibumas 1&2, November 2013 – February 2014 for Jebawang Estate and November 2013 – February 2014 for Sekar Imej Estate prepared by Ekohandal Sdn. Berhad on the water sampling from each estate was verified.</p> <p>The quality of the water samples taken from the selected rivers was within the acceptable level quality index of Class II B category in accordance to the interim national water quality standard 2006 (INWQS) of the DOE. The monitoring reports would have to be submitted to the Environmental Protection Department of Sabah as required under the EIA approval.</p> <p>It was observed that all the estates had followed their action plans and continuous improvement programmes to minimize pollutant to the protected areas as recommended in the Environmental Impact Assessment report for the individual estate.</p>
	4.4.4	Monitoring rainfall data for	Yes	The estates monitored the rainfall data as well as their water consumption as required

		proper water management. <i>Minor</i>		<p>by RSPO criteria & indicator. Daily records of rainfall data for each estate were made available for inspection. A monthly summary of the rainfall in Hibumas 1 Jebawang and Hibumas 2 as well as the number of rainy days from 2009 to March 2014 was examined. The data was then used in the management of water for the workers in the estates. Monthly water consumption for Hibumas 1, Jebawang and Hibumas 2 was recorded.</p> <p>Drinking water quality analysis records verified at Hinumas 2. It was found the analysis was conducted by monthly basis by Advance Chemtech. Significant parameters were within the limits. A Standard SOP for water treatment plan had been written. A summary of the domestic water consumption for the Sri Kamusan CU for year 2013 was presented. It detailed the consumption of water per day and also per day per head.</p>
	4.4.5	Monitoring of water usage in mills (tonnage water use/tonne FFB processed). <i>Minor</i>	Yes	The mill continued to monitor its water usage per tonne FFB processed and recorded in the Summary Process and Boiler Water Consumption.

	4.4.6	Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders. <i>Minor</i>	Yes	There is no evidence on drainage into protected areas. Site visit to Hibumas 1 & 2, Jebawang and Sekar Imej Estates found the water drainage was into monsoon drain. In addition, water monitoring into natural waterway was conducted as explained in indicator 4.4.3
	4.4.7	Evidence of water management plans. <i>Minor</i>	Yes	A water management plan had been established with improvement being made to include all sources of water. Water Management Plans 2014 for Sekar Imej Estate, Jebawang and Hibumas 1 and 2 were made available to the audit team. The document was prepared and reviewed on April 2014. The Plan had prescribed the objectives, water sources including catchment pond, rainfall records, water requirement, current water consumption, water quality and contingency plan.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using	4.5.1	Documented IPM system. <i>Minor</i>	Yes	All the visited estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the Agricultural Manual. In order to minimize use of Insecticides the estates had planted beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> with maps indicating areas planted.
	4.5.2	Monitoring extent of IPM	Yes	All the visited estates continued to carry out monthly detection and observation of leaf

appropriate Integrated Pest Management (IPM) techniques.		implementation for major pests. <i>Minor</i>		eating pests, mammalian pests and diseases like Ganoderma and Stem Rot. These monthly detection and observations were carried by staff. Records showed no outbreak had been taken place.
	4.5.3	Recording areas where pesticides have been used. <i>Minor</i>	Yes	All the visited estates continued to record areas where pesticides had been used. Pesticides are used only when justified and areas used are recorded in bin cards and in program sheets
	4.5.4	Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (a.i.) used/ tonne of oil. <i>Minor</i>	Yes	Records of pesticides used by area, quantity used, hectares applied and ai/Ha from 2011 were made available for verification. No pesticides were used to control leaf eating pest and other insect pests, mammalian pest and rats in the last 3 years in all the visited estates.

C 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,	4.6.1	Written justification in Standard Operating Procedures (SOP) of all agrochemicals use. <i>Major</i>	Yes	At Sri Kamusan Estate, among the agrochemicals (Pesticide and Herbicide) used are BM Tricalon 250, Roxrane, Glyphosate IPA, Kenlon, Icon, Ellytech, Sodium Chlorate Vacuum Salt. Safety and Health Manual – 2nd Rev, 12/12/ 2011 - Chap 7 – Handling Agriculture Chemical – Standard and Safe Operating procedure. – described. SOP for safe agrochemicals usage have been established, the safety aspects and the precaution that needs to be practiced are incorporated in the respective SOPs and verified by the assessment team.															
	4.6.2	Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). <i>Major</i>	Yes	At Sri Kamusan Estate Register of Chemical Hazardous to Health has been established / reviewed periodically. Latest review was on 13/2/2014 by estate Manager – an updated copy has been forwarded to DOSH dated Feb, 2014. Pesticides selected used are those officially registered under the Pesticides Act 1974 (Act 149) and in accordance with USECHH act. <table border="1" data-bbox="1077 1121 2092 1361"> <thead> <tr> <th>Pesticides</th> <th>Class</th> <th>MSDS</th> <th>Usage</th> </tr> </thead> <tbody> <tr> <td>Glyphosate Isopropylamine</td> <td>III</td> <td>Available</td> <td>Herbicide</td> </tr> <tr> <td>Dimethylamine Salt</td> <td>II</td> <td>Available</td> <td>Herbicide (currently not in usage, but stock is available in the store)</td> </tr> <tr> <td>Metsulfuron - Methyl</td> <td>IV</td> <td>Available</td> <td>Herbicide</td> </tr> </tbody> </table>	Pesticides	Class	MSDS	Usage	Glyphosate Isopropylamine	III	Available	Herbicide	Dimethylamine Salt	II	Available	Herbicide (currently not in usage, but stock is available in the store)	Metsulfuron - Methyl	IV	Available
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growers are actively seeking to identify alternatives, and this is documented.				ICON 2.5 EC (Lambda – cyhalothrin)	III	Available	Insecticide
	4.6.3	Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. <i>Major</i>	Yes	At Sri Kamusan Estate, 2 Chemical stores are in place - 1 for storing fertilizers and 1 for storing Pesticides. The stores are equipped with showers, wash area and a PPE storage area. Adequate 'Safety Signage' has been placed in the store. An equipped 'Spill Kit' is in place, to handle any emergencies. Colour code is used to distinguish the 'Chemical Class'. No Class I chemicals are in use. There are 2 class II chemicals in use i.e. Ancome Amine 60 and Pestac. The remaining are class III and IV chemicals.			
	4.6.4	All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or explained carefully to them by a plantation management official at operating unit level. <i>Major</i>	Yes	At Sri Kamusan Estate, MSDS for chemicals used are in place, displayed at the store and available in BM & English. The following Awareness training provided: <ul style="list-style-type: none"> i) Safe Spraying Method – dated 7/2/2014 & 4/9/2013 – for 'Spray Gang', conducted by ESH officer. – Records verified. ii) 'Chemical Handling, PPE, MSDS & SSOP' – dated 16/10/2013 – for 'Store Keeper & Store Clerk' conducted by ESH officer – Records verified. iii) 'ERP – Chemical and Fertilizer Spillage' – dated 16/07/2014, for 'Executive Staff' - conducted by ESH officer – Records Verified 			
	4.6.5	Annual medical surveillance as per CHRA for plantation pesticide operators. <i>Major</i>	Yes	At Sri Kamusan Estate, CHRA was conducted in 12 th May, 2010 – CHRA Industrial Hygiene Services Sdn. Bhd Report Ref. No: DOSH / CHRA / SDK / MAY 126. – indicates - ' Medical Surveillance recommendation for workers directly handling Pesticide ' <p>Medical Surveillance carried out by a registered Occupational Health Doctor dated 26/08/2013. The Spraying Operators medical surveillance report reviewed was made available for verification.</p>			
	4.6.6	No work with pesticides for confirmed pregnant and breast-feeding women. <i>Major</i>	Yes	At Sri Kamusan Estate, no spraying activities during this period. <p>Pregnant and breast-feeding women are not allowed to work with Pesticides & Hazardous Chemicals. Medical Assistant (MA) checks and determine whether female workers are pregnant – check carried out on a Monthly basis.</p>			

	4.6.7	Documentary evidence that use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM. <i>Minor</i>	Yes	At Sri Kamusan Estate, Register of Chemical Hazardous to Health reviewed, there is no chemical from Type 1a or 1b or listed by the Stockholm or Rotterdam Conventions is used in the Estate. Sighted policy statement by Managing Director dated 14/08/2007 stating no use of 'Herbicide Paraquat'.
	4.6.8	Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities. <i>Major</i>	Yes	Aerial application of agrochemicals is not practiced at this CU.
	4.6.9	Evidence of chemical residues in CPO testing, as requested and conducted by the buyers. <i>Minor</i>	Yes	Chemical Residue testing at Sri Kamusan POM – carried out by independent laboratory dated 28 th May, 2013. Parameters tested Pesticides Residue, Trace metals – Results noted to be within control limit.
	4.6.10	Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) are maintained for either a minimum of 5 years or starting November 2007. <i>Minor</i>	Yes	At Sri Kamusan – Estate, pesticides consumption was recorded in "Chemical Usage Record" and monitored in a monthly basis. Summary of Monthly Chemical usage - Comparison unit usage per hectare was available. A slight increase in trend noted in the Active Ingredient (AI) usage / hectare. Pesticide consumption records are maintained since 2010. Retention period of records is 5 years.
C 4.7 An occupational health and safety	4.7.1	Evidence of documented Occupational Safety Health (OSH) plan which is in		

<p>plan is documented, effectively communicated and implemented.</p>		<p>compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Act139). <i>Major</i></p> <p><u>The safety and health (OSH) plan shall cover the following</u></p>		
	<p>a)</p>	<p>A safety and health policy, which is communicated and implemented</p>	<p>No</p>	<p>Sri Kamusan – Estate & POM Occupational Health & Safety Policy in place endorsed by the Group Plantation Head and the Group CSR Head. A qualified Safety and Health Coordinator has been appointed to oversee 'Health & Safety' programs within the organization.</p> <p>Sri Kamusan – Estate & POM Safety and Health Manual – 2nd Rev, 12/12/2011 endorsed by the Group Plantation Head and the Group CSR Head.</p> <p>Sri Kamusan – POM CHRA was conducted in 7th May, 2012 – Report Ref. No: ctcl/chra/07-05/12. CHRA recommendation Report is reviewed on a yearly basis taking into consideration the progress made in implementing the recommendation – last update 21/04/2014 version: 3. The next CHRA is being planned for 2016.</p> <p>Sri Kamusan – Estate CHRA was conducted in 12th May, 2010 – Report Ref. No: DOSH/CHRA/SDK/MAY 126. CHRA recommendation Report is reviewed on a yearly basis taking into consideration the progress made in implementing the recommendation – last update 10/04/2014. The next CHRA is being planned for 2015.</p> <p>Sri Kamusan – POM Chemical Exposure Monitoring Report, dated 11/06/2013 had been carried out. The report is reviewed on a yearly basis taking into consideration the progress made in implementing the recommendation – last update 20/04/2014 Version 2</p> <p>Medical Surveillance Report (Use and Standard of Exposure of Chemicals Hazardous to Health Regulations 2000) – d/d 23/04 203 carried out by – an authorised Occupational Safety and Health Clinic. Medical Surveillance carried out as per recommendation.</p> <p>Medical Surveillance Report Recommendation report is being reviewed as to their</p>

				<p>completion status – review sighted dated 10/4/2014 ver: 2</p> <p>Positive Noise Exposure Monitoring (under Factories and Machinery (Noise Exposure) Regulation, 1989. Report Ref no.: DOSH / Noise / SDK / (77) dated 13/05/2010. Recommendations provided were acted upon.</p> <p>Sri Kamusan – POM Audiometry Testing Programme (under Factories and Machinery (Noise Exposure) Regulation, 1989. Report Ref no.: ATP2013042301 dated 23/4/2013 – carried out by an authorised Occupational Safety and Health Clinic – Next testing planned for May, 2014 Recommendation is being monitored with respect to their current status of completion: Latest review carried out on 17/12/2013.</p> <p>Hearing Conservative Programme Committee (HCP) has been formed and list of workers working in areas where the noise level is > 85 dB has been identified and informed accordingly.</p> <p>Sri Kamusan – Estate Audiometry Testing Carried out for generator set operator. Audiometric Fitness Certificate dated 23/4/2014 an authorised Occupational Safety and Health Clinic was sighted. Audiometric Test results: No Permanent Standard Threshold Shift – Recommendation: Provide with Hearing Protector.</p> <p>During site review in Hibumas 2 estate it was noticed that a number of wheel bolts & nuts were missing from the wheels of tractor, No. TR11 and from the wheels of it trailer No. HO3, which was loading FFB at Block 19. Thus an NCR (STK 2) was issued.</p>
	b)	All operations have been risk assessed and documented.	Yes	<p>Sri Kamusan – POM HIRARC has been established dated 26/04/2013 with the latest review carried out in 15/2/2014 rev: 3. Operations have been risk assessed and documented. After the 'Sterilizer related Accident' the concern HIRARC was revised – sighted the relevant records.</p> <p>After the 'Sterilizer related Accident' the concern HIRARC was revised – sighted the relevant records.</p> <p>Sri Kamusan – Estate</p>

				<p>HIRARC has been established dated May/2013 with the latest review carried out in 15/2/2014 rev: 5. Operations have been risk assessed and documented. Latest amendment on aspects related to '<i>Penyemburan Racun Menggunakan Tangki Air semula</i>' – reviewed.</p>
	c)	<p>An awareness and training programme which includes the following specifics for pesticides:</p> <ul style="list-style-type: none"> i. to ensure all workers involved have been adequately trained in a safe working practices (See also C 4.8) ii. all precautions attached to products should be properly observed and applied to the workers. 	Yes	<p>Sri Kamusan – POM & Estate Training and Briefing provided for workers involved in accidents to educate them on safe working practices to ensure applicable precautions are adhered.</p>
	d)	<p>The appropriate personal protective equipment (PPE) are used for each risk assessed operation.</p> <ul style="list-style-type: none"> i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning. 	Yes	<p>Sri Kamusan – POM Based on the HIRARC carried out the PPE types for the various station are identified using the 'PPE usage form'. List of Personal Protective Equipment (PPE) Provided – identifies the type of PPE for the respective station. Verified for</p> <ul style="list-style-type: none"> i) Sterilizer station – Safety Helmet, Semi leather Hand Glove, Cotton Gloves, Safety Shoes, Safety Vest and Ear Muff. ii) Lab – Respirator (double Cartridge) Nitrile Glove (chemical penetration), safety boots, Ear plug. <p>Sri Kamusan – Estate Based on the HIRARC carried out the PPE types for the various station are identified using the ' PPE Distribution Records' The following verified:</p>

				<table border="1"> <tr> <td>Work Station</td> <td>PPE provided</td> </tr> <tr> <td>Sprayers</td> <td>Respirator, Nitrile Glove (Chemical Resistant) Goggles, Wellington Boots, Apron.</td> </tr> <tr> <td>Manuring</td> <td>Apron, Wellington Boots, Dust Mask</td> </tr> <tr> <td>Harvester</td> <td>Safety Helmet, Sickle Cover, Hand Glove. Wellington Boots</td> </tr> </table>	Work Station	PPE provided	Sprayers	Respirator, Nitrile Glove (Chemical Resistant) Goggles, Wellington Boots, Apron.	Manuring	Apron, Wellington Boots, Dust Mask	Harvester	Safety Helmet, Sickle Cover, Hand Glove. Wellington Boots
Work Station	PPE provided											
Sprayers	Respirator, Nitrile Glove (Chemical Resistant) Goggles, Wellington Boots, Apron.											
Manuring	Apron, Wellington Boots, Dust Mask											
Harvester	Safety Helmet, Sickle Cover, Hand Glove. Wellington Boots											
e)	The responsible person (s) should be identified.	Yes	<p>Sri Kamusan - POM Safety and Health Committee organization Chart available – rev 1, May 2013. With Workers and Management representation.</p> <p>Sri Kamusan – Estate Safety and Health Committee organization Chart available – Jan 2014. With Workers and Management representation.</p>									
f)	There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed.	Yes	<p>Sri Kamusan - POM Quartely Safety & Health Committee meeting held – chaired by Mill Manager, discussion on the following: i) Passing of previous minutes and arising matters. ii) Medical Assistant Report (Monthly Accident statistics) iii) Mill Inspection Report Verified the following Minutes: 17/3/2014, 20/12/2013, 25/10/2013 (verified held every 3 months once)</p> <p>Sri Kamusan – Estate Quartely Safety & Health Committee meeting held – chaired by Estate Manager, discussion on the following: i) Passing of previous minutes and arising matters. ii) Medical Assistant Report (Monthly Accident statistics) iii) Mill Inspection Report Based on the verification of meeting minutes which were conducted on 6/2/2014, 21/10/2013 and 4/7/2013, the safety agenda was adequately discussed and the meeting met the required frequency of once in every 3 months.</p>									
g)	Accident and emergency procedures should exist and instructions should be clearly understood by all workers.	Yes	<p>Sri Kamusan - POM Emergency Response Plan (ERP) – revised in 25/04/2013 rev: 2 The following addressed: Incident reporting, Bund Breakage, Suicide Attempt & prevention, Bush Fire, Fire Breakout in Mill, Chemical spillage, Flood, Poisoning,</p>									

				<p>Workplace and Violence.</p> <p>Fire drill – A night drill was carried out dated 12/2/2014 time: 9.00 p.m. till 9.20 p.m. The evacuation time motion was recorded.</p> <p>The use of Permit to Work in Confined space (PTW CS) to inform external Contractors of the Safe practices and precautions to be adhered.</p> <p>Sri Kamusan - Estate Emergency Response Plan (ERP) – revised in 30/09/2013 The following addressed: Incident reporting, Injury Illness Requiring Medical Attention, Suicide Attempt & prevention, Bush Fire, Chemical and Fertilizer spillage, Flood, Poisoning, Workplace and Violence.</p> <p>Fire drill – A day drill was carried out d/d: 15/4/2014 time: 3.45 p.m. till 4.00 p.m. The evacuation time was monitored: 3.5 minutes. Drill supervised by: ESH Officer. Safety briefing provided by ESH Officer.</p>
	h)	Workers trained in First Aid should be present in both field and mill operations.	Yes	<p>Sri Kamusan – POM A trained first aider is available. Internally trained First Aiders by Medical Assistant – 5 staff from various station have been trained. Sighted the following ‘First Aid Training’ Provided - carried out for office, Lab and Mill operators – ‘Injury & Bleeding’ handling – dated 17/4/2014 – conducted by medical Assistant.</p> <p>Sri Kamusan – Estate Estate Clinic maintained – Sri Kamusan Mill and Estate Clinic managed by a Medical Assistant – licensed by Jabatan Kesihatan Negeri Sabah ‘Estate Dresser as per Dresser (Licensing) Ordinance 1928 (JKN (SB) / 1201 / 93 / Jld. dated 13 / 2/2014. License Validity: 1st Jan – 31st Dec, 2014.</p> <p>15 First Aiders have been trained, their name List reviewed. – the following training records sighted: i) ‘First Aid Training & Emergency treatment’ – dated 19/02/2014 – Conducted by Medical Assistant. ‘Training Basic First Aid’ – dated 28/4/2014 – Conducted by Medical Assistant.</p>
	i)	First Aid equipment should	Yes	Sri Kamusan – POM

		be available at worksites		<p>First Aid Kit is maintained in 6 work stations identified in '<i>Nama-nama yang mengendalikan Peti Pertolongan Cemas</i>' and '<i>Pelan laluan Kecemasan</i>'. The First Aid Kits were checked on a monthly basis and replenished, the latest check carried out on – 14/04/2014 by Medical Assistant.</p> <p>Sri Kamusan – Estate First Aid Kit' is maintained with 15 custodian identified in '<i>Nama-nama yang mengendalikan Peti Pertolongan Cemas</i>'. The First Kit are checked on a monthly basis and replenished, the latest check carried out on – 24/04/2014 by Medical Assistant.</p>
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	4.7.2	Records should be kept of all accidents and periodically reviewed at quarterly intervals. <i>Major</i>	Yes	<p>Sri Kamusan – POM Accident statistics are being maintained and periodically reviewed (quarterly basis) during 'Health and Safety' committee meeting – minutes reviewed. Accident free days without loss of Man-days – 413 days 2013 statistics.</p> <ul style="list-style-type: none"> i) Last Accident with 'loss Man – Days' 18/3/2013 – loss man-days – 15 days – JKKP 6 raised on the 19/03/2013. ii) Last Accident without 'loss Man – Days' 5/4/2013 – Internal Investigation carried out – cause investigation carried out – corrective action initiated. <p>JKKP 8 raised on 20/1/2014 – 2 Accidents recorded for 2013 2014 Statistics</p> <ul style="list-style-type: none"> i) Last Accident without 'loss Man – Days' 13/2/2014 – Internal Investigation carried out – cause investigation carried out – corrective action initiated. <p>Weekly Cleanliness check carried out and reported by – Medical Assistant. Concerns are identified and appropriate actions initiated. The following records verified: 23/4/2014, 15/4/2014, 11/4/2014, 27/3/2014.</p> <p>Visiting Medical Officer (VMO) Monthly Report - verified the following records: 7/3/2014, 16/1/2014 and 11/09/2013.</p> <p>Sri Kamusan – Estate Accident statistics are being maintained and periodically reviewed (quarterly basis) during 'Health and Safety' committee meeting – minutes reviewed. Accident free days without loss of man-days – 814 days</p>
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				<p>2012, 2013 & 2014 statistics. 2013 to 2014 to date - No Accident with loss of Man-days.</p> <p>ii) Last Accident with 'loss Man – Days' 14/2/2012 – loss man-days – 5 days – JKKP 6 raised on the 17/02/2012.</p> <p>iii) Last Accident without 'loss Man – Days' 5/4/2013 – Internal Investigation carried out – cause investigation carried out – corrective action initiated. JKKP 8 raised on 13/1/2014 – Accidents recorded for 2013.</p> <p>2014 Statistics – to date 2 Accidents without loss of Man-days recorded. Last Accident without 'loss Man – Days' 25/2/2014 – 'Thorn prick at wrist' - Internal Investigation report can be further improved.</p> <p>Weekly Cleanliness check carried out and reported by – Medical Assistant. Concerns are identified and appropriate actions initiated. The following records verified: 23/4/2014, 15/4/2014. 11/4/2014, 27/3/2014.</p> <p>Visiting Medical Officer (VMO) Monthly Report - verified the following records: 9/4/2014, 7/3/2014 and 17/2/2014.</p>
	4.7.3	Workers should be covered by accident insurance. <i>Major</i>	Yes	<p>Sri Kamusan - POM Local Workers – covered by SOCSO Verified through “<i>Jadual Caruman Bulanan</i>” March & April 2014.</p> <p>Foreign Workers – covered by Workmen Compensation provided as per Compensation Act 1952 – through ACE Jerneh Insurance Berhad – policy No.: KK – W0363409 – WWF – expiry date: 31/12/2014.</p> <p>Sri Kamusan – Estate Local Workers – covered by SOCSO Verified through “<i>Jadual Caruman Bulanan</i>” Jan & Feb 2014.</p> <p>Foreign Workers – covered by Workmen Compensation provided as per Compensation Act 1952 – through ACE Jerneh Insurance Berhad – policy No.: KK – W0369999 – WWF – expiry date: 31/12/2014.</p>
C 4.8 All staff, workers, smallholders and	4.8.1	A training programme (appropriate to the scale of the organization) that	Yes	From the random interview with sprayers, workers applying fertiliser and harvesters it was established that they were regularly trained and were found to be aware of safety standards and SOPs.

<p>contractors are appropriately trained.</p>		<p>includes regular assessment of training needs and documentation, including records of training for employees are kept. <i>Major</i></p>	<p>Sri Kamusan POM had listed out social training for Women & Children’s Committee for 2014 such as Briefing on Health and Sexual Harassment which will be conducted in May and August 2014. Other training that had been conducted was RSPO Principles & Criteria Training & Capacity Building on Social and Labor Standards for Wilmar on 10-11 February 2014. The training had briefed participants on the (1) Global trends and issues on social responsibility in the palm oil industry, (2) RSPO Principles and Criteria on Labor: identifying risks and developing controls, (3) Business Ethics & Human Rights, (4) Principles of FPIC and etc.</p> <p>Briefing on Sexual Harassment at work place had been conducted on 12-15 August 2013 and 24 April 2014 at the Jebawang Estate. While, Sekar Imej Estate had been conducted briefing on ‘Sexual harassment at workplace, family abuse and child abuse’ on 16 April 2014 for staffs and workers. Briefing on ‘SSOP Creche Ayah’ at the Humana School had been conducted on 20 March 2014 for childcare taker, parents and women and child committee.</p> <p>Sri Kamusan – POM (Safety and environment related Training) 2014 – Training Schedule sighted – Approved by Sr. Mill Manager</p> <ul style="list-style-type: none"> i) ‘PPE use’ Training – dated Jan, 2014 – Internally Conducted by Management for all relevant workers – sighted training records ii) ‘Chemical Handling’ – dated 24/2/2014 – Internally conducted by management for Lab workers – sighted training records. iii) Confine Space Competent Space – dated 8-9/ 03/2014 – Conducted by NIOSH – attended by Mill Manager, Fitter, Electrician, Boiler Chargeman – Pending Certificate. iv) ‘Accident Investigation Reporting’ – dated 11- 12/ 03/2014 - Conducted by GISM attended by Mill Engineer, Production Supervisor – Certified – Sighted records. v) Scheduled waste handling - last conducted on 4/6/2012 – by the Safety Officer, attended by Purchasing Clerk and Store Clerk. <p>Sri Kamusan – Estate (Safety related Training) 2014 – Training Schedule dated 14/02/2014 sighted – Approved by Estate Manager.</p> <ul style="list-style-type: none"> i) ‘SSOP for Harvesting’ – dated 16/4/2014 – Internally Conducted by Management for all relevant workers – sighted training records ii) ‘Safety & Cleanliness of Crèche’ – d/d: 14/4/2014 – Internally conducted by Medical Assistant for ‘Crèche Ayyahs & Parents’ – sighted training records. iii) ‘Accident Investigation & Reporting’ – d/d: 11 - 12/ 03/2014 – Conducted by GISM – attended by Assistant Managers – Pending Certificate.
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				'SSOP for Slashing' – d/d: 6/ 05/2013 - Conducted by ESH officer attended by Slashing Workers. – Sighted records.
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Principle 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Clause	Indicators		Comply Yes/No	Findings
C 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.	5.1.1	Documented aspects and impacts risk assessment that is periodically reviewed and updated. <i>Major</i>	No	<p>Identification environmental aspect and impact at Sekar Imej Estate was done by engaging a consultant (Ekohandal Sdn. Bhd.) to carry out EIA in November 2007. Report is dated 14/2/ 2008 which entitled "Proposed Oil Palm Plantation Development at Sekar Imej Estate in Paitan, Beluran, Sabah". The report has been approved by the Sabah's EPD on 4/6/2008 [(ref.: JPAS/PP/02/600-1/11/1/43(29)]. Among the environmental aspect and impact identified are:</p> <ol style="list-style-type: none"> 1) Soil erosion and water quality 2) Biomass disposal 3) Ecological Impacts 4) Human settlement Impacts 5) Usage of agrochemicals 6) Hazardous materials disposal 7) Abandonment <p>The mitigation measures for the above environmental aspects were recommended by the consultant and can be seen in the EIA report. The recommendation then translated onto the estate's management action plan and reviewed during meeting from time to time. Most of the action plans were adequately implemented. The same consultant was appointed to conduct the evaluation of compliance against the conditions stipulated in the approval letter of the EIA once in four months (see Indicator 2.1.1).</p> <p>A transportation contractor has been allowed by the CU to set up their workshop, store and workers line-site inside Sekar Imej Estate premise. However, there was no documented aspect and impact risk assessment established on their activities with regards to safety & environment. It was noted that scheduled wastes was not handled in accordance to regulations, no mitigation measure in case of diesel spillage from skid tank, Written Approval from the DOE for generator set was not evident, Certificate of Fitness for air compressor was not evident, all of the fire extinguishers (9 units) have expired and lack of safety & environment awareness in the facility e.g. no safety signage, poor housekeeping etc. Therefore, an NCR VS 02 was assigned due to this</p>

				<p>lapse.</p> <p>At Sri Kamusan POM, identification of environmental aspect and impact was done by its own staff. Mitigation measures were established thereafter. Among the environmental aspects identified by the mill are:</p> <p><u>Air pollution:</u></p> <ol style="list-style-type: none"> 1) Dark smoke from boiler. Mitigation: dust collector, boiler preventive maintenance (last done April 2013), monitoring emission parameters, 2) Smoke from generator set. Mitigation: preventive maintenance on engine room <p><u>Water pollution:</u></p> <ol style="list-style-type: none"> 1) Scheduled wastes generation from accidental spillage like machinery 2) Leachate from EFB stockyard. Mitigation: construction of bund (retention wall) 3) Waste water discharge from ETP – tertiary ETP installation, desludging (last done January to March 2014, permit [ASSH(B)31/152/000/158 Jld 7(14)] granted in 22/11/2013, completion report has been submitted on 2/4/2014 [SKPOM/ADM/17/13/016] 4) Land irrigation – accidental overflow due to heavy rain. Mitigation: Frequent checking by staff of the drainage system. If there is any blockage found, machinery is ready to relieve. <p><u>Soil contamination:</u></p> <ol style="list-style-type: none"> 1) Scheduled wastes generation – Mitigation: to be handled in accordance with EQA regulations. <p>Although GHG emission has yet to be captured in the EAI of ETP activities, PPB Oil Palms Bhd. has commence the operation of bio-gas plant at two of its palm oil mill i.e. Sapi POM and Saremas 1 POM. This operation will be gradually implemented at other mills later on.</p>
	5.1.2	Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. <i>Minor</i>	Yes	<p><u>Sekar Imej Estate</u> Sekar Imej has developed a management plan and being reviewed once a year. Latest review was for 2014. The contents were tally with the recommendation from an EPD's authorised consultant.</p> <p><u>Sri Kkamusan POM:</u> Following up with the EAI, mitigation measure is defined. Normally, mitigation measures are in the form of SSOP, WI in ensuring proper operational control.</p>
C 5.2 The status of rare,	5.2.1	Identification and assessment of HCV habitats	Yes	As reported in the previous surveillance audit, a report on HCV sites within the CU had been prepared. The High Conservation Value Assessment Report, which was

<p>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.</p>		<p>and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings. <i>Major</i></p>		<p>completed in September 2010, had identified HCV sites for each of the six estates. A public consultation was held on 29 June 2010 where 8 members of the local communities were represented in the meeting to discuss the findings in the report. An Action Plan for HCV Report was also prepared.</p> <p>Specific sites had been identified in each of the estate for protection of their high conservation values. Sites with external HCV1, HCV3, HCV4, and HCV6 had been identified. There are no ERTs species found in Sri Kamusan CU during the assessments.</p> <p>Maps demarcating these HCV sites had also been prepared. The audit team had inspected the sites protected in the Hibumas 1 Estate, Hibumas 2 Estate, Jebawang and Sekar Imej Estates. It was observed that signage had been erected in all these HCV sites indicating the classes and that no activity was permitted in these areas.</p> <p>For HCV3, the various ecosystems had been protected in the estates. The flood plain that had been demarcated as HCV site in the Hibumas 1 and Hibumas 2 Estates had been inspected and found marked on maps and demarcated on ground. This flood plain was part of the larger ox-bow lake system of the Sg. Sugut.</p> <p>The most common were sites classified under HCV4 for soil erosion control and water protection owing to the hilly terrain of all the estates. It was observed that all the steep areas had been left protected with no planting activities allowed.</p> <p>Areas with religious sites and rituals as well as cultural events were identified as in the Hibumas 1 Estate where a site with a dead tree that was believed to be a sacred area had been marked as HCV 6.</p> <p>On the landscape level, the Hibumas 1 Estate has the Class V Bonggaya-Labuk Mangrove Forest on its eastern boundary which formed the protective belt for the coast line. The identified HCV site formed by seasonal Perupok Swamp Forest in Hibumas 1 Estate is also part of the surrounding freshwater swamp forest.</p>
	5.2.2	<p>Management plan for HCV habitats (including ERTs) and their conservation. <i>Major</i></p>	Yes	<p>A summary of management actions had been proposed in the HCV Assessment Report. HCV Monitoring Management Action Plan had been written for each estate. Both documents were examined during the assessment.</p> <p>Records on monthly monitoring was verified during the audit. The latest monthly records for HCV monitoring were conducted on 19 April 2014 at Hibumas 1, 21 April 2014 at Hibumas 2 Estate and February 2014 at Sekar Imej Estate.</p>

				No any ERTs were recorded at Hibumas 1 & 2 and Jebawang Estate. However, the foot print believed from Clouded Leopard (Harimau Dahan) was found in Sekar Imej Estate during the monitoring. This species was classified Totally Protected Species of Animals and Plants in Schedule 1, Wildlife Conservation Enactment 1997. The Sri Kamusan CU had planned to conduct a consultancy with Wildlife Department regarding this finding.
	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. <i>Minor</i>		It was observed that signage had been erected at each estate to ban hunting. The entrances to each estate had gates and manned by guards. Regular patrols had been conducted and reported on the protection of these HCV sites. Training on HCV awareness was conducted on 20 March 2014. The staff and workers were also consulted on this and they were aware of the responsibility to protect endangered, rare and threatened species of forest flora and fauna in their areas. There were also posters put up at all estates offices.
C 5.3 Waste is reduced, recycled, re-used and disposed off in an environmentally and socially responsible manner.	5.3.1	Documented identification of all waste products and sources of pollution. <i>Major</i>	Yes	<p><u>Sekar Imej Estate:</u> Identified recyclable wastes are plastic (from household, inner-layer of fertilizer bags), paper (from office & household) and metal (from workshop & household) sent to recycle centre.</p> <p>Records sighted of waste sent to recycle centre: Empty chemical containers – sold to a recycle centre on 28/4/2014, quantity 80 kg Plastic bottles – sold to recycle centre on 22/11/2013, quantity 48.5 kg + 62.2 kg of empty containers + 79.3 kg of scrap iron & aluminium.</p> <p><u>Sri Kamusan POM:</u> Identified recyclable wastes: paper, plastic bottles and scrap iron. Last sent to the recycle centre was on 31/2/2012 Scrap irons frequently sent to recycle centre. Last was on 22/4/2014 with a quantity of 3.51 mt.</p>
	5.3.2	Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. <i>Minor</i>		Recyclable wastes collection centres were prepared at both Sekar Imej and Sri Kamusan POM. Wastes segregation was done for domestic wastes to collect the recyclable ones.
	5.3.3	Evidence that crop residues / biomass are recycled (Cross	Yes	<u>Sri Kamusan POM:</u> 80% of EFB are sent to the estate for mulching.

		ref. C 4.2). <i>Minor</i>		<p>10% to composting plant. 10% sold to a power plant company.</p> <p>Records of shell and fibre used for boiler fuel are available – recorded monthly. 100% of fibre & 54% of shell from their total production is used for boiler. In 2013: Shell (7,517.146 mt used in boiler from 13,920.64 mt produced), Fibre (40,691.101 mt being produced and used). The balance of the shell is sent to a palm oil refinery's power plant.</p> <p>Pruned Fronds were stacked in the field to decompose naturally. Palms that are felled will be shredded, windrowed and left to decompose in the field. In addition EFB mulching were carried out on a limited scale, due to distance from the mill, in order to recycle crop residues.</p>
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C 5.4 Efficiency of energy use and use of renewable energy is maximized.	5.4.1	Monitoring of renewable energy use per tonne of CPO or palm product in the mill. <i>Minor</i>	Yes	<p>Two units of solar panel were provided to supply power to security guard house at Sekar Imej Estate</p> <p>Recorded in 2013 by Sri Kamusan POM: total of fibre & shell used , total CPO produced and renewable energy produce.</p>
	5.4.2	Monitoring of direct fossil fuel use per tonne of CPO or kW per tonne palm product in the mill (or FFB where the grower has no mill). <i>Minor</i>	Yes	<p><u>Sekar Imej Estate diesel usage:</u> Records of diesel consumption in lt per mt FFB for 2013 to April 2014 were available for verification. Diesel usage was mainly from light vehicle, tractors, machinery, generator set, etc. (e.g. staff transport).</p> <p><u>Sri Kamusan POM diesel usage:</u> Records of diesel consumption in lt per mt CPO for 2013 to April 2014 were available for verification.</p>
C 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	5.5.1	No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003. <i>Major</i>	Yes	No evidence of open burning observed at Sekar Imej Estate and Sri Kamusan POM.
	5.5.2	Previous crop should be felled/mowed down, chipped/shredded, windrowed or pulverized/	Yes	The estates adhered to the policy as per the Agricultural Manual and SSOP which advocates zero burning and all previous crop should be felled, chipped/shredded, shredded, windrowed and left to decompose.

best practice.		ploughed and mulched. <i>Minor</i>		
	5.5.3	No evidence of burning waste (including domestic waste). <i>Minor</i>	Yes	Domestic waste landfill at Sekar Imej was visited and no evidence of waste being burnt observed.
C 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	5.6.1	Documented plans to mitigate all polluting activities (Cross ref to C 5.1). <i>Major</i>	Yes	<u>Sekar Imej Estate:</u> Based on GHG calculation (method: ENZO ₂) for actual emission was 76.0 g CO ₂ eq/kg FFB for the period of July 2012 to June 2013. No management plan to reduce because the current figure is within the regulated limit by EU i.e. 123 g CO ₂ eq/kg FFB. Highest for the same period for this CU was 151.3 gCO ₂ eq/kg FFB, which is from Sapi Sugut Estate. Therefore, default value was used. The value then brought to the mill, and mill GHG was 1,026 kg CO ₂ /mt CPO. No management plan to reduce because the current figure is within the regulated limit by EU i.e. 1,190 kg CO ₂ /mt CPO. <u>Sri Kamusan POM:</u> Based on GHG calculation (method: ENZO ₂) for 1026 kgCO ₂ /mt CPO (data from July 2012 to June 2013). Management plan is still in progress, mainly focusing on bio-gas plant installation. As at now, in PPB Group, only Sapi and Saremas 1 POM are having the plants and will be followed by other mills later.
	5.6.2	Plans are reviewed annually. <i>Minor</i>	Yes	Refer to 5.1.1
	5.6.3	Monitor and reduce peat subsidence rate through water table management. (Within ranges specified in C 4.3). <i>Minor</i>	Yes	Hibumas 2 Estate, Sekar Imej Estate and Sapi Sugut Estate have no peat soil. Soil map is available to support this which produced by Param Agricultural Soil Surveys in a soil analysis report.

Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators	Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill	I 6.1.1 A documented social impact assessment including records of meetings. <i>Major</i>	Yes	The SIA report entitled "Impact Assessment for Sugut Region Estates (PPB Oil Palms Berhad), Beluran, Sabah, Malaysia – Sri Kamusan Estate and Mill Social Impact Assessment Report" was prepared in October 2010 by a consultant, Malaysian

<p>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.</p>			<p>Environment Consultants Sdn Bhd, assisted by the CU's management is still the basis for managing social issues in the Sri Kamusan CU. The previous audit reported that the Report was prepared with the participation of the relevant stakeholders, such as authority department and neighbouring villages communities; Beluran District Office, Beluran Forest Department, Agriculture Department, Kg. Mononod, Kg Kaibuton, and etc.</p> <p>This assessment was conducted with full consultation with all the 6 communities living within the vicinity of the estates. In the SIA reports, records of meetings with stakeholders including types of stakeholders, target groups and dates of consultations were documented.</p> <p>The contents of the SIA reports included data collection method, general description of Sabah, its people and the study area, basic socio-economy of local communities, stakeholder analysis and sampling methodology, findings of the assessment, views and aspirations of stakeholders, gender and marginalised group analysis, swot analysis.</p> <p>Among the raised issues by local communities, staffs and workers were road maintenance, deduction of OER, transportation for school children and work opportunities for local communities. The workers, on the other hand, raised concerns on the housing conditions, conditions of the crèche and etc.</p> <p>Records of meetings conducted by Sekar Imej Estate (<i>Minit Mesyuarat Pihak-pihak Berkaitan dengan Stakeholders bagi Membincangkan Isu Keselamatan</i>) with five external stakeholders on 25 April 2014 were presented. The issues discussed included transportation of goods, role of security guards, registration of vehicles and briefing on RSPO, HCV and riparian zone. The last meeting for SIA Action Plan Management Meeting review was held on 29 April 2014 in Sekar Imej Estate, 5 May 2014 in Sri Kamusan POM and 22 April 2014 in Jebawang Estate.</p> <p>Minutes of meetings for SIA Management Action Plan showed that the SIA Action Management Plan was discussed and reviewed. The revised SIA Management Action Plan 2014 comprised of internal and external consultations. For example Sekar Imej Estate has listed out 11 issues from internal stakeholders, 2 from smallholders & 2 from external stakeholders. Among the issues raised from the SIA Management Action Plan generally on housing, education, healthcare, recreational facilities, cost of living, amenities (worship), wages & working conditions, health & safety, environment, social engagement with local communities, and enhancement of wildlife management.</p>
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				<p>The assessment team had held separate meetings with the representatives of the affected villages, NGOs, and government agencies. Records of these meetings including photographs of attendees and minutes were examined. The CU had created employment opportunities and economic spin-offs in the local economy.</p> <p>Workers and staff had been provided with free furnished accommodation, free water supply and electricity, and free basic medical care. Other amenities provided were Humana schools for children of foreign workers, regulated transportation to place of work and town and transportation of children to school.</p>
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	I 6.1.2	Evidence that the assessment has been done with the participation of affected parties. <i>Major</i>	Yes	<p>Representatives from villager's communities, namely Kg. Tapat, Kg. Linayukan and Kg. Sungai-sungai that lived within and surrounding Hibumas2/Jebawang Estate have participated in the assessment. The inputs from the participants were incorporated in the 'SIA Management Action Plan'.</p> <p>These included internal stakeholders (plantation workers, staff and dependents): in depth interviews, focus group discussions, field discussions. External stakeholders (contractors, suppliers, adjacent plantations, government agencies and others, village): dialogue, focus group, in depth interviews, field walk and observation).</p>
	I 6.1.3	A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary. <i>Minor</i>	Yes	<p>A number of stakeholders' consultations were held by the CU to gather inputs in the process of reviewing and updating the SIA Management Action Plan 2014. As example for Sekar Imej Estate, Kg. Mononod & Kg. Kaibuton, Sykt. Pertanian Koon Siah, staffs and field workers had attended several of stakeholders meeting which had been separated by target group such as</p> <ol style="list-style-type: none"> 1) contractors and suppliers 2) villagers 3) staffs and workers 4) government agencies 5) neighbouring estates 6) women and children <p>There were 15 issues raised from the stakeholders meeting for 2014 for Sekar Imej Estate which covered all issues which had been raised from</p> <ol style="list-style-type: none"> i) <i>Minit mesyuarat pihak-pihak berkaitan dengan stakeholders bagi membincangkan isu hal-hal keselamatan</i> (Stakeholders consultation meeting on the safety issues with contractors and suppliers, government agencies, adjacent estates and other external stakeholders)

				<ul style="list-style-type: none"> ii) <i>Minit mesyuarat penilaian surat perjanjian & persefahaman bersama penduduk Kg. Kaibuton, Kg. Mononod mengenai hal-hal berkaitan dengan tanah</i> (Stakeholders consultation with local communities on land issues) iii) <i>Minit mesyuarat jawatankuasa kebajikan dan social</i> (Welfare and social meeting with staffs and workers) iv) <i>Minit mesyuarat ahli jawatankuasa wanita dan kanak-kanak</i> (Women and children meeting) <p>Among the issues raised for Sekar Imej Estate as listed below:</p> <ol style="list-style-type: none"> 1. Houses to small and insufficient allocation of houses to workers 2. Lack of awareness of the importance of education amongst local communities 3. No place of worship in the estate 4. Boundary marking between local communities 'land' and Sekar Imej Estate was not visibly maintained <p>SIA Management Action Plan 2014 for Sekar Imej Estate for above issues:</p> <ol style="list-style-type: none"> 1. Completed 19 blocks of houses. Budgeted 2014 – adding 8 blocks 2. Official invitation to Education Department to give an awareness talk 3. To construct chapel and surau in the estate 4. To conduct boundary marking at Kg. Kaibuton & Kg. Mononod <p>The SIA Management Action Plan for 2014 will be monitored, reviewed and updated by Sekar Imej Manager.</p>
C 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.	I 6.2.1	Documented consultation and communication procedures. <i>Major</i>	Yes	<p>The previous audit has reported in some details the consultation and communication procedures used by the CU in handling internal and external communications. The document concerned is labelled as Document No 'RSPO 6.2- Consultation and Communication Procedure' which was prepared by the RSPO Unit of PPB Oil Palms Bhd.</p> <p>The CU has continued to use internal communication techniques, such as morning assemblies, notice boards and posters, suggestion boxes and complaint forms. External communication has been effected mainly through mail correspondence. Also, the CU has started to use the Stakeholders Meeting to serve as a forum to discuss issues of interest to the mills, estates, local government agencies and local communities (villagers).</p> <p>Generally, the CU has abided by its procedures in responding to internal and external communications. Evidence of compliance can be observed in the various files of correspondence, particularly with government agencies.</p>

	I 6.2.2	A nominated plantation management official at the operating unit responsible for these issues. <i>Minor</i>	Yes	The mill manager has been appointed by General Manager dated 25 April 2013 to handle communication matters for Sri Kamusan POM. For Jebawang Estate, the Senior Estate Manager has been nominated to be in-charge of the consultation and communication with internal and external parties. While for Sekar Imej Estate, two Assistant Managers have been appointed by the Estate Manager as persons in-charge of communication with stakeholders started on 20 February 2014.
	I 6.2.3	Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders. <i>Minor</i>	Yes	<p>The estates/mills continued to maintain stakeholder lists which comprised of government agencies, contractors/suppliers (including FFB suppliers for mills), neighbouring estates and local communities.</p> <p>At the Sri Kamusan POM, the stakeholders list has been updated on 21 February 2014. Example of stakeholders for Sri Kamusan POM included village head (<i>Ketua Kampung</i>) of Kg. Tangkangit, local communities, smallholders and contractor for boiler maintenance.</p> <p>In the case of Sri Kamusan POM, for example, 89 materials suppliers, 165 FFB suppliers (including smallholders), 6 villagers communities, 21 government agencies, 2 schools, 2 contractors, 2 insurance companies, 1 scheduled waste companies, and 3 panel doctors were listed in the stakeholders list. There were no changes on stakeholders list until 21/2/2014.</p> <p>Evidence of communications, complaints, grievances, disputes etc. with internal and external stakeholders could be tracks in the stakeholders meeting files which kept by the estate/mill. Files on external communication were kept according to the agencies or parties communicated, for examples, Department of Safety and Health, and Department of Environment, and so forth. And, records of action taken had been highlighted in the SIA Management Action Plan.</p>
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	6.3.1	Documentation of the process by which a dispute was resolved and the outcome. <i>Major</i>	Yes	In the event of a dispute, the CU will manage it through the "Dispute and Grievances Procedure" (Document PPB/RSPO 6.3(2.2)/(1)). The procedure starts with the receipt of complaint from any party, its investigation, proposed solutions and acceptance of the solutions or otherwise. If the proposed solution was rejected, the dispute will be brought for third party arbitration. Grievance or dissatisfaction and request for services on the part of the employees can be conveyed through the " <i>Borang Aduan (Complaints Form)</i> "- Document RSPO/C6.3(01)/0111 and the " <i>Borang Permohonan (Request Form)</i> "- Document RSPO/C6.2(00)/0611. PPB Oil Palms Berhad also had established a standard operating procedure on 'Grievances and Complaint (SOP-CC).
	6.3.2	The system resolves	Yes	The CU reported that in the past there had not been any disputes, in any form. The

		disputes in an effective, timely and appropriate manner. <i>Minor</i>		domestic inquiry files were examined to find out whether or not the decisions of the panels of the enquiry had been contested. However, there was none. The workers interviewed also reported that no dispute had taken place in the CU. Housing complaints from the workers have been handled quite satisfactorily by the estate/mill. Interviews with workers revealed that they were quite happy with the policies of the estates pertaining to wages, jobs, housing, water, electricity, children education and clinic services.
	6.3.3	The system is open to any affected parties. <i>Minor</i>	Yes	Sri Kamusan POM, Jebawang Estate and Sekar Imej Estate have welcomed any complaints and grievances from their stakeholders through complaints form, grievances form, PIR form, stakeholders meeting and Woman & Children Committee meeting. So that, they can received any opinion or suggestion in order to improve their social responsibilities to all stakeholders.
C 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.	6.4.1	Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation. <i>Major</i>	Yes	In the event of cases involving the loss of customary land rights, the estate will manage them using the procedure entitled "Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation". Essentially, the procedure described how to check for legal status of the lands in question and laid out the criteria in deciding who should be compensated and the amount of compensation. Based on this audit, there was no issue of land claims involving the estates and mills.
	I 6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land. <i>Minor</i>	Yes	Since last audit, there was no claim for compensation made against Sri Kamusan POM, Jebawang Estate and Sekar Imej Estate by the local communities. If there were any cases related to compensation, the procedure for calculating and distributing fair compensation would be carried out at the company level as stated in their standard operating procedure 'Dispute and Resolution Procedure' – RSPO 2.2.
	I 6.4.3	The process and outcome of any compensation claims is documented and made	Yes	There was no issue raised related to the compensation claims.

		publicly available. <i>Minor</i>		
C 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.	I 6.5.1	Documentation of pay and conditions. <i>Major</i>	Yes	<p>Contracts of employment both for foreign and local workers were examined at the Sri Kamusan POM, Jebawang Estate and Sekar Imej Estate.</p> <p>The local workers contract states the monthly salary, working days, allowance, overtime, annual leave, public holidays, medical benefits, income tax and contributions to SOCSO. While for foreign workers, the contract states contract period, wage rate, working days and working hours, overtime, public holidays, house accommodation, medical benefits, sick leave, annual leave, insurance and.</p> <p>The pay slips of a few workers were also seen at each estate/mill and each one was found to show correctly their monthly earnings. The monthly pay also conformed to the requirements of the Minimum Wages Order 2012 which specify that the basic pay should not be less than RM800.00 per month or RM30.77 per day had been verified by auditor.</p>
	I 6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit. <i>Minor</i>	Yes	<p>The employment contract is in Bahasa for foreign workers and English for local workers. However, the pay slip is in English and its computations are quite complicated. The CU has already explained the payslip to the workers and has displayed the translation of payslip in Bahasa at the estates and mill noticeboard. Sample of employment offer letter for local worker and employment contract of foreign worker had been verified by auditor which stated the working hours, employee provident fund (for local only), annual leave, medical benefits and sick leave, insurance scheme, retirement, and etc. During interviewing the local workers and foreign as mentioned in 6.5.1, they were understood the content of their contract of employment and payslip statement.</p>
	I 6.5.3	Growers and millers provide adequate housing, water supplies, medical, educational and welfare	Yes	<p>The CU still maintains its policies on housing, water and electricity supply as reported in the previous audit where electricity and water consumption were subsidized. Religious, medical, educational - Humana School and child care facilities – Creche Ayah are still offered as before. Any maintenance and service for housing and facilities can be</p>

		amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). <i>Minor</i>		<p>requests from mill and estates management with free of charge. During interview with foreign field workers at the Sekar Imej Estate, they were really satisfied with the accommodation and other facilities that provided by the estate to them.</p> <p>Housing inspections are carried out by members of the health and safety committee as required by Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). For example, at the Sekar Imej Estate, the Medical Assistant has monitored and inspected by weekly at the line site, Creche Ayah, Humana School, Koperasi Land, Aktif Kukuh, Sekar 3 & Sekar 4. She has reported sanitation inspection checklist to estate manager for information and actions, if necessary. As an example, line site inspection has been carried out on 3 April 2014, 10 April 2014, 16 April 2014 & 22 April 2014. She has done an inspection at the main drains, housing area, garbage bins & rubbish, chicken coops, chemical contaminated container, sharp tool or PPE, and health of children. Visits made to the overall environment, housing area, and Creche Ayah show that the houses and their environment are in respectable conditions.</p>
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C 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.	6.6.1	Documented minutes of meetings with main trade unions or workers representatives. <i>Major</i>	Yes	<p>As reported in previous audit, the workers are not unionised. However, workers' representatives have been appointed as members of the Social and Welfare Committee in the estates and mill. Through this committee, the workers' issues both from local and foreign staffs and workers were brought to the attention of the management.</p> <p>At the Sri Kamusan POM, Welfare and Social Committee has met on 30 January 2014 and Women and Children Committee met on 28 March 2014. While for Sekar Imej Estate, Welfare and Social Committee has met on 25 April 2014 and Women and Children Committee met on 8 March 2014.</p>
	6.6.2	A published statement in local languages recognizing freedom of association. <i>Minor</i>	Yes	An official published statement in Bahasa Melayu and languages understood by the workers recognizing freedom of association was made available and being exhibited in public places at all estates/mill. The statement reads, among others, that the workers are allowed to join any registered organizations or associations and also foreign workers are not allowed to hold any positions in the organizations or associations. The workers whom were consulted had confirmed that they were aware of their rights to join a union.

<p>C 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.</p>	<p>6.7.1</p>	<p>Documented evidence that minimum age requirement is met. <i>Major</i></p>	<p>Yes</p>	<p>Verification through employment card and copies of passports of foreign workers at as April 2014 at the Jebawang Estate with total of workers about 26 (male and female) confirmed that there was no record of persons under age of eighteen, the minimum working age under Malaysian Labor Laws (Am. Act A238).</p> <p>The CU adheres to the child labour policy as espoused by the International Labour Convention which states, among others, that those under 18 years must not be employed to work in hazardous jobs.</p>
<p>C 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.</p>	<p>6.8.1</p>	<p>A publicly available equal opportunities policy. <i>Major</i></p>	<p>Yes</p>	<p>The equal opportunity policy is publicly available at the visited estates and mill. The policy statements emphasise on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on notice boards for the understanding of the public and workers.</p>
	<p>6.8.2</p>	<p>Evidence that employees and groups including migrant workers have not been discriminated against. <i>Minor</i></p>	<p>Yes</p>	<p>The terms of employment, work assignments, housing policy and other requirements have not been found to be discriminatory. Interviews with workers and other stakeholders at the Sri Kamusan POM, Jebawang Estate and Sekar Imej Estate revealed that the CU has not discriminated its staffs and workers. Migrant workers receive similar pay rate, stay in the same house, and enjoy similar medical benefits as their local counterparts.</p>
<p>C 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</p>	<p>6.9.1</p>	<p>A policy on sexual harassment and violence and records of implementation. <i>Major</i></p>	<p>Yes</p>	<p>The CU does have policies on sexual harassment which guide actions on in the incidence of sexual harassment cases in the estates/mill. In addition, a flowchart procedure has been displayed at the visited estates and mill. The SOP contains the complaint and investigation procedure to handle sexual harassment in the workplace. Also, Women and Children Committee has also been formed.</p> <p>Women and Children Committee at the Sri Kamusan POM, Jebawang Estate & Sekar Imej Estate has conducted meeting in 2014 dated 28 March 2014, 21 April 2014 & 8 March 2014. It was found that Women and Children Committee has been organizing</p>

applied.				<p>appropriate programmes and activities for their members as mentioned in 4.8.1. The CU also has conducted awareness training to prevent sexual harassment occurred at their mill and estates at mentioned below.</p> <p>Sri Kamusan POM had listed out social training for Women & Children's Committee for 2014 such as Briefing on Health and Sexual Harassment which will be conducted in May and August 2014. Briefing on Sexual Harassment at work place had been conducted on 12-15 August 2013 and 24 April 2014 at the Jebawang Estate. While, Sekar Imej Estate had been conducted briefing on 'Sexual harassment at workplace, family abuse and child abuse' on 16 April 2014 for staffs and workers. Briefing on 'SSOP Creche Ayah' at the Humana School had been conducted on 20 March 2014 for childcare taker, parents and women and child committee. Sekar Imej Estate also had conducted awareness talk on 'The important of education for children' for estate staffs and workers dated 23 Mei 2013 which given by Headmaster of SK Binsulung.</p>
	6.9.2	A specific grievance mechanism is established. <i>Major</i>	Yes	<p>Sri Kamusan POM, Jebawang Estate and Sekar Imej Estate have followed standard operating procedure on handling grievance / social issues which was established by PPB entitled 'Anti Sexual Harassment' with standard report form named 'Grievance/Complaint Form for Sexual Harassment'. Chairman of Women and Children Committee as mentioned in 6.9.1 was responsible in managing any raised issue on sexual harassment.</p> <p>During interview with the representatives of Women and Children Committee from Sri Kamusan POM, Jebawang Estate and Sekar Imej Estate, they have informed auditor that there was no sexual harassment incident and violence to female worker reported to them.</p>

C 6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses.	6.10.1	Pricing mechanisms for FFB and inputs/services shall be documented. <i>Major</i>	Yes	<p>Sri Kamusan POM had received a small percentage of its FFB requirement from two smallholders. There was a Stakeholders Committee Meeting being established to discuss issues on pricing and contracts which was chaired by the Mill Manager. This Committee held its meeting once every three months. Members of this Committee were made up of representatives from the mill's management, purchasers and suppliers of FFB. Issues related to FFB transaction were also raised and discussed in this Committee. Pricing mechanisms were discussed during briefing with stakeholders as evidenced in meeting minutes dated 24 April 2014 entitled <i>Minit Mesyuarat Stakeholder</i> (Stakeholders Meeting Minute).</p> <p>Interviews carried out with a few FFB suppliers, FFB transport contractor and FFB</p>
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				supplier (smallholders) from Kg. Tangkangit, showed that they understood the business relationships between them and the mill. These holders had been happy on their FFB trading with the mill and payments were promptly made.
	6.10.2	Current and past prices paid for FFB shall be publicly available. <i>Minor</i>	Yes	The pricing mechanism is documented and explained to FFB suppliers and daily prices were displayed on notice board of the mill. Since the last assessment, there was no complaint launched by the FFB suppliers so far.
	6.10.3	Evidence that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. <i>Minor</i>	Yes	<p>There was no agreement or contract between the mill and the FFB suppliers, who are free to sell their FFB to other mills (e.g. IJM mill, Tabung Haji mill, Bostead mill, Fortuna Leong mill) or private collection centres in the region. There was also no contract on payment for FFB where it based on daily pricing from MPOB which is accessible via www.bepi.mpob.my and also via text message. The final price was decided by PPB Sandakan Office using the formula entitled “<i>Pengiraan Harga Untuk Pembelian FFB Estate Luar</i>”. Currently, there was no complaint regarding prices and other FFB related dealings between mill and suppliers were registered with the Mill Manager and reviewed by an internal mechanism.</p> <p>The outcome of the interview revealed that generally, they had been happy on their FFB trading with the mill. Among the comments received were that the prices offered by the CU had followed the MPOB’s guidelines and payments were promptly made.</p>
	6.10.4	Agreed payments shall be made in a timely manner. <i>Minor</i>	Yes	<p>Based on interview with contractors from Jebawang Estate, they assessor was informed that any payments to supplier and contractor were made in a timely manner which is 18th monthly. If the payment cannot be paid as agreed, the estate and mill clerk will inform them first.</p> <p>Smallholder from Kg. Tangkangit has informed auditor that smallholders from the village usually received payment of FFB by cheque at the end of month if they have sent their FFB to Sri Kamusan POM. The cheque payment method was followed Sri Kamusan CU’s payment procedure (SOP).</p>
C 6.11 Growers and millers contribute to local sustainable development wherever appropriate.	6.11.1	Demonstrable contributions to local development that are based on the results of consultation with local communities. <i>Minor</i>	Yes	<p>Sri Kamusan CU had initiated consultations with the neighboring external communities related to contribution to local development. This was evident from the records being kept. Record showed Sekar Imej Estate employed 128 Malaysian workers, out of which 182 (70%) were from local communities engaged in activities such as management, maintenance, harvesting, transportation, security, gardeners, crèche minders.</p> <p>As part of the social responsibility, it was observed that Sekar Imej Estate had donated some money to Sekolah Kebangsaan Binsulung dated on 11 April 2014. The estate had carried out maintenance of access road at the estate and local communities’ area from</p>

			<p>their house (main road) to their farm/palm oil estate such as Kg. Tangkangit. For Sri Kamusan POM, the mill also buying FFB from smallholders in order to support local communities economies/earn of living.</p> <p>Regular consultations with the local internal and external communities such as Mr Nayong from Kg. Mononod had assisted the company in its efforts to contribute to local development such as providing more jobs and improved amenities such as school bus, hostel for staffs' and workers' children, clinic and etc.</p>
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Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Sri Kamusan CU has no plan for any new planting and no new development of area was observed during the visit. Therefore, Principle 7 is not applicable.

Principle 8: COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY

Clause	Indicators		Comply Yes/No	Findings
C 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). <i>Major</i>	Yes	<p>All the visited estates are committed to minimise the use of pesticides by continuously planting beneficial plants and reduce spraying in the inter rows by slashing woody growths and by encouraging the growth of soft weeds and <i>Neproiepis biserrata</i>.</p> <p>The following chemicals are no longer used. Paraquat (herbicide) and Ally 20F (herbicide) Ancome Amine 60 (herbicide) – Class II Herbicide, Pestac (Insecticide) – Class II Insecticide.</p>
	8.1.2	Environmental impacts (C5.1). <i>Major</i>	Yes	The mitigations measures which were derived from the identification of environmental aspects were adequately implemented and monitored.
	8.1.3	Maximizing recycling and minimizing waste or by-products generation. <i>Major</i>	Yes	The CU generally is active in maximizing the recycling. This could be evident through sales of recyclable materials such as plastic and metal. Apart from that, used tyres were also reused as flower pot to beautify the line-sites and staff housing.
	8.1.4	Pollution prevention plans (C5.6). <i>Major</i>	Yes	PPB Oil Palms Bhd. has also set up two units of bio-gas plant at two of its POMs. This would be followed by the other mills later on.
	8.1.5	Social impacts (C6.1). <i>Major</i>	Yes	Concrete house was provided for workers and equips the new line sites with various facilities such as clinic, sports facilities, mosque (surau), Humana School, Creche Ayah, school bus, hostel for staff's children who study at SK Binsulung and water treatment at

				the Sekar Imej Estate. Each unit of the labour line too had been equipped with electricity and treated water supply without any charges. Sekar Imej Estate also had quarterly monitored total coliforms and <i>E.coli</i> count at the water treatment. Water sample from river were sent to Consolidated Laboratory (M) Sdn Bhd (accredited laboratory - Standards Malaysia) for laboratory analysis on 27/5/2013, 30/8/2013, & 20/12/2013. Based on the water analysis result, there was no detection of <i>E.coli</i> and total <i>coliforms</i> in the samples. All the interviewed workers were very happy with these facilities.
	8.1.6	A mechanism to capture the performance and expenditure in social and environmental aspects. <i>Minor</i>	Yes	Amount of complaints from internal stakeholders at the Sri Kamusan POM, Jebawang Estate & Sekar Imej Estate were decreases to 16%, 18% and 30% from 2012 to 2013. And there was no complaints or grievances made by external stakeholders to company. Mill and estates also have allocated annual budget in order to improve social facilities and services to local communities and their employees. For 2014, Sekar Imej Estate has allocated budget for housing & amenities, clinic, Humana school, Crèche, library, computer room.

RSPO Supply Chain at the palm oil mill – Mass Balance Model –Module E

Item No	Requirement	Findings
E.1 E.1.1	Documented procedures The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	<u>E.1.1.a</u> Sri Kamusan Palm Oil Mill (SKPOM) has a documented procedure entitled 'Supply Chain and Traceability (Mass Balance)', dated 21/4/2013, describing the implementation of the elements in the supply chain system. <u>E.1.1.b</u> The mill manager was appointed as a RSPO Management Representative (MR) since 23/4/2013. <u>E.1.2</u> Stated in the procedure Section 5)a) (page 3)
E.1.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	
E.2 E.2.1	Purchasing and goods in The facility shall verify and document the volumes of certified and non-certified FFBs received.	<u>E.2.1</u> The method of recording of the CU was found to be adequate to capture the quantity of certified and non-certified FFB received. There was no

E.2.2	The facility shall inform the CB immediately if there is a projected overproduction.	overproduction for the last reporting period.
E.3	Record keeping	E.3.1
E.3.1	The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	Sri Kamusan POM had maintained an up-to-date records and accessible. Documents sighted during the audit
E.3.2	Retention times for all records and reports shall be at least five (5) years.	<ul style="list-style-type: none"> • Training records • Incoming FFB • Outgoing of CPO and PK records • Production records
E.3.3	<p>a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.</p> <p>c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.</p>	For production, kernel stock volume in the kernel silos were measured by using sounding tape. Readings from sounding tape will be interpreted to mt referring to “sounding table” developed by a team in the company. This reference table must be approved by the PPB’s Visiting Mill Manager.
E.3.4	The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	E.3.2 Para 10.0 of company’s SOP (Retention table) All record and report regarding RSPO SCCS will be kept for 5 years (Item 23.5 (d) of the company’s SOP). Tested for 2009, was available and found kept in a store inside fertiliser bags and softcopy in SAP system also retrieveable)
E.3.5	In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	E.3.3 Sri Kamusan POM had prepared “Quarterly Report of Incoming Sustainable Raw Material 2012” to monitor incoming certified and non-certified FFB on 3 monthly basis. The report was sighted and found adequate.
		E.3.4 Product names and model used were clearly stated on the relevant document such as sales contract, delivery order and weighbridge ticket.
		E.3.5 Not applicable – no outsource activity.
E.4	Sales and good out	Accompanying documents for sending CSPK are:
E.4.1	The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:	<ol style="list-style-type: none"> 1) weighbridge ticket 2) delivery order <p>Apart from that, the seal nos. is also stated in both DO & Weighbridge ticket.</p>
	<ol style="list-style-type: none"> a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance) 	All goods (CPO and PK) will be sent to Sandakan Edible Oil Sdn Bhd only (part of Willmar/PPB group) for further processing.

	<p>d) The quantity of the products delivered; e) Reference to related transport documentation.</p>	<p>Invoice issued has the info below:</p> <ul style="list-style-type: none"> • Name of buyer • Address of buyer • Description of products • Quantity • DO no • Contract no. • Contract date <p>Since the last assessment, the CU has only sold PK as RSPO certified. All the certified CPO was sold under another sustainable scheme.</p>
<p>E.5 E.5.1</p>	<p>Training The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>Latest training had been conducted regarding RSPO SC on 24/3/2014 (after the 2nd latest, 18/9/2013) by the Sustainability Dept., EMU (Sandakan) entitled "ISCC & RSPO Awareness Training" and attended by nine SKPOM staff, which comprised security, weighbridge clerks, office administration and engineers.</p> <p>Attendance list was sighted. Based on training material, the training conducted was found to be covering most of the ascts in RSPO Supply Chain implementation.</p>
<p>E.6 E.6.1</p>	<p>Claims The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.</p>	<p>SKPOM has sold MB PK but not announced in the RSPO eTrace since such facility is not available yet.</p>

3.2 Identified Non-conformities

Details of the non-conformities, corrective actions taken by Sri Kamusan CU and assessors' verification of the corrective actions taken are in Attachment 3. All nonconformities have been closed out.

3.3 Status of Non-conformities Previously Identified

All previous nonconformities 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 4.

3.4 Issues Raised by Stakeholders

There were various stakeholders interviewed during this assessment comprising of workers, surrounding villagers and contractors. Generally, all of the stakeholders had given positive feedback towards Sri Kamusan CU.

3.5 Noteworthy Positive and Negative Observation

The level of awareness among the workers on the RSPO implementation was found to be improving. They are able to explain not only the operating procedure related to their work but also the impact of its deviation, the consequence for not following them and the importance in achieving conformity to the RSPO requirements. The workers housing are kept clean and conducive. It was noted at the line-sites that the CU has also made an effort to encourage the reuse of old tyres as flower pots.

4.0 Assessment Recommendation and Date of Closing Non-conformities

No NCR recorded. Recommended to continue certification.

Minor NCR(s) recorded. Recommended to continue certification conditional upon acceptance of corrective action plans within 1 month of the date of this audit.

Note: Minor NCRs raised in the audit which are not addressed in the subsequent assessment shall be upgraded to major NCRs

Major NCR(s) recorded. Proposed corrective action and evidence of implementation within 2 months of the date of this audit to be submitted to SIRIM QAS International Verification on major NCRs is required:

On-site audit of the following areas is recommended within 2 months (if applicable)

On-site audit not required. Records of implementation of corrective action to be submitted for verification

Note: The major NCRs raised during surveillance audit shall be addressed within 60 days or certificate shall be suspended. Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.

IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN ON MAJOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED, ACCEPTED AND VERIFIED AND ALL CORRECTIVE ACTIONS PLANS PROVIDED ON MINOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED AND ACCEPTED. RECOMMENDED FOR CONTINUATION OF RSPO P & C CERTIFICATION.

Audit Team Leader:

VALENCE SHEM

(Name)



(Signature)

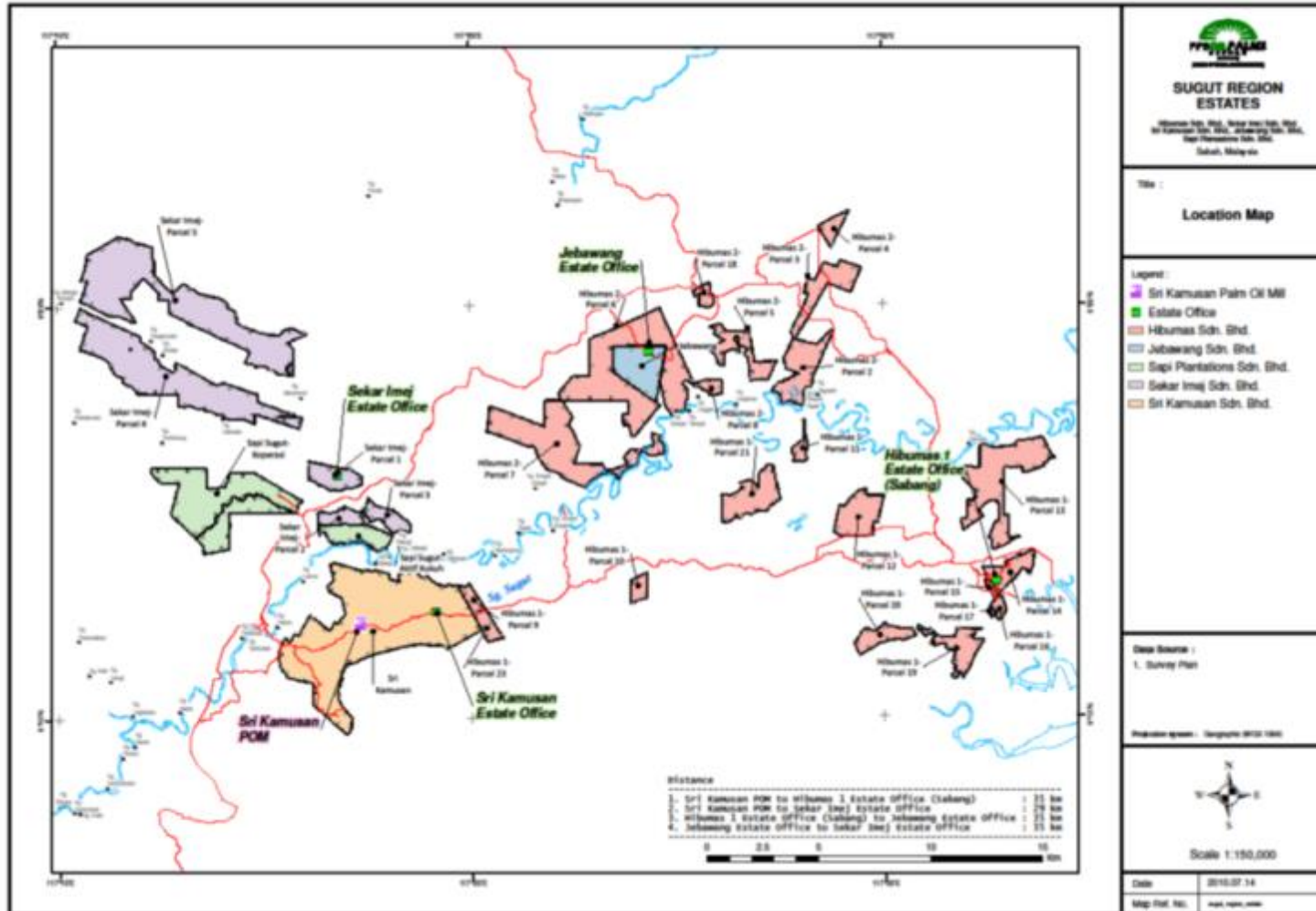
02/07/2014

(Date)

5.0 Date of Next Surveillance Visit

The next surveillance visit will be conducted within 12 months but not sooner than 9 months after this audit.

Location map of Sri Kamusan Certification Unit, Sandakan Sabah, Malaysia



Assessment Programme

Day 1: 5 May 2014 (Monday)					
Time	Activities / areas to be visited				
0830-0930	<u>Opening Meeting with Sri Kamusan CU</u> <ul style="list-style-type: none"> • Introduction and briefing on surveillance assessment objectives, scope, methodology, criteria and programmes by the Audit Team Leader • Briefing on the organization background and implementation of RSPO (including actions taken to address assessment findings of Annual Surveillance 2013) and progress of Time Bound Plan by the management representative 				
	Valence & Hafiz	Razman	Jagathasan	Najwan	Selvasingam
0930-1300	Site visit and assessment at Sekar Imej Estate relating to environment and surface ground water Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Sri Kamusan POM on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at Sri Kamusan POM relating to Good Milling Practices, occupational safety & health Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Hibumas 1 Estate relating to estates boundary, HCV, and management plans Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Sapi Sugut Estate relating to Good Agricultural Practice Assessment on related Indicators of P1, P2, P3, P4, P5, P8
1300-1400	Lunch break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Continue assessment

Day 2: 6 May 2014 (Tuesday)					
Time	Activities / areas to be visited				
	Valence	Razman	Jagathasan & Hafiz	Najwan	Selvasingam
0830-1300	Continue assessment at Sekar Imej Estate	Site visit and assessment at Jebawang Estate relating to workers & local community such as SIA and management plans	Continue assessment at Sri Kamusan POM	Site visit and assessment at Hibumas 2 Estate relating to estates boundary, HCV, and management plans	Continue assessment at Sapi Sugut Estate

		Assessment on related Indicators of P1, P2, P4, P5, P6, P8		Assessment on related Indicators of P1, P2, P4, P5, P8	
1300-1400	Lunch break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Continue assessment

Day 3: 7 May 2014 (Wednesday)

Time	Activities / areas to be visited				
	Valence	Razman	Jagathasan	Najwan	Selvasingam & Hafiz
0830-1300	Site visit and assessment at Sri Kamusan POM relating to Supply Chain implementation including the model used	Site visit and assessment at Sapi Sugut Estate relating to workers & local community such as SIA and management plans Assessment on related Indicators of P1, P2, P4, P6, P8	Site visit and assessment at Sri Kamusan Estate relating to occupational safety & health Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Jebawang Estate relating to estates boundary, HCV, and management plans Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Hibumas 2 Estate relating to Good Agricultural Practice Assessment on related Indicators of P1, P2, P3, P4, P5, P8
1300-1400	Lunch break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Continue assessment

Day 4: 8 May 2014 (Thursday)

Time	Activities / areas to be visited				
	Valence & Hafiz	Razman	Jagathasan	Najwan	Selvasingam
0830-1300	Site visit and assessment at Sri Kamusan POM relating to environmental aspects and management plan	Continue assessment at Sapi Sugut Estate	Continue assessment at Sri Kamusan Estate	Site visit and assessment at Sekar Imej Estate relating to estates boundary, HCV, and management plans Assessment on	Site visit and assessment at Hibumas 2 Estate relating to Good Agricultural Practice Assessment on related Indicators of

	Assessment on related Indicators of P1, P2, P3, P4, P5, P8			related Indicators of P1, P2, P4, P5, P8	P1, P2, P3, P4, P5, P8
1300-1400	Lunch break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Continue assessment

Day 5: 9 May 2014 (Friday)	
Time	Activities / areas to be visited
0830-1000	Continue assessment of any outstanding issues.
1030-1130	Audit Team discussion, preparation on audit findings and issuance of NCR (if any)
1130-1400	Lunch break and Friday prayer
1400-1600	Closing meeting – presentation and acceptance of assessment findings

Detail of Non-conformities and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Assessors
Indicator 2.1.1	Major	<p><u>NCR No.: VS 01</u></p> <p><u>Legal requirement:</u> <i>Laporan Pematuhan Syarat-Syarat Alam Sekitar: "Proposed Oil Palm Plantation Development at Sekar Imej Estate in Paitan, Beluran, Sabah", No. Syarat 5.3.1 (iv)</i> <i>Sempadan kawasan berkecerunan 25 darjah atau lebih hendaklah ditanda di lapangan dengan cat merah dan dipasang dengan papan tanda bagi memudahkan pengenalpastian sempadan.</i></p> <p>There is no evidence that the above requirement has been complied with. At Sekar Imej Estate, the authorized consultant (Ekohandal Sdn. Bhd.) by the EPD has reported the above requirement was not being complied with in their last three evaluation of compliance reports, which were carried out once in every four months.</p>	<p>Sekar Imej Estate has developed an action plan to survey and mark all the identified areas with more than 25° slope by Ekohandal Sdn. Bhd. in the estate. The implementation of the action plan is started in June 2014 and expected to complete in August 2014. Sekar Imej has also submitted a pictorial progress of the implementation which showed the erection of signage and trees painted with red at the concerned area. The evaluation of compliance report by Ekohandal Sdn. Bhd. regarding this issue shall be verified in the next assessment.</p> <p>Status: Closed.</p>
Criterion 4.1 Indicator: 4.1.1	Major	<p><u>NCR No.: STK-1</u></p> <ol style="list-style-type: none"> 1) During the site review in Block 16 – 2008 planting in Sekar Imej Estate fertiliser was applied in a band close to the palm trunk and not broad casted. Furthermore no fertilizer had been applied to 7 palms. In Hibumas 2 Estate in Block 17 part of the 150 grams Borate fertilizer recommended per palm was applied on to the palm trunks instead of all of it being applied in the palm circle. 2) During the site review in Block 17 in Hibumas 2 Estate VOPs was observed in the some palm circles. <ul style="list-style-type: none"> • SOP on placement of fertilisers as per clauses 2.2.2 & 2.2.3 in the Wilmar International Limited Agricultural Manual & SOP for Oil Palm was not complied with. • Palm circles were not maintained weed free as per Part 2: Upkeep of mature Oil Palm Standards clause 2 of the 	<ol style="list-style-type: none"> 1) Copy of Internal Circular on the application of Borate Fertilizer signed by Wilmar R&D Head (Dr. Lim Chin Huat) dated 31/5/2014 stating that Borate Fertilizer is to be applied on the lower frond axil was received. This confirms that it a policy of Wilmar to apply Borate Fertilizer on the palm trunks. Fertilizer application training was conducted on 19th and 20th May 2014 and attendance list and photographs were provided. 2) Spraying of VOPs was carried in the block in question, which is Block 17, in May as indicated in the program sheet. It could be noted from the program sheet that VOP spraying was also carried out in Blocks 16, 19 & 21 in May 2014. The estate, in addition to having program for 2 rounds of Circle & Path during which VOPs are also sprayed, have program for 1 addition round (in June - July) of VOP spaying. Photographs provided of before 14

		Wilmar International Limited Agricultural Manual & SOP for Oil Palm was not complied with.	May 2014 and after 28 May 2014 show that the VOPs (brown in colour) had been sprayed effectively. Status: Closed.
Criterion 4.7 Indicator: 4.7.1		<u>NCR No.: STK-2</u> Chapter 15 of ' <i>Pemanduan Kenderaan</i> (Vehicle Driving)' clause 15.0.1 and clause 9 of ' <i>Borang Semakan Kenderaan</i> (Vehicle Check List Form)' of PPB Oil Palm Bhd, Hibumas 2 & Jebawang Sdn Bhd SSOP for Oil Palm Plantations (2013) was not complied with. A number of wheel bolts & nuts were missing from the wheels of tractor, No. TR11 and from the wheels of it trailer No. HO3, which was sighted loading FFB at Block 19 in Hibumas 2 estate.	Training on Tractor & Trailer using " <i>borang pemeriksaan kenderaan harian & maintenance service</i> " for drivers and mechanics was carried out on 15th May 2014. Attendance record, Maintenance Service form, Vehicle Repair Chit, and photographs were also submitted to the assessor for verification. Status: Closed.
Criterion 5.1 Indicator 5.1.1	Major	<u>NCR No.: VS 02</u> There is no documented aspect and impact risk assessment established for a contractor (PKS Sdn. Bhd.) with regards to safety & environment at its workshop located inside Sekar Imej Estate premise. It was noted that scheduled wastes was not handled in accordance to regulations, no mitigation measure in case of diesel spillage from skid tank, Written Approval from the DOE for generator set was not evident, Certificate of Fitness for air compressor was not evident, all of the fire extinguishers (9 units) have expired and lack of safety & environment awareness in the facility e.g. no safety signage, poor housekeeping etc.	Documented aspect and impact risk assessment has been established for a contractor (PKS Sdn. Bhd.) with regards to safety & environment at its workshop located inside Sekar Imej Estate premise. Action plan was established thereafter on 4/6/2014 to mitigate all the negative impacts. Among the action plan that have been developed are: <ul style="list-style-type: none"> • to build containment for scheduled wastes store, diesel skid tank and generator set house to contain oil spillage • to enhance safety and environmental awareness among the workers of the contractor through various trainings • to put up safety signage at the workshop and store • to apply appropriate legal permits for the generator set and air compressor • to relocate the diesel storage and generator 50 meters away from the natural water way • maintenance of fire extinguishers The action plan is expected to be completed on February 2015. Nonetheless, the CU has sent pictorial progress to the assessor which showed training conducted (including attendance record), preparation of materials to construct

			<p>containment and replacement of fire extinguishers. Apart from that, a copy of an appointment letter to a consultant to obtain generator set's written approval from the DOE was also submitted to the assessor.</p> <p>The completion of the action plan implementation shall be verified in the next surveillance.</p> <p>Status: Closed</p>
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Verification of Previous Audit Findings

P & C Indicator	Specification Major/Minor/OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.1.1 NCR #: MH1	Major	<p><u>Evidence of compliance with legal requirement</u></p> <p>i) <i>Environmental Quality (Clean Air) Regulation 1978 – Regulation 36 (Requirement for written approval)</i></p> <p>ii) <i>Factory & Machinery (Person In Charge) Regulation 1970 – Regulation 6(3) Requirement for 100<hp<500 ICE)</i></p> <p>iii) <i>Factory & Machinery (Person In Charge) Regulation 1970 – Regulation 6(2) (Requirement for 10,000 ft² <HS<25,000 ft²)</i></p> <p>The above requirement was not fully complied.</p>		
		<p>i) There was no written approval from DOE for the fuel burning equipment (genset) listed below: -2 unit of 160 kVA/128 kW/174 hp genset at Hibumas 1 estate -1 unit of 200 kVA/160 kW/217 hp genset at Sekar Imej Estate</p>	<p>i) <i>To apply for written approval from DOE for the Hibumas 1 & Sekar Imej genset. (Attachment Major 1A, 1B, 1C & 1D)</i></p>	<p>i) Verified service requisition for Hibumas and Sekar Imej under consultant Sukau Acoustic. Referred to SR No HE 3001 and SO No SJ 1146. T will be All correspondence between DOE and consultant will be verified in the next audit.</p> <p><u>Verification during this assessment:</u> <i>Sukau Acoustic has been disengaged by the company because of some unfavorable reason. The task was continued by the company themselves with the help of a runner. Application of</i></p>

				<p><i>WA to DOE will be submitted on 12/5/2014. Now still pending for endorsement of professional for the location map and layout plan.</i></p> <p><i>Status: Closed</i></p>
		<p>ii) Person in-charge did not have full competence for the larger horsepower genset (400kVA/320kW/435hp) at Sri Kamusan POM and there was no competent person in-charge of the following: -1st Grade ICE driver at Sri Kamusan POM -2nd Grade ICE driver at Hibumas 1 and Sekar Imej Estate</p>	<p><i>ii) Sri Kamusan Mill to employ new 1st grade ICE driver & 1st grade boiler chageman by advertising it in the major newspaper.</i> (Attachment Major 2A)</p>	<p>ii) Sighted the advertisement in Daily Express dated 30/6/13 for 1st grade ICE driver and 1st grade boiler charge man job openings.</p> <p>Verification during this assessment:</p> <p>a) <i>Advised in News Paper to employ 1st grade ICE driver (Advertisement sighted in 'NST', Job Street). Advertisement not successful in attracting qualified candidates for functions concern.</i></p> <p>b) <i>En. Jasmin Bin Ering, En Rasid Anggitak, En. Dosaring bin Ahsan – 2nd Grade ICE has been forwarded to JKPP to sit for 1st Grade ICE Assessment. Awaiting approval from JKPP to sit for Exam in June, 2014.</i></p> <p><i>Status Closed</i></p>

		<p>iii) There was also lack of a competent person to be in charge for manning the operation of 18,833 ft² steam boiler at Sri Kamusan POM</p> <p>- Only one 1st grade engine driver in charge at Sri Kamusan POM</p>	<p>iii) Hibumas 1 & Sekar Imej Estate to send candidate to ICE examination and apply for ICE certificate. (Attachment Major 3A,3B,3C,3D)</p> <p>iv) Sri Kamusan POM will send the 2nd grade boiler chargemen for 1st Grade boiler chargeme examination once he completed his 6 month grace period that required by law. (Attachment Major 4A)</p>	<p>iii) Verified application letter to DOSH (JKJ 115) dated 13/5/13. Sighted DOSH approval letter on 12/6/13.</p> <p>iv) Verified JKJ 115 dated 9/6/13 to DOSH for the nominated personnel. To be verified in the next audit.</p> <p>Verification during this assessment:</p> <p>a) Advised in News Paper to employ 1st grade boiler charge men. (Advertisement sighted in 'NST', Job Street) Advertisement not successful in attracting qualified candidates for functions concern.</p> <p>b) En. Joseph Maison Sidin – Mill Engineer – has been trained by NIOSH – 'Understanding Steam Boiler for Steam Engineer' - Set for Exam Dec, 2013. Not successful in his attempt. Waiting to sit for exam in June, 2014.</p> <p>Status Closed</p>
<p>Indicator 5.3.2</p> <p>NCR #: MH2</p>	<p>Minor</p>	<p><u>Waste is reduces, recycled, re-used and disposed off in the environmentally and socially responsible manner</u> <u>Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid and reduce pollution.</u></p> <p>Operational plan for the scheduled waste was not consistently implemented.</p> <p>i) Identification and selection of</p>	<p>i) To obtain KB & License from the contractor. (Attachment Minor 1A, 1B)</p>	<p>To be verified in the next audit. However, Sri Kamusan CU proactively submitted the corrective action evidences.</p> <p>i) Verified written approval form SW contractor Petrojadi. Period validity 1/5/13 – 30/4/13 Licence number: 000734</p> <p>Verification during this assessment:</p>

		<p>competent/licensed contractor to transport and dispose scheduled waste generated from the operation (i.e Petrojadi and Tiong Cheong)</p> <p>ii) Mechanism to ensure all scheduled waste generated were disposed in timely manner within 180 days. Disposal arrangement at Sekar Imej Estate was overdue</p> <p>iii) Storage area for scheduled waste to be upgraded and properly managed. For example scheduled waste store at Hibumas 1 within the temporary workshop was not adequate.</p> <p>iv) Documents and records pertaining to the scheduled waste storage and disposal arrangement were not consistently maintained. For example: 7th schedule (waste information), signed copy of consignment (6th schedule) and scheduled waste contractor's license "Jadual Pematuhan" granted by DOE at Sri Kamusan POM</p>	<p>ii) <i>To review the scheduled waste disposal procedure & to dispose all the overdue scheduled waste in Sekar Imej Estate (Attachment Minor 2A &2B)</i></p> <p>iii) <i>To upgrade the scheduled was storage area at the temporary workshop. (Attachment Minor 3A)</i></p> <p>iv) <i>To complete the necessary documentation pertaining to the scheduled waste disposal activities. (Attachment Minor 4A & 4B)</i></p>	<p>Verified in Sekar Imej Estate: Contractor, <i>Lagenda Bumimas, License no. 004832, validity 1/5/2014-30/4/2015 is available.</i></p> <p><i>Status: Closed</i></p> <p>ii) Procedure (SOP/EST/mill2 (02)/0311 has been revised. SOP revision 2 dated 4/7/13 on competence SW contractor identification and standard size and labeling of SW.</p> <p><u>Verification during this assessment:</u> <i>No more SW stock more than 180 days found at the SW store.All SW were disposed within 180 days.</i></p> <p><i>Status: Closed</i></p> <p>iii) Photograph submitted. Still in progress of upgrading. To be verified in the next audit.</p> <p><u>Verification during this assessment:</u> <i>SW store at Sekar Imej Estate found to be adequate and equipped with oil trap at its perimeter drain.</i></p> <p><i>Status: Closed</i></p> <p>iv) Sighted signed copy of consignment (copy no.5) for SW 410 dated 1/5/13 for Sri Kamusan Mill.</p> <p><u>Verification during this assessment:</u> <i>Sample on 7th Schedule (waste</i></p>
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				<p><i>information) was sighted. 7th schedule are available for all the SW at Sekar Imej. Consignment notes from Lagenda Bumimas for the disposal on 28/2/2014 was not available. Lagenda through phone call claimed that they have submitted to Sekar long ago. Searching of this document is still in progress.</i></p> <p><i>Status: Closed</i></p>
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