



**PUBLIC SUMMARY  
FIRST SURVEILLANCE ASSESSMENT**

**AUDIT DATE : 17<sup>TH</sup> – 21<sup>ST</sup> OCTOBER 2011**

**PPB OIL PALMS BERHAD  
TERUSAN CERTIFICATION UNIT**

**Sandakan, Sabah, Malaysia**

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## **SUMMARY**

This first surveillance assessment report describes the level of continued compliance of the Terusan Certification Unit (CU), one of the CUs of the PPB Oil Palms Berhad (PPB) against the requirements of the RSPO Principles & Criteria (P&C) Malaysian National Interpretation (MY-NI):2010. This surveillance assessment was conducted on 17-21 October 2011.

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

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

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

This surveillance assessment has resulted in the issuance of one (1) major Non Conformity Report (NCR), 1 Minor NCR and 14 Opportunities for Improvements (OFI). The Terusan CU has taken corrective actions to address the major NCR which have been verified by the assessor and therefore closed out. The CU has also submitted a corrective action plan to address the minor NCR and OFI which have been accepted by the assessors. The verification on these corrective actions would be under taken by SIRIM QAS International during the next surveillance audit.

Based on the evidences gathered during this surveillance, it could be concluded that Terusan CU has continued to comply with the requirements of the RSPO MY-NI: 2008. The one major NCR raised during this surveillance assessment has been adequately addressed and therefore closed out. The assessment team therefore recommends that the Terusan CU's certification against the RSPO MY-NI be maintained.

### **1. SCOPE OF CERTIFICATION ASSESSMENT**

#### **1.1 National Interpretation Used**

The operations of the mills and their supply bases of oil palm fresh fruit bunches (FFBs) were assessed against the Malaysian National Interpretation (MY-NI: 2008) of the RSPO Principles and Criteria: 2007.

#### **1.2 Certification Scope**

This surveillance assessment covers the Terusan Palm Oil Mill (TPOM) and the Terusan 1, Terusan 2 and Rumidi Estates. The scope of certification is the sustainable production of crude palm oil from the TPOM with FFBs supplied by these three Estates.

#### **1.3 Location and Map (Attachment 1)**

TPOM, Terusan 1, Terusan 2 and Rumidi Estates are located in Sandakan District, Sabah, Malaysia. The Terusan CU can be accessed by using the Sandakan – Telupid Road and about 160 km from Sandakan.

In the immediate vicinity of Terusan CU are a few villages and other oil palm plantations. Along the northern boundary there are Kg. Rumidi, Kg. Tendu Batu and Kg. Nangoh. Along the western portion are Kg. Perenchangan, Kg. Bakong-Bakong, Kg. Sualog, Kg. Panimbanan and Kg. Lidong. Kg.

Tonitingis found at the southern side while Andamy Plantation is on the west separated by a public road from Terusan 1 and 2 Estates. Adjacent to Rumidi Estate at the southern boundary is Bidu-Bidu Forest Reserve.

The location map of Terusan CU (mill and estates) is shown in **Attachment 1** while their coordinates are detailed in **Table 1**.

**Table 1**  
**Coordinates of Terusan CU (Mills and Estates)**

Operating Unit	Latitude	Longitude
Terusan Palm Oil Mill	5° 49' 54.687" N	117° 20' 30.315" E
Terusan 1 Estate	5° 47' 23.104" N	117° 23'37.202" E
Terusan 2 Estate	5° 49' 57.944" N	117°20'22.743" E
Rumidi Estate	5° 55' 59.804" N	117° 18'43.466" E

*(Note: The coordinates are for the offices of the palm oil mill and estates)*

#### 1.4 Description of Supply Base (Fruit Sources)

TPOM received FFBs from Terusan 1, Terusan 2 and Rumidi Estates, smallholders and small growers. The average annual FFB contribution from each estate for the year 2010 is detailed in **Table 2**.

**Table 2**  
**FFB Contribution of Each Estate to TPOM**

Estate	FFB Production (2010)	
	Tonnes	Percentage
Terusan 1	73,942	29
Terusan 2	98,633	39
Rumidi	30,800	12
<b>Total</b>	<b>208,363.33</b>	<b>100</b>

#### 1.5 Date of Plantings and Cycle (Total Plantations and Area Planted)

**Table 3**  
**Total Plantations and Area Planted**

Estate	Year of Establishment	Total Area (ha)	Planted area (ha)
Terusan 1	1989,1991 – 93	2,868.9	2,544.10
Terusan 2	1990 – 1994	3,485.9	3,221.55
Rumidi	1991 – 2002	1,297.7	1,111.87
<b>Total</b>		<b>7,652.50</b>	<b>6,877.52</b>

#### 1.6 Other Management System Certifications Held (ISO etc.)

TPOM and all the estates do not hold any other form of third-party certification of their management

systems. Nevertheless, they had been implementing an internal system which was based on the requirements of the ISO 14001:2004 and the Occupational Safety and Health Act (1994). The CU had obtained the International Sustainability for Carbon Certification (ISCC) and also the RSPO Supply Chain Certification.

**1.7 Organisational Information/Contact Person**

PPB through its Headquarter in Sandakan is responsible for overseeing Terusan, Ribubonus and other CUs in Sabah. The correspondence address and contact person 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:**

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

**1.8 Actual and Approximate Tonnages Offered for Certification (CPO and PK)**

The approximate tonnage of CPO and PK produced and claimed for certification, is shown in **Table 4** as follows:

**Table 5**  
**Approximate CPO and PK Tonnage Claimed for Certification Jan-Sept 2011**

Certification Unit	CPO Tonnage claimed for certification	PK Tonnage claimed for certification
TPOM	31,784.84	7,372.07

*Note: The amount claimed for certification excludes contribution from smallholdings*

**2. ASSESSMENT PROCESS**

**2.1 Certification Body**

SIRIM QAS International is the oldest and leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally recognised standards.

Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the Secretariat of the United Nations Framework

Convention for Climate Change (UNFCCC).

SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessment related to RSPO assessment. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001 and also conducted assessments against RSPO Principle and Criteria. SIRIM QAS International was approved as a RSPO certification body on 21 March 2008.

## 2.2 Assessment Methodology (Program, Site Visits)

The surveillance audit was conducted on **17 to 21 October 2011** (see Attachment 2) . The main objectives of this surveillance audit were to

- (a) determine the continued compliance of Terusan CU against the requirements of the RSPO MYNI:2010,
- (b) verify the effectiveness of the corrective actions being implemented by Terusan CU to address the NCRs raised during the previous Stage 2 audit and
- (c) make appropriate recommendation on the continued certification of Terusan CU based on the findings of this surveillance audit.

The planning of this surveillance audit was guided by the RSPO Certification Systems Document. The sampling formula of  $\sqrt{0.8y}$ , where y is the number of estate in Terusan CU was not used as the mill and all the estates (Terusan Palm Oil Mill, Terusan 1 and 2 and Rumidi Estates) were assessed.

The audit was conducted by visiting the field, mill, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Random interviews were held with the management, employees, contractors and other relevant stakeholders.

Apart from the above, records as well as other related documentation were also evaluated. The details on the surveillance audit programme are presented in **Attachment 2**.

## 2.3 Assessment Team

The assessment team comprised of 4 auditors. The details on the auditors and their qualifications are presented in **Table 6**.

**Table 6**  
**Assessment team**

Member of the Assessment Team	Role/area of RSPO requirements	Qualifications
Dr. S.K. Yap	Assessment team leader/ estate environmental issues and HCV habitats	<ul style="list-style-type: none"> <li>• Completed RSPO Lead Assessor Course - 2008</li> <li>• Successfully completed EARA approved lead Assessor course for ISO 14001: 2001</li> <li>• Ph. D. (Forest Biology) University of Aberdeen (Scotland) and University of Malaya Fellowship in Tropical Rain Forest Project.</li> <li>• B.Sc. Hons. Second Class Upper (Botany), University of Malaya</li> </ul> <p><b>Memberships in Professional Organizations:</b></p> <ul style="list-style-type: none"> <li>• Member of the IUFRO Working Party on Seed Problems. Nominated as one of the candidates for the Co-Chairman of Working Party in 1986.</li> <li>• Project Leader for Project 8 of the Reproductive Biology of Tropical Trees of the ASEAN-</li> </ul>

		<p>Australian Tree Improvement Programme. 1986. Given the role to develop research activities on reproductive biology within ASEAN countries with sponsorship from Australia.</p> <ul style="list-style-type: none"> <li>• Elected member of the Committee on Forest Tree and Shrub Seeds of the International Seed Testing Association. 1989 to 1992.</li> <li>• Vice Chairman of the Working Group on Seed Origin and Genetic Resources of the ASEAN Canada Forest Tree Seed Centre. 1990 to 1995. Responsible in coordinating research activities on genetic resources within the ASEAN countries.</li> <li>• Project leader on Impact of Acid Precipitation on Forest working in conjunction with researchers from China, Indonesia, Japan and Thailand.</li> </ul>
Mr. Mahzan Munap	Auditor /Occupational Health and Safety & related legal issues	<ul style="list-style-type: none"> <li>• CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997.</li> <li>• Occupational Safety and Health Trainer at INSTEP PETRONAS</li> <li>• Successfully completed RSPO Lead Assessor Course – 2008.</li> <li>• Successfully completed Lead Assessor Course for OHSAT 18001-2000.</li> <li>• Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006</li> <li>• MBA, Ohio University.</li> <li>• B.Sc. Petroleum Engineering, University of Missouri, USA.</li> </ul>
Professor Datuk Abdul Rashid Abdullah	Auditor /Community issue /social criteria and national legislation	<ul style="list-style-type: none"> <li>• Attended training on RSPO Principle &amp; Criteria and RSPO certification requirements in 16 November 2010</li> <li>• Current position as Director, Institute of East Asian Studies, Universiti Malaysia Sarawak</li> <li>• Appointed as the Vice Chancellor Universiti Malaysia Sarawak (Academic Affairs) from 1 February 2005 to end February 2008</li> <li>• Appointed as the Deputy Vice Chancellor (Academic Affairs) of Universiti Malaysia Sarawak from December 2000 to January 2005</li> <li>• Lecturer and founding Dean of the faculty of Social Sciences, Universiti Malaysia Sarawak</li> <li>• PhD in Social Anthropology, Hull University.</li> <li>• M.Sc. in Development Studies, Cornell University.</li> <li>• Some of the research projects <ul style="list-style-type: none"> <li>• <i>MasyarakatPesisir</i> Sarawak Barat Daya</li> <li>• Centre-periphery relation:Its implications on the smallholders in Sarawak</li> <li>• Socio-cultural change in the Melanau community in Wing. A (ed) kaummelanau</li> </ul> </li> <li>• Current research projects <ul style="list-style-type: none"> <li>• Engaging the market: Peripheral communities of Belaga district (Project leader: 2008-2010)</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>• The Iban Diaspora: Iban communities in Tawau and Brunei Darulsalam (Research team) 2009 - 2011</li> </ul>
Mr.Selvasegam	Technical Specialist / Good Agricultural Practices (GAP) and workers issues	<ul style="list-style-type: none"> <li>• Attended training on RSPO Principle &amp; Criteria and RSPO certification requirements</li> <li>• B. Sc. (Hons) Agriculture – University of Agricultural Sciences, Hebbal, Banglore, India (1969-1973)</li> <li>• Assistant Estate Manager, Kumpulan Guthrie Berhad (1974-1979)</li> <li>• Senior Assistant Estate Manager, Guthrie Berhad (1979-1994)</li> <li>• Estate Manager, Guthrie Berhad (1995-2002 – retired)</li> </ul> <p>Managing and supervise the following activities</p> <ul style="list-style-type: none"> <li>• <b>Nursery</b> for rubber and cocoa</li> <li>• <b>Supervise Plantings activities</b> for : Cocoa Replant, Rubber Replant, Oil Palm Replant, Oil Palm Replant, Oil Palm New Clearing</li> <li>• <b>Supervise Upkeep Immature &amp; Areas</b> : Cocoa Replant, Rubber Replant, Oil Palm Replant, Oil Palm Replant, Oil Palm New Clearing</li> <li>• <b>Collection</b> : Cocoa Harvesting, Tapping, FFB Harvesting, Cocoa (i.e. Splitting Cocoa Pods &amp; Fermenting and Drying Beans), Oil Palm – In field collection (i.e. Buffalo, Jamsa, Mini Tractor, Crane Loading, Bin Loading (Jamsa))</li> <li>• <b>Vehicle Maintenance &amp; Workshop</b> : Mini Tractors, Jamsa, Lorries – Tippers and Flat Body, Prime Movers, Jeeps</li> <li>• <b>Estates Developments</b> : Collection of Data for Monitoring Estates' Performance, Organizing Seminars, Meetings, Forecasting Workers Housing Requirement for Company, Forecasting FFB Yield &amp; Oil Extraction Ratio for Company, Assist in Budget Formatting and Budget Preparation, Assisting Computerization of Budget Preparation, Formulation of Best Practices</li> <li>• <b>Formulation of SOP</b> for all Estate Operations for all workers, Junior Staff and Senior Staff</li> </ul>

## 2.4 Stakeholder Consultation

The assessment team has interviewed relevant interested stakeholder during the conduct this audit. Generally no negative comment to Terusan CU. All the issues raised by stakeholder were documented and maintained in Terusan CU admin office.

## 2.5 Date of Next Surveillance Audit

Next surveillance audit should be conducted within nine to twelve months from the date of this audit.

## 3.0 Assessment Findings



### 3.1 Summary of Findings

The audit findings were highlighted and discussed during the on-site audit. This surveillance audit had resulted in the issuance of one (1) major Non Conformity Report (NCR), 1 Minor NCR and 14 Opportunities for Improvements (OFIs). The details on the NCR (including corrective actions taken) and OFIs are as in **Attachment 3**.

The findings of this surveillance audit are reported based on the format for the RSPO MY-NI indicators. The detailed findings of this surveillance audit on Terusan CU's compliance to the requirements of the RSPO MY-NI are as follows:

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

##### **Criterion 1.1**

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

##### **Audit Findings:**

All the estates had continued to maintain records on requests for information or documents that were related to the RSPO Criteria. There was a written SOP for stakeholders' consultation and a Public Information Request (PIR) Form made available to any interested parties.

From the record books, it was found that the Terusan CU had not received any request for information from any external stakeholder.

##### **Criterion 1.2**

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

##### **Audit Findings:**

Terusan Estate had also notified the stakeholders via letters on the availability of 10 documents for public viewing at the estate and mill offices. However, the following documents specified under the Indicator have not been included:

- a. Safety and health plan;
- b. Plans and impact assessments relating to environmental and social impacts;
- c. Pollution and prevention plans;
- d. Details of complaints and grievances;
- e. Negotiation procedures; and
- f. Continuous improvement plan

A **Minor NCR SK 1** was raised.

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

##### **Criterion 2.1**

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

##### **Audit Findings:**

All the relevant permits and licenses (19 in total) were sighted in each of the estate. These documents were found to be valid and in compliance with the conditions and by-laws. All the identified applicable legal requirements were listed in the *Register of Legal and Other Applicable Requirement*. This register was reviewed and updated on 4 October 2011. There were also permits and licenses being displayed prominently in the office.

During this assessment it was found that TPOM had not fulfilled some of the requirements for competent persons as required under the Factories and Machinery (Person-In-Charge) Regulations 1970. The Person-In-Charge of the boiler, a Second Grade Steam Engineer, was not assisted during each shift by a First Grade Engine Driver except for one shift.

Additionally, the Person-In-Charge of the electrical generator sets placed at the Terusan and Rumidi Estates during each shift was not a First Grade Internal Combustion Engine Driver as required under the Act. Therefore, a **Major NCR MM1** was raised.

Environmental Management Plans for all the estates were presented to the auditor. These were approved by the Sabah Environmental Protection Department. Quarterly monitoring reports had been submitted with the assistance of a consultant company. The complete set of reports for March and July of 2010 and April and July of 2011 for the estates were examined.

The Safety and Health Officer had been tasked to track any changes in the law.

**Criterion 2.2**

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

**Audit Findings:**

All the estate land was leased from the Sabah State Government and among the conditions of the lease was that the land was for 'Agriculture Purpose'. All the estates were found to be in compliance with the lease condition. The Terusan and Rumidi Estates had a 99 year lease on the land from the Sabah State government.

It was observed in all the estates that there were distinct red and white coloured wooden boundary markers. The positions of these markers were labeled and marked on the Boundary Stone Maps and the position of each marker was recorded.

It was documented during the Stage 2 audit that there was a legacy dispute covering 57 hectares in the Terusan Estate dating from the time the transfer of the land ownership from the Sabah Land Development Board (SLDB). The dispute was due to promises made by SLDB to the neighbouring community of Kampung Peranchangan, Kampung Nangoh and Kampung Gana Pati. The grant/title for this land was linked to the land sold to PBB (Terusan Estate) and no separate titles were issued.

The Terusan Estate had acknowledged the existence of the communities and had not infringed on the land. The Estate had excluded this piece of land from its ownership. This was demarcated on the map of the estate. The excision and grant of title to the claimants from the local communities would be managed by the relevant authority.

**Criterion 2.3**

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

**Audit Findings:**

There was no land within the estates being encumbered by customary rights except for the stretch opposite the Rumidi Estate. This issue had been resolved by the exclusion of this area from the estate and the land titles would be given to the community by the regulatory agency.

There were no longer cases on land disputes in the Terusan CU. The land that was claimed by local community had been excluded from the estate.

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

#### **Criterion 3.1**

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

#### **Audit Findings:**

A Management Plan on crop forecast, profit and loss, infra-structure development (roads, houses etc.) covering the period of 2011 to 2016 had been prepared for all the estates and made available to the assessment team.

For the Terusan 1 and 2 Estates, a Five Year FFB Yield Projection from 2008 to 2013 was presented. Records on Plantable and Cumulative Planted Areas for 2009 to 2019 were also made available. A *5-10 Years Replanting Plan* for each estate was also made available.

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

#### **Criterion 4.1**

Operating procedures are appropriately documented and consistently implemented and monitored.

#### **Audit Findings:**

An Agriculture Manual & Standard Operation Procedure [Manual and SOP (2011 Edition)] was sighted. These Manual and SOP had prescribed all the standard operation procedures on nursery, land preparation to harvesting as well as monitoring of compliance.

Monthly Progress and Annual Reports on all activities were made available during this surveillance. These reports had also been displayed on the office's notice boards.

#### **Criterion 4.2**

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

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

#### **Audit Findings:**

A soil test was conducted and the agronomist had drawn up a soil map. Soil sampling was scheduled once in every 6 years and the last one was done in 2009.

An annual agronomic foliar analysis had been conducted in all the estates and the last analysis was conducted in 2010. The results formed a basis to ascertain soil fertility and recommendation for the use of fertiliser. Fertilizers recommendation for the period of 2001 to 2012 had been prepared.

Soil Fertility had been maintained by empty fruit bunches (EFBs) mulching, proper frond stacking (biomass), POME application, regular application of inorganic fertilizers, water management and by maintaining soft weeds within interlines.

**Criterion 4.3**

Practices minimise and control erosion and degradation of soils.

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**Audit Findings:**

It was observed that terraces had been constructed in all sloping areas with regular bunds to retain water and as erosion control measure. The estates also maintained soil erosion monitoring plots. The application of EFBs as fertilizer further assisted in reducing erosion.

It was observed that, roads had been satisfactorily constructed and water runoff was adequate. Rain water was drained into the terraces on the lower slopes. In matured area, frond stacking was carried out.

Generally the estates had continued to be well protected from soil erosion with natural vegetation. Circular weeding had been implemented. Ground cover had been a standard requirement with *Mucunabracteata* as cover crop being extensively planted in exposed slopes. In matured planted area, frond stacking (one stack with 4 palms) was observed. This had helped to further reduce the incidences of erosion.

It was also observed that the presence of the fern *Neprolepisbiserrata* cover along slopes to reduce exposed areas. Harvesting roads in the plantations inspected (in all the estates) were of satisfactory condition and water runoff was found to be adequate except for some stretches in Rumidi estate where drainage was found to be inadequate. Rain water was found to be drained into the terraces and lower slopes. There was a road maintenance programme.

**Criterion 4.4**

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

**Audit Findings:**

Riparian belts along the major rivers in all the estates had been demarcated with appropriate signage in accordance to the written *Riparian Zone Management Guidelines*.

There was no construction of bunds/weirs/dams across the main rivers or waterways in the estates and that all streams and drainages were without any obstruction except for the water gate at Terusan 1 Estate to control entry of brackish water into estate

Water sampling had been conducted at specified sampling points along the main rivers in all the estates as specified under the approval conditions of the Environmental Management Plans following the approval of EIA reports. The results of the water sampling were submitted at quarterly intervals by all estates to the Environmental Protection Department of Sabah (EPD).

It was reported that a complaint was received from the community in Kg. Saulog on the quality of the water in the river passing through. The exit point for the stream involved in the dispute was inspected during this surveillance and was found to be clear. The issue was resolved as the surface water quality samplings conducted in April 2011 at Terusan 1 and 2 Estates were shown to be within the acceptable levels by the EPD. Reports submitted to the authority in July 2011, March 2010 and July 2010 were also examined. These reports indicted Class II A water quality.

It was observed that Terusan CU (both the mill and estates) had conducted a systematic monitoring on water and air qualities.

Procedures on minimizing water usage were implemented in all the offices, mills and estates. Rain water harvesting was constructed in line sites and estate complexes. A Water Management Plan was presented for each estate and found to be adequate

Awareness programme to minimize water usage had been implemented in all the offices, mills and estates. All the water obtained from the rivers was treated before supplying to the workers. For the harvesting of rain water, every house had been equipped with its own rain water collection tank. The facilities for harvesting rain water had been constructed in the line sites and estate complexes.

**Criterion 4.5**

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

**Audit Findings:**

Terusan CU had continued to implement the Integrated Pest Management (IPM) in the estates. One of the techniques used was by establishing beneficial plants along road sides and vacant areas. Monitoring of incidences of pest infestation of Bagworm, Nettle Caterpillar, other insect pests, mammalian pests and plant diseases was maintained at regular intervals.

The assessment team had inspected the Cover Crop Planting of Beneficial Plants (LCC Planting Program 2011) and found to be adequate.

It was found out that currently Terusan CU had used only a small quantity of insecticides in Terusan 1 Estate once in 2011 to control the outbreak of pest attack. The application of pesticides was only made when the incidences of attack had exceeded the accepted threshold level for such attack.

Pesticides usage had been monitored. A register of chemicals hazardous to health and a chemical list (Senarai Rekod Bahan Kimia) for the estates had been maintained.

For 2009, 2010 and 2011 a **total of 17.715** litres ai (active ingredients) per ha were applied in the field in the three estates.

**Criterion 4.6**

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

**Audit Findings:**

All chemicals usage was based on the 'need to do basis' to enhance field operations. It was found that one Class I chemical had been used under controlled condition in Terusan 1 Estate, i.e. Bullet 55 with active ingredient of Monocrotophos classified under Class 1 A.

The liquid chemical was used according to Second Schedule of the Pesticides Act Form 1 Pesticides (Highly Toxic Pesticides) Regulation 1996. There was record available kept of workers involved in using or handling this chemical. The record details such as name of employees, identification card numbers, age, sex group, address, date of commencement of work and date of medical examination were verified by the assessment team. As in Form 11 Pesticides (HTP) Regulations 1996 records of the use and total hours worked with highly toxic pesticides including names, quantities used and number of working hours were also documented.

Terusan CU had provided written justifications for all the agrochemicals it had used in the Manual and SOP. A written justification in the SOPs on the use of Agrochemicals had been written. The Manual had included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names.

Only one Class I chemical registered under the Pesticides Act 1974 had been used. Terusan CU had adopted the PPB's Oil Palm's Occupational Safety and Health Policy, plan and programme. The plan had been documented, communicated and implemented across all levels of the organization. Hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA records were verified during this surveillance.

The storage of these chemicals was found to be in accordance with the related legal requirements. The store was locked and a specific person-in-charge had been assigned to attend to it. The appropriate PPE for handling these chemicals were also available at the point of use.

All chemical stores with locked door had been constructed in all the estates. The chemical storekeeper had shown understanding of the hazards involved and the required control measures. Records of the purchase, storage and use of agrochemicals were properly documented in the Stock Statement Return. Empty chemical containers were triple rinsed and if not required for use in the field; were pierced to prevent misuse. This process was also stated in the evaluation of environmental aspects and impacts of the CU. The disposal or destruction of empty chemical containers was found to be in accordance with legal requirements. MSDS instructions were also displayed.

Terusan CU had a schedule for medical surveillance of its workers. Monthly medical surveillance was conducted by the Estate Medical Assistant for estate sprayers who were exposed to the dangers of chemicals. The surveillance reports showed that all the sprayers were healthy and suffered no detrimental effects as a result of their job. In addition to the above, all the sprayers had to undergo annual medical surveillance carried out by Occupational Health Doctor (Klinik S.G. Goh) registered with DOSH, Registration No. HQ/10/DOC/80/138 AL237933. Samples of Workers Medical Surveillance by OHD – Biological Monitoring (Annually) 2009/2010 was presented to the assessment team during this surveillance.

Monthly tests had been conducted in the estate clinics and all pregnant and breast-feeding women were not allowed to work as pesticides sprayers. In addition Terusan anti-natal and birth record was also inspected. The assessment team found records had indicated that no pregnant and breast feeding women were involved with pesticides application.

There was no evidence to show that 'Paraquat' had been used in any of the estates. It was observed that there was no aerial spraying being conducted in all the estates. It was also found out that the mill had not received any request to conduct tests on chemical residues in CPO.

For 2009, 2010 and 2011 a **total of 17.715** litres ai (active ingredients) per ha were applied in the field in the three estates. A gradual decrease in the quantity of chemicals use was observed in the three estates from 2009 to 2011. A bin card system for the issuance of agrochemicals (FIFO) had been practiced in the chemical store.

**Criterion 4.7**

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

**Audit Findings:**

Terusan CU had continued to adopt the PPB Oil Palm's occupational safety and health policy, plan and programme. It was found that the plan had been documented, displayed on notice boards, communicated and implemented across all levels of the organization. Although in general the CU had complied with the OSH Act 1984 and Factory and Machinery Act 1967 (Act139), there were lapses that could be improved.

A Safety and Health Officer (SHO) had been appointed to be responsible for the OSH implementation in the mill and estates. There were records of regular meetings/communication between management and workers where concerns of workers health and safety were discussed as noted in the regular morning briefings and the quarterly OSH Committee meetings.

It was also verified during this surveillance that accident records were kept and the relevant reports including '*Jabatan Keselamatan dan Kesihatan Pekerjaan*', *JKKP 6 and JKKP 8* had been submitted timely to the Department of Occupational Safety and Health (DOSH) except one instance when there was delayed accident investigation and reporting to DOSH. This was noted in the **OFI M 1** raised.

Terusan CU had constantly disseminated information on response to emergencies. This included site plan showing evacuation route to assembly point, location of firefighting equipment, emergency contact numbers and action to be taken during emergency by staff and contractors. Emergency Response Team comprising of first aiders, fire fighters and search and rescue team had been formed at both mill and estate levels.

To ensure emergency response procedure and instructions to be clearly understood by employees; an annual drill had been conducted at both the mill and estates. Debriefing was given and the report following the drill was sighted with emphasis for continual improvement on emergency preparedness and response. Information on response to emergencies had been disseminated. Although emergency response drill had been conducted; an **OFI M 2** was raised on the need to conduct a night drill for the TPOM as it operated through the night.

Hazard Identification, Risk Assessment and Risk Control (HIRARC) records, as well as CHRA records had also been verified during this surveillance and were generally found to be in good order. However, it was found that there were conflicting findings by the CHRA assessors on existing controls as stated in the Workplace Assessment Form C after the assessment on 25 September 2009 on Industrial Hygiene was conducted. An **OFI M 3** was raised.

OSH training for staff and workers were continuous and had been conducted as per the OSH plan and programme developed by the SHO. The aspects of safety and health were also stressed during morning roll-call by Field Supervisors.

There was evidence of continued implementation of appropriate risk control measures as sighted during the field and mill visits where employees had been provided with and were sighted to be using the appropriate PPE. Harvesters, sprayers and workers responsible for fertilizers application were observed to have worn suitable PPE and had adequate tools to perform their works.

It was noted that gas testing was conducted on 9 January 2011 during the desludging of CPO tanks in the palm oil mill. However, similar tests had not been conducted in the subsequent work which was only completed on 12 January 2011. **OFI M 4** was raised.

The Field Supervisors and mill First Aiders were found to be conversant with the first aid practices for minor injuries. The First Aiders interviewed were also aware of their duties and responsibility. It was also noted that machines which had moving parts had been well guarded. In the estate, clean water was provided and transported to the field for use by the sprayer team. Bath rooms and wash area for clothing were made available near the chemical stores.

First Aid Kits were perpetually provided at offices and in the fields. However, the content of these First Aid Boxes could be standardized throughout the estate and mill in accordance to *DOSH First Aid Guidelines, 2<sup>nd</sup> Edition*. An **OFI M 5** was raised.

Accidents had continued to be recorded by the Safety Officer and displayed as LTA on the notice board of each office. For the year 2010, there were 95 accidents. These records were kept in the Occupational Accident Record and also Occupational Accident Statistics 2010. The relevant accident reports *Jabatan Keselamatan dan Kesihatan Pekerjaan*, *JKKP 6 and JKKP 8* were submitted to the Department of Occupational Safety and Health (DOSH) by the SHO.

Terusan CU had provided a group insurance for all workers as required under the Workmen Compensation Act 1992. The assessment team had sighted the insurance certificate No. 040940914 issued by 'Etiqa' expiring on 29 June 2011. It was also observed that an insurance card had been issued

to each of the worker. For the foreign workers they were covered by the Foreign Workers Compensation Policy with certificates No. KKW0093050-WWF and KK W0093050-50-WWF issued by Jerneh Insurance.

**Criteria 4.8**

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

**Audit Findings:**

A training schedule was drawn up at the beginning of the year for implementation. Training sessions for work related first aid procedures had been documented. Training was conducted once in every 3 months due to the high turnover of workers. Contractors had also been briefed on safety, RSPO, ESH and OSH requirements upon commencement of work. Training plan for employees and contractors versus actual training had also been sighted.

During the field interviews with the workers at the various work sites, they were found to be knowledgeable on the safety usage of PPE, the danger of chemicals they handle, the need to follow SSOP and the emergency action to be taken when responding to emergency situations. Contractors were also noted to being briefed on safety, RSPO and ESH requirements prior to commencement of work.

It had been observed that although appropriate training programmes had been established and conducted in all the estates and mill, this process could be further improved with a review being made to evaluate the effectiveness of the training programmes. An **OFI M 6** was raised.

It was also noted that the Terusan POM could have its own authorised gas tester together with an authorised entrant and standby person as required by the Confine Space Entry Code of Practice. An **OFI M 7** was raised.

LOTO permit had been initiated recently but the necessary locks had yet to be purchased and associated training had to be conducted. **OFI M 8** was raised on this issue. EHA had conducted basic first aid training for the workers but did not include CPR. The training could be enhanced with inclusion of CPR. An **OFI M 9** had been raised.

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

**Criterion 5.1**

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

**Audit Findings:**

Terusan CU had continuously reviewed and up-dated the environmental aspects and impacts risk assessment for activities relating to the estates and mill operations. A document *TE/EAI/01/01 Criteria for Evaluation of Environmental Aspects and Impacts and Evaluation of Significance for Terusan Estates* was presented to the assessment team. Another document on *Aspects and Impacts Mitigation Methods for Terusan Estate* was also made available.

Environmental improvement plans to mitigate the negative impacts were seen in wastes and pollutants identification, prevention, mitigation and improvement plan which had been developed and implemented. Among the plans were improving the quality of effluent discharged from the mills, reduction of fuel consumption and increasing the 3Rs initiatives in domestic waste management.



**Criterion 5.2**

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

**Audit Findings:**

The HCVF scoping assessment of the estates had been completed in July 2008 with HCV 1 and HCV 4 sites identified. A report by the consultant entitled '*HCVF Scoping Assessment of Terusan 1, Terusan 2 and Rumidi Estates of PPB Oil Palms Berhad*' was made available. The HCV Monitoring and Management Action Plan April 2011-2015, was also presented to the assessment team.

It was noted that in the HCV Management and Monitoring Action Plan 2011-2015, a systematic monthly monitoring programme had been established. However, the programme could be enhanced with the sightings of animals and the personnel involved could be trained to recognize signs of animal activities. These activities would have to be supported by financial resources so that planning for allocation of budget could be included in the short-term and long-term period of the plan. An **OFI SK 1** was raised on this issue.

The HCV Management and Monitoring Plans for Terusan 1, Terusan 2 and Rumidi Estates 2011 were presented to the assessment team. The documents had included the HCV habitats.

Poaching was not allowed within the plantation with warning signages placed at the entrances of each estate. Posters on protected animals were also observed being displayed at the guard posts.

**Criterion 5.3**

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

**Audit Findings:**

An active Recycle Programme Domestic for domestic and office wastes had been established. It was observed that recycling bins had been placed in all offices and line sites. In addition, at all the landfill sites, recycling bins were also made available for the sorted domestic wastes brought in from the estates. Aluminum cans, plastic bags and papers were re-cycled from domestic waste.

It was observed that mill waste EFB was used as organic supplements in the fields and EFB mulching was done systematically in the field with maps indicating the application sites.

The disposal of scheduled wastes was done through a licensed contractor, Cahajasa Sdn. Bhd. in accordance to the Schedule Waste 2005. It had a licence valid until 30 April 2012 to transport and store scheduled waste. An agent for disposal Perniagaan Saudara Baru with valid licence until 30 April 2012 was appointed by the CU. Consignment Note for Scheduled Wastes dated 14 September 2011 was examined and found to be in order.

Recycling of domestic wastes had been initiated at the line sites and this could be improved with sorting of the different recyclable items at source instead at the land fill by providing collection bins. An **OFI SK 2** was raised.

It was observed that EFB had been collected and used as fertilizer in the estates. An EFB application programme for Terusan 2 Estate was examined during the surveillance. Monthly EFB usage based on block by block was presented during the surveillance.

**Criterion 5.4**

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

**Audit Findings:**

It was observed that the oil palm fiber and shells from the processing of FFBs in the palm oil mill were used as boiler fuel to generate steam for the mill, as well as electricity for the mill complex and line sites.

The Terusan CU had continued to monitor the monthly consumption of diesel per tonne of CPO in all the estates and palm oil mills. Monthly consumption of diesel was documented in all estates and mills.

**Criterion 5.5**

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

**Audit Findings:**

There was no open burning observed during this surveillance audit as this had not been allowed under the law and not permitted under any circumstances as clearly stated in the Manual and SOP.

During replanting phase all the old palms would be felled, chipped and shredded and mulch. No burning of domestic wastes was allowed as specified under the Manual and SOP.

**Criterion 5.6**

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

**Audit Findings:**

There was a plan for the palm oil mill to install a tertiary effluent treatment plan after the methane recovery plant installed in Seramas 2 Mill had been tested.

Pollutants and emissions had been identified in the aspects and impacts register. Proper procedures had been developed to reduce them which were in accordance to the national regulations and guidance. Waste and pollution identification, prevention, mitigation & improvement plan of Terusan CU was first drafted in June 2008 and revised in July 2009 and was again revised in July 2011. There was no peat soil in the estates.

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

**Criterion 6.1**

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

**Audit Findings:**

Social Impact Assessments was conducted for Terusan CU and there was also a separate HCV assessment. The report *Primary Report of SIA (Design Phase) for Terusan Oil Palm plantations and Terusan Palm Oil Mill of PPB Oil Palm Berhad (Sabah)* was inspected. A Social Impact management Plan –Terusan estate had been prepared. In addition a Community Development Plan Terusan Estate 2011 was presented during the surveillance.

The list of stakeholders consulted during the SIA study was made available and it covered all the relevant governmental agencies, surrounding communities, local businesses, contractors and panel doctors. The

HCV assessment had covered HCV attributes 5 and 6, relating to local communities. The supporting documentation showed consultations with the identified local communities including joint site visits to identify areas said to have attributes 5 and/or 6.

Meetings with stakeholders were held on 15 September 2009, 16 May 2010, 18 February 2011, 29 March 2011, 7 May 2011, 3 June 2011 and 9 September 2011. The meetings were between the estates and the mill with small holders around the estate, local communities and suppliers. Minutes of these meetings were also presented to the audit team.

Evidence of participation of local communities was shown in the records of consultation as well as photographic records. The mitigation plan, their implementation and continuous improvement were also developed with consideration of the views of the stakeholders. These were verified during the field-visits and discussions with stakeholders, communities and verification was also made on the documentation such as Community-based Development Committee files and Management Review files).

Social impacts were discussed within the various committees established within the Terusan CU. These included Staff Welfare Committee, Women and Children Welfare Committee and Safety and Health Committee. Donations of cash and gifts were also part of the community programme.

Other activities carried out by the estates and mill towards local- sustainability were:

- Championing the cause of a physically challenged and socially disadvantaged girl resulting in recognition of her right to citizenship and welfare benefit.
- Improvement of local roads for villages

#### **Criterion 6.2**

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

#### **Audit Findings:**

There was a policy as well as procedures on communication and consultation with stakeholders as outlined in the Standard Operating Procedure for Consultation and Communication. These provided an open communication with stakeholders and providing guidelines to effective management and coordination of communication to ensure that information communicated are accurate and timely.

There was a set of guidelines covering internal and external communication and these were documented in Document No. RSPO 6.2(2).

Person-in-charge and responsible over enquires about RSPO in each Terusan estate had been identified by a memo dated 18 July 2011 (updating earlier record).

Various modes of management to staff/workers communication had also been practiced which include daily assemblies, internal circulars and memos, notices, posters, environmental and social campaigns, management walk, suggestion box, staff/worker representatives as well as complaint form.

A Social and Welfare Committee had been formed. In addition, a Community-based Development Committee had also been set up to foster closer rapport with the local communities.

A comprehensive list of stakeholders consulted had been maintained and was presented during the surveillance. The list included all relevant external and internal stakeholders with records of communication established.

#### **Criterion 6.3**

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

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**Audit Findings:**

The process of communication with stakeholders had been documented. There was a documented SOP for resolving grievances and complaints. The complaint and grievance form in every estate was actively utilized demonstrating a wide acceptance of this channel to communicate grievance for initiation of the resolution process. The form was used by the staff, workers, and other stakeholders. All these complaints were kept in RSPO File 6.7.1

Group grievances and complaints were dealt with and resolved through the Stakeholders Meeting which was held at least three times a year or more when there was a need.

It was noted that the problem of outstanding claim by villagers of Kampong Gana Jati and Kampong Nangoh on 57 acres of land on the edge of Rumidi Estate (mentioned under Criterion 6.4 of this report) had been settled through the Stakeholders meeting.

A parallel system for complaints and grievances was also in place for employees, and there were workers representations on the relevant committees, in particular, the Social and Welfare Committee. The procedure for internal stakeholders' complaint and grievances was well-established as judged from the documentation and in interviews with workers.

A complaint and grievance form had been adopted and used. A compilation and a monthly summary on all complaints and grievances captured by the form were prepared. Resolution of complaints and grievances was also guided by an SOP on grievances and complaints (SOP-GC) to ensure that resolution of disputes was done effectively, timely and in appropriate manner.

The system provided opportunities to all affected parties to lodge their grievances and complaints. The Joint Consultative Committee responsible for dealing with these issues was represented by employees of both genders.

**Criterion 6.4**

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

**Audit Findings:**

Sabah has a formal legal procedure for identification of native rights and entitlement, namely, gazetted areas. This procedure was used by Terusan CU in guiding it for any decision making.

Issues regarding customary rights and related compensation were dealt through the mechanism of Stakeholders Meeting. Parties involved in this meeting were relevant government authorities, the Terusan CU management and local, community leaders. Prior to this meeting consultation with the local communities would be held to hear out their claims.

A proper documentation including a procedure to identify claimants and records were available was an example of dispute resolved through consultation.

Other than the potential claim and the legacy claim mentioned above, the local communities/indigenous people consulted during the course of audit, stated that they had no customary or legal rights issues with the estates in question. As mentioned above Customary rights-encumbered land involved had been resolved and the Terusan CU had surrounded the area claimed to the local communities. These claims were resolved through consultation and establishment of consensus on compensation.

**Criterion 6.5**

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

**Audit Findings:**

Pay and conditions for employees were still in accordance to legal and industry standards. Plantation workers were given flexibility with regards to the mode of wage determination as they could choose the piece rate or the daily-wage system.

The workers interviewed were satisfied with the pay and conditions of employment. They were particularly happy with the improvement in housing.

Workers have free access to basic health services provided through company-run clinics. The company also provide pre-school by way of the Humana schools for foreign workers' children and transportation to near-by government schools for children of the local workers and staff.

Employment was done in accordance to the Sabah Labour Ordinance. The wages and conditions were documented, and every employee had a contract of service. Workers were given contracts with the personal particulars, details of terms and conditions of employment, overtime rate, working hours and rest day per week were clearly spelt out in the contract.

It was observed that all workers in the estates had been provided with type-H houses and supplied with free with treated-water and water-tank for storage of rainwater for non-consumption needs. The process of up-grading the accommodation is on-going and expected to be fully completed by 2012. It was noted that the collected rain water at the line site was not tested to ensure that it was safe for use. **OFI SK 3** was raised.

A new crèche was built for the benefits of the workers in the estates and mill. A new school bus was provided to transport the children to schools.

Workers had free access to basic health services provided through company-run clinics. Terusan CU also provided pre-school by way of the Humana schools for foreign workers' children and transportation to near-by government schools for children of local workers and staff.

Terusan CU did not discriminate between foreign and local workers in terms of pay and conditions of work. The salary scheme for the workers, either local or foreign, was similar. All foreign workers had to fulfill the legal requirements before they could be employed to work in the estate.

**Criterion 6.6**

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

**Audit Findings:**

The company's policy of respecting the rights of workers to join trade unions or other forms of association had been spelt out as one of the conditions in the workers contract document. This policy was publicized as notices in 'Bahasa Melayu' or Malay language at strategic places (notice boards and walls).

There was documented procedure for collective negotiation and resolutions of disputes or grievances (compiled in standard operating procedure and continuous Improvement Plan, 2008). Statements in Malay language recognizing the freedom of association had been displayed in appropriate places in the estate.

The company's policy of respecting the rights of workers to join trade unions or other forms of association had been spelt out as one of the conditions in the workers contract document. This policy was publicized as notices in 'Bahasa Melayu' or Malay language at strategic places (notice boards and walls)

**Criterion 6.7**

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

**Audit Findings:**

The company had established a policy prohibiting the employment of persons under the age of 18, in accordance with the definition of the ILO Convention. The policy called the Polisi Buruh Kanak-Kanak written in the Malay language was publicized on notice boards in the offices. No person under the age of 18 was observed employed in any part of the operation. Its implementation was evident through verification of employment records which showed the minimum age requirement under Sabah Labour Ordinance section 72 (CAP 67) 1950 had been complied with.

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

**Criterion 6.8**

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

**Audit Findings:**

The Company had adopted a policy of equal opportunity which upheld the principle of justice and non-discrimination against minorities based on gender, ethnic origins, sexual orientation, physical attributes, and beliefs. This policy stance was displayed publically on notice boards in the Malay Language.

Examination of the profile of the work force indicated that opportunities for employment were opened. Both the foreign workers and local workers were highly diversified in terms of ethnic origin, beliefs, and places of origin. Although there were more foreigners than local workers, this situation reflected the local labor supply situation. There was a general labor shortage in the plantation industry.

The composition of the management and general staff reflected the ethnic diversity of the Sabah population. There was no restriction on the employment of female workers. Female workers/staff were significantly represented in management, general staff and plantation labor force.

**Criterion 6.9**

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

**Audit Findings:**

A policy against sexual harassment and violence against women was still in place. Each estate had a specific policy prohibiting sexual harassment called *Polisi Gangguan Seksual* which was publicized widely on notice boards. The policy defined what constituted sexual harassment and outlined its implementation on the basis of four principles as detailed in the policy document. Sexual harassment had been a standing agenda in the meeting of the Committee for Women and Children.

Forms for registering complaints about sexual harassment were made available and being sighted. The procedure was guided by the Sexual Harassment in the Workplace Act. The grievance mechanism for handling sexual harassment issues was also available. A Women and Children committee has been established by Terusan CU to handle sexual harassment and children-related issues. Interviews with the committee members revealed that they were aware of their roles and responsibilities.

**Criterion 6.10**

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

**Audit Findings:**

Terusan Palm Oil Mill received fresh fruit bunches from smallholders and from nearby estates. Smallholders and local businesses were briefed from time to time about matters that were relevant and of concern to these stakeholders. Smallholders and local businesses had access to management through the Stakeholders Meeting and vice-versa. The Stakeholders meeting would be held at least 3 times a year.

Prices of FFB had clearly been displayed at the palm oil mill and palm oil prices and pricing were discussed in the Stakeholders Meeting. It was observed that the prices of FFB had clearly been displayed at the palm oil mill.

Complaint regarding prices and other FFB related dealings between mill and suppliers were registered with the Mill Manager and reviewed by an internal mechanism. It was found out that current and past prices for FFB were made available publicly.

**Criterion 6.11**

Growers and millers contribute to local sustainable development wherever appropriate.

**Audit Findings:**

The Company had established a clear policy on local sustainable development which was incorporated in the larger Social Policy. Local Sustainable development entails among other things the empowerment of local communities so that they develop capability to sustain and build on whatever initiatives or projects that were implemented. It was noted that the Terusan CU had planned and implemented a number of local sustainable initiatives.

Generally, the documentation under this criterion was not properly organized, recording mostly activities which were in the nature of gifts and financial sponsorships of local school or sporting events. While these donations may indirectly contribute to local sustainable development, the indicator and guidance under Criterion 6.11 imply something more substantive and based on the local needs and participation. A proper documentation of the activities would have to be done to facilitate planning, monitoring and reporting. This may be done in conjunction with Principle 8.1. **OFI R1 was raised.**

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

Not applicable, as the Terusan CU is a fully developed estate and there was no new planting.

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

**Criterion 8.1**

Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

### **Audit Findings:**

The management of the estates and mills had established a monitoring system for continuous improvement through a continuous improvement plan. The activities that were directed at improving areas of key operations had been carried out and recorded in a brief table-form in the file on Principle 8. This however did not record the periodical review of the progress of the implementation of the action plan and monitoring processes that were critical to a continuous improvement plan which would serve as a management tool and capture the sense of continuous improvement (in document e.g. minutes of the management review meeting). **An OFI R 2 was raised.**

The estates had maintained a programme of determining the threshold level of pest infestation before deciding on pesticides application. During this surveillance, it was observed that pesticides had not been applied in the estates. An Integrated Pest Management Programme (IPMP) had also been practiced in all estates through the planting of beneficial plants. GAP practices had satisfactorily been maintained within the industry norm. Mills waste had been re-cycled and used as soil supplement and EFB used as fertilizer in the field.

A management and monitoring programme had been established for the HCV areas identified within the 3 estates.

Environmental monitoring had also been conducted according to the Environmental Management Plan for each estate. These reports had been submitted on time to the Environmental Protection Department.

New chemical stores made of concrete had been constructed in the estates. Each had a proper lock and key system controlled by the storekeeper. Appropriate safety posters had been placed at the entrance. Washing facilities for clothing, bath rooms and first aid boxes had also been provided.

The workshop at Rumidi Estate had also been renovated with concrete flooring.

Programmes on recycling and minimizing waste as well as by products generation had been established. Recycling bins and proper management of scheduled wastes had been implemented. Recycling bins were visible in the estates as well as the land fill sites. There was also a *Waste and Pollution Identification Procedure, Mitigation and Improvement Plan*. A guideline on landfill for disposal of domestic wastes was written.

As part of the CDM plan the utilization of biogas was in preparatory stage in the mill.

As stated above there was a *Waste and Pollution Identification Procedure, Mitigation and Improvement Plan* for the Terusan 1 and 2 Estates.

A major improvement was the construction of a new labour line (Class H) for the workers to replace the old wooden quarters. Each unit of the labour line had been equipped with electricity and treated water supply. Proper sanitation facilities had also been provided. All the workers interviewed expressed happiness over the availability of these new facilities.

Other improvements in the fields included greater awareness of workers on 3R's initiatives (i.e. reduce, reuse, recycle) as part of their work culture. Immunization programme was also initiated in the estate clinic for the children of workers. A new crèche was constructed and a new school bus was bought for sending children to schools.

A mechanism to capture the performance and expenditure had been well established. It was not limited to social and environmental aspects but being extended to occupational safety and health matters.

### **3.2 Detailed Identified Non-Conformities, Corrective Actions taken**

The details on the NCRs and OFIs raised and the assessors' verification of the corrective actions taken are as in **Attachment 3**. The major NCR raised during this surveillance audit was closed out. The



corrective actions taken by the Terusan CU to address the minor NCR and OFI would be verified during the next surveillance audit.

### **3.3 Status of NCRs Previously Issued**

The assessors have verified on the effectiveness of the corrective actions taken by the Terusan CU on the NCR and OFIs raised during the previous surveillance. The assessors were satisfied that the corrective actions taken have been adequate to address the NCR and OFIs and had therefore closed them out.

### **3.4 Noteworthy Positive Components**

The Terusan CU has made further improvements on their compliance against the requirement of the RSPO Principles & Criteria (P&C) Malaysian National Interpretation (MY-NI). This was evident in terms of improvement being made on housing and the related amenities.

The CU has under taken the construction of a new labour line (Class H) for the workers to replace the old wooden quarters. Each unit of the labour line had been equipped with electricity and treated water supply. Proper sanitation facilities had also been provided. All the workers interviewed expressed happiness over the availability of these new facilities.

It was also observed that the workers' awareness level on the implementation of activities related to the requirements of the RSPO P&C has improved. They have been able to explain on the operating procedures related to the work they performed and the resulting impact of not following such procedures. Above all, it was evident that there was strong commitment from the top management to continue complying with the requirements of the RSPO and maintaining the certification.

### **3.5 Issues Raised by Stakeholders**

The stakeholders that were consulted during this surveillance audit include all the relevant government agencies, surrounding communities, local businesses, contractors and panel doctors.

There was a dispute covering 57 hectares in the Terusan Estate dating from the time the transfer of the land ownership from the SLDB. The dispute was due to promises made by SLDB to the neighbouring community of Kampung Peranchangan, Kampung Nangoh and Kampung Gana Pati. The grant/title for this land was linked to the land sold to PBB (Terusan Estate) and no separate titles were issued.

The Terusan Estate had acknowledged the existence of the communities and had not infringed on the land. The Terusan Estate had excluded this piece of land from its ownership. This was demarcated on the map of the estate. The excision and grant of title to the claimants from the local communities would be managed by the relevant authority.

As the major NCR had been satisfactorily closed out, the assessment team therefore recommends the Terusan CU certification against the RSPO MYNI be maintained.

### 3.6. Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

I, the undersigned, representing SIRIM QAS International Sdn. Bhd., acknowledge and confirm the content of the assessment report and findings of assessment.

Name : Dr. Yap Son Kheong

Signature: 

Designation: Assessment Team Leader

Date: 19 April 2012

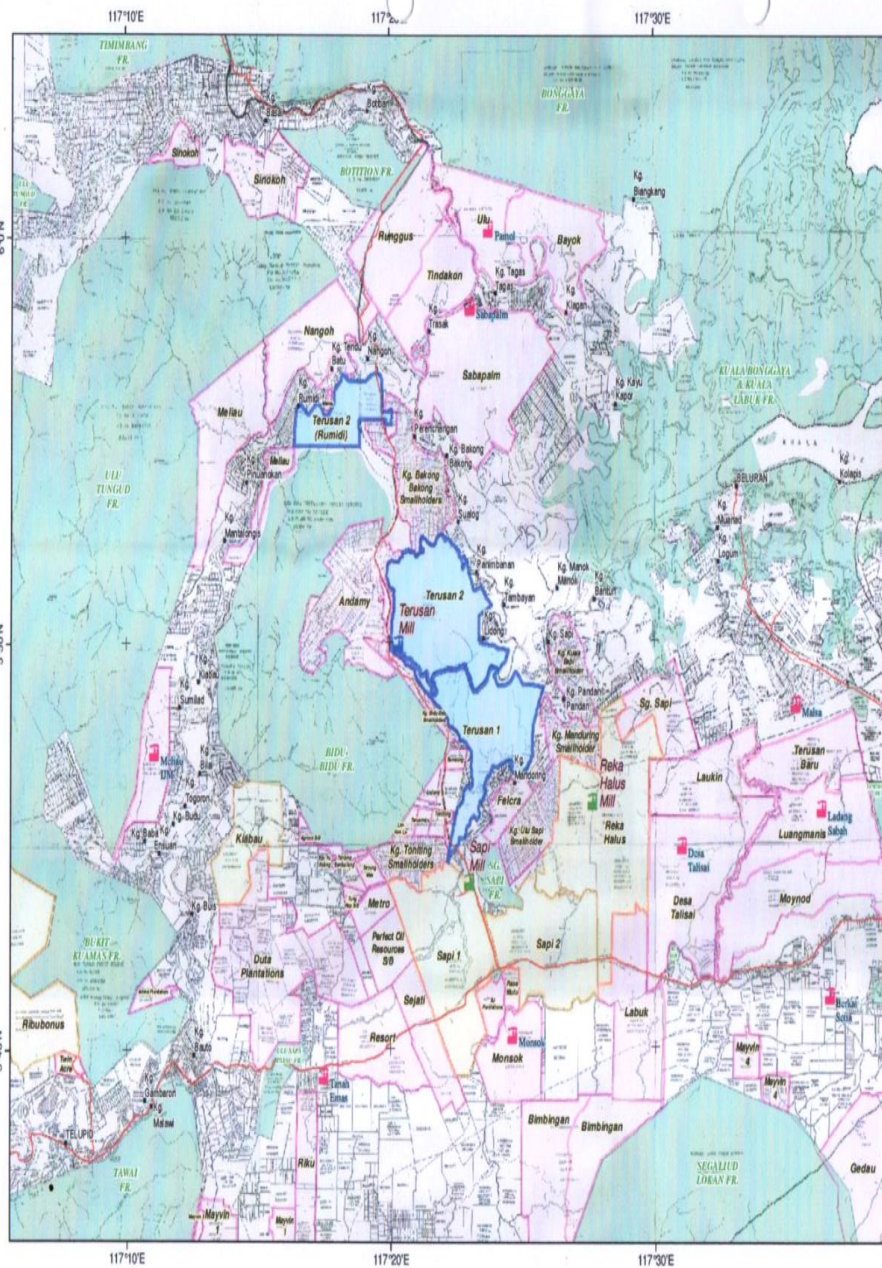
I, the undersigned, representing Terusan Certification Unit acknowledge and confirm the content of the assessment report and findings of assessment.

Name : Tee Seng Heng

Signature : *Tee Seng Heng*

Date : 19 April 2012

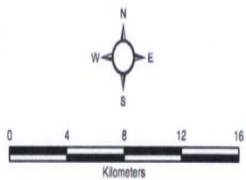
Location Map of Terusan Certification Unit



**PPBOIL PALMS BERHAD**  
 (STANDARD)  
 (DIVISION OF SYAMAH INTERNATIONAL LTD.)

STAKEHOLDER :  
**TERUSAN MILL**

- Legend**
- TERUSAN PALM OIL MILL
  - Other PPBOP Mill
  - Other Mill
  - TERUSAN ESTATES
  - Other PPBOP Estate
  - Other Stakeholders



Data Created : April 2009  
 EMU Sabah

**ASSESSMENT PROGRAMME**

**1. Objectives**

The objectives of the assessment are as follows:

- (i) To determine Ribubonus Certification Unit's compliance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

**2. Date of assessment** : 17-21 October 2011

**3. Site of assessment** : PPB Oil Palms Berhad  
Terusan & Ribubonus Certification Unit

**4. Reference Standard**

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

**5. Assessment Team**

- a. Lead Assessor : Dr Yap Son Kheong
- b. Assessor : Prof Datuk Abdul Rashid Abdullah  
Mahzan Munap  
Mr Selvasingam s/o T Kandiah

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

**6. Audit Method**

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

**7. Confidentiality Requirements**

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain.

In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

**8. Working Language** : English and Bahasa Malaysia

**9. Reporting**

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

**10. Facilities Required**

- a. Room for discussion
- b. Relevant document and record
- c. Personnel protective equipment if required
- d. Photocopy facilities
- e. A guide for each group

**11. Assessment Programme Details** : See Attachment 2 -1

**Day One: 17 October 2011 (Monday)**

<b>Activities /areas to be visited</b>	<b>Dr. Yap Son Kheong</b>		<b>Mr. Mahzan Munap</b>	<b>Prof Datuk Abdul Rashid</b>	<b>Auditee</b>
8.00 – 8.15 am	Opening meeting for Ribubonus and Terusan Certification Unit, audit team introduction and briefing on audit objective, scope, methodology, criteria and programmes by audit team leader				Top mgmt& Committee Member
8:15 – 9:00 am	Briefing on the organization background and implementation of RSPO (including progress of time bound plan and progress of the smallholder on RSPO standard of compliance and verifying previous assessment finding – non conformity(ies) Major or Minor (if any))				Management representative
9:00 – 1:00 pm	Site visit and assessment at Terusan Palm Oil Mill <ul style="list-style-type: none"> <li>• Utilities (ETP, gen-set, boiler, WTP, etc.)</li> <li>• Waste management</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with mill's workers</li> </ul>	Site visit and assessment at environmental area of concern at Terusan 1 & 2 Estates and Rumidi Estate: <ul style="list-style-type: none"> <li>• Area of more than 25°</li> <li>• Riparian zone</li> <li>• River system including POME discharge</li> <li>• Forested area</li> <li>• Plantation boundary</li> <li>• Water bodies</li> <li>• Source of water supply</li> <li>• Over planted areas</li> <li>• HCV</li> <li>• Other area identified during the assessment</li> </ul>	Site visit and assessment at Terusan Palm Oil Mill <ul style="list-style-type: none"> <li>• Administration department</li> <li>• Facilities at workplace (rest area, etc)</li> <li>• Utilities (gen-set, boiler, etc.)</li> <li>• Production area</li> <li>• Chemical store</li> <li>• Workshop</li> </ul>	Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA and management plans. Assessment on P1, P2-C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8 Visit and assessment at: <ul style="list-style-type: none"> <li>• Terusan 1 &amp; 2 estates surrounding community</li> <li>• Humana School</li> <li>• Provision shop operator</li> </ul>	Guide/PIC

1.00 – 2.00 pm	Break				
2.00 – 5.00 pm	Assessment on P1, P2 , P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8 EMS	Assessment on P1, P2 (C2.1-2.1.1, C2.2-2.2.3, P3, P4( C4.4-4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3-5.3.3, 5.4, 5.6), P8  HCV	Assessment on P1, P2(C2.1-2.1.4), P4( C4.1 – 4.1.2, C4.7, C4.8) , P8  OHS		Guide/PIC
8.00 – 10.00 pm	Audit team discussion			Document review	Relevant PIC

**Day Two: 18 October 2011 (Tuesday)**

Activities /areas to be visited	Dr. Yap Son Kheong		Mr. Mahzan Munap	Mr. Selvasingam	Prof Datuk Abdul Rashid	Auditee
8.00 – 12.00 am	Site visit and assessment at Terusan 2 estate <ul style="list-style-type: none"> <li>• Dumping site for estate &amp; mill</li> <li>• Utilities (WTP , gen-set &amp;etc)</li> <li>• Waste management</li> <li>• Facilities at workplace (rest area, etc)</li> </ul>	Continue assessment at environmentally area of concern at Terusan 1 & 2 Estates and Rumidi Estate  Assessment on P1, P2 (C2.1-2.1.1, C2.2-2.2.3, P3, P4( C4.4-4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3-5.3.3, 5.4, 5.6), P8	Site visit and assessment at Terusan 2 estate <ul style="list-style-type: none"> <li>• Administration department</li> <li>• Facilities at workplace (rest area, etc)</li> <li>• Dispensary</li> <li>• Chemical store</li> <li>• Workshop</li> </ul> Assessment on P1, P2(C2.1-2.1.4), P4( C4.1 – 4.1.2, C4.7, C4.8) , P8	Site visit and assessment at Rumidi Estate: <ul style="list-style-type: none"> <li>• Good Agricultural Practice</li> <li>• Workers Issues</li> <li>• Line site</li> <li>• fertilizer stores</li> <li>• witness activities at site (weeding/ spraying/harvesting)</li> </ul> Assessment on P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5, P6 (6.5, 6.6,	Continue assessment at Rumidi Estate  Assessment on P1, P2-C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8	Guide/PIC

	<ul style="list-style-type: none"> <li>• Dispensary</li> <li>• Chemical store</li> <li>• Workshop</li> </ul> <p>Assessment on P1, P2 , P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8 Interview with Terusan 2 estate's employees</p>			6.7, 6.8, 6.9, 6.10, 6.11), P8		
12.00 – 2.00 pm	Travel to Ribubonus Certification Unit					
2.00 – 5.00 pm	<p>Site visit and assessment at Ribubonus Palm Oil Mill</p> <ul style="list-style-type: none"> <li>• Utilities (ETP, gen-set, boiler, WTP, etc.)</li> <li>• Waste management</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with mill's workers</li> </ul>	<p>Site visit and assessment at environmentally area of concern at Ribubonus Estates and mill:</p> <ul style="list-style-type: none"> <li>• Area of more than 25°</li> <li>• Riparian zone</li> <li>• River system including POME discharge</li> <li>• Forested area</li> <li>• Plantation boundary</li> </ul>	<p>Site visit and assessment at Ribubonus Palm Oil Mill</p> <ul style="list-style-type: none"> <li>• Administration department</li> <li>• Facilities at workplace (rest area, etc)</li> <li>• Utilities (gen-set, boiler, etc.)</li> <li>• Production area</li> <li>• Chemical store</li> <li>• Workshop</li> </ul>	<p>Assessment at Ribubonus Estate on : P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p>	<p>Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA assessment and management plans. Visit and assessment at: Ribubonus estate &amp; mill surrounding community (schedule according to their convenience)</p>	Guide/PIC

	Assessment on P1, P2, P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8	<ul style="list-style-type: none"> <li>• Water bodies</li> <li>• Source of water supply</li> <li>• HCV</li> <li>• Other area identified during the assessment</li> </ul>	Assessment on P1, P2(C2.1-2.1.4), P4( C4.1 – 4.1.2, C4.7, C4.8), P8			
08.00-10.00pm	Audit team discussion			Documentation review	Relevant PIC	

**Day three: 19 October 2011 (Wednesday)**

<b>Activities /areas to be visited</b>	<b>Dr. Yap Son Kheong</b>		<b>Mr. Mahzan Munap</b>	<b>Mr. Selvasingam</b>	<b>Prof Datuk Abdul Rashid</b>	<b>Auditee</b>
8.00 – 1.00 pm	Site visit and assessment at Ribubonus estate <ul style="list-style-type: none"> <li>• Dumping site at estate &amp; mill</li> <li>• Environmental issue</li> <li>• Scheduled waste &amp; non-scheduled areas</li> <li>• Utilities (WTP, gen-set &amp; etc)</li> </ul>	Continue assessment at Ribubonus Estate & mill, at environmentally area of concern at Ribubonus Estates and mill.  Assessment on P1, P2 (C2.1-2.1.1, C2.2-2.2.3, P3, P4( C4.4-4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3-5.3.3, 5.4, 5.6), P8	Site visit and assessment at Ribubonus estate <ul style="list-style-type: none"> <li>• Administration department</li> <li>• Facilities at workplace (rest area, etc)</li> <li>• Dispensary</li> <li>• Chemical store</li> <li>• Workshop</li> </ul>	Site visit and assessment at Ribubonus Estate: <ul style="list-style-type: none"> <li>• Good Agricultural Practice</li> <li>• Workers Issues</li> <li>• Line site</li> <li>• chemical /fertilizer stores</li> <li>• workshop</li> <li>• EFB mulching</li> <li>• Plantation on hilly</li> <li>• witness activities at site (weeding/spraying/other maintenance activities/ harvesting)</li> </ul>	Continue assessment at Ribubonus Estate & mill, surrounding community, smallholders and Humana school  Assessment on P1, P2-C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8	Guide/PIC
1.00 – 2.00	Break					



pm						
2.00 – 4.00 pm	Assessment on P1, P2 , P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8	Continue assessment Presentation on audit findings	Assessment on P1, P2(C2.1-2.1.4), P4( C4.1 – 4.1.2, C4.7, C4.8) , P8	Continue assessment at Ribubonus Estate on : P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8 Interview with Ribubonus estate's employees	Continue assessment	Guide/PIC
08.00-10.00pm	Audit team discussion					

**Day four: 20 October 2011**

Activities/ areas to be visited	Dr. Yap Son Kheong	Mr. Mahzan Munap	Mr. Selvasingam	Prof Datuk Abdul Rashid	Auditee
08.00-1.00 pm	Continue with the above assessment				
1.00-02.00pm	Break				
02.00 – 04.30 pm	Continue with the above assessment				

**Day five: 21 October 2011**

Activities/ areas to be visited	Dr. Yap Son Kheong	Mr. Mahzan Munap	Prof Datuk Abdul Rashid	Auditee
08.00-09.00 am	Discussion on audit findings for Ribubonus and Terusan certification units			Relevant PIC
09.00-11.00 pm	Interim closing meeting for Ribubonus and Terusan certification units			Top Management & committee member
11.00 – 02.00 pm	Travel to Sandakan & break			
02.00 – 03.00 pm	Meeting with Financial Controller at Sandakan Office and verification on plan for other management unit & smallholder certification			Top Management

03.00 – 04.00 pm	Closing meeting for Ribubonus and Terusan certification unit	Top Management & committee member
04.00 pm	Travel to Sandakan & end of assessment	

**Details on NCRs raised on October 2011 and Corrective Actions Taken**

<b>Clause</b>	<b>NCR</b>	<b>Details</b>	<b>Corrective actions taken</b>	<b>Status</b>
1.2	Minor	<p>The list of company documents made publicly available had not included all the relevant documents listed in the Criterion 1.2:</p> <ol style="list-style-type: none"> <li>Safety and health plan;</li> <li>Plans and impact assessments relating to environmental and social impacts;</li> <li>Pollution and prevention plans;</li> <li>Details of complaints and grievances;</li> <li>Negotiation procedures; and</li> <li>Continuous improvement plan</li> </ol>	<p>A new circular /notification letter to stakeholders has now included the above 6 documents in addition to a list of others. Attached is a sample of the new circular to nearby stakeholders</p>	<p>Accepted by the audit team</p>
2.1	Major	<p>The requirements of Factory and Machinery Act 1967 (person in charge) Regulations 1970 was not complied with as follows:</p> <ol style="list-style-type: none"> <li>The person in charge of boiler , a 2<sup>nd</sup> Grade Steam Engineer is not assisted during each shift by first grade drivers.</li> <li>The internal combustion engines (ICE) were not being in charge during each shift by 1<sup>st</sup> Grade Driver</li> </ol> <p>Evidence sighted:</p> <ol style="list-style-type: none"> <li>The Boiler (heating surface area – 2 units –each boiler &lt; 10,000 ft<sup>2</sup> ) at Terusan Palm Oil Mill is currently operated by 1<sup>st</sup> Grade Engine Driver and three 2<sup>nd</sup> Grade Engine Drivers</li> <li>The Electrical Generator set at Terusan Estate (93hp and 214 hp), Rumidi Estate (2 x 161 hp) were operated by unqualified personnel while at Terusan Palm Oil Mill(316 hp, 414 hp, 429 hp), they were operated by 3 x 2<sup>nd</sup> Grade ICE Driver</li> </ol>	<ol style="list-style-type: none"> <li>Vacancies for 1<sup>st</sup> grade steam boiler &amp; engine drivers and 1<sup>st</sup> grade/2<sup>nd</sup> grade internal combustion engine drivers had been advertised in local newspapers eg Daily Express dated 8<sup>th</sup> October 2011</li> <li>Selected existing 2<sup>nd</sup> Grade both steam boiler and engine drivers/internal combustion engine drivers from the mill will be sent for courses and examinations. The intensive courses for steam boiler and engine drivers are scheduled for 6<sup>th</sup> – 7<sup>th</sup> December 2011 and internal combustion engine driver is on 8<sup>th</sup> - 9<sup>th</sup> December 2011</li> </ol>	<p>Accepted by the audit team . To verify the implementation in the next surveillance audit</p>

<b>OPPORTUNITIES FOR IMPROVEMENT</b>	
<b>Criterion/ Indicator</b>	<b>Details</b>
<b>4.7.1</b>	<b>Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967.</b>
OFI 1	Although there were rare occurrences of accidents involving LTI of more than 4 days prompt reporting of such accidents to DOSH was required within 7 days of occurrence. An accident on 8 June 2011 at the Terusan POM was reported late and accident investigation would have to be carried out immediately.
OFI 2	As the Terusan POM operated 24 hours a night emergency response drill could be conducted.
OFI 3	An explanation would have to be obtained from the CHRA Assessor as there was conflicting results on the assessment of existing controls as stated in Workplace Assessment Form C on the assessment conducted on 28 September 2009 on Industrial Hygiene. .
OFI 4	Gas testing was done only on the first day of CPO desludging in the POM from 9 January to 12 January 2011.
OFI 5	The content of the first aid kits could be reviewed as splint wood was not in the inventory as specified in DOSH First Aid Guideline Ed. 2 2004..
<b>4.8.1</b>	<b>A Training programme that includes regular assessment of training needs and documentation including records of training for employees are kept</b>
OFI 6	Post training evaluation had yet to be conducted on trainings for SSOP for spraying, manuring, slashing, harvesting, workers, ERT members and chemical handlers. This would determine the training effectiveness.
OFI 7	Terusan POM would have to employ own competent Authorized Gas Tester and Authorized Entrant and Standby Person.
OFI 8	Electrical LOTO permit had been obtained by the POM training had yet to be conducted
OFI 9	Basic First Aid training had been conducted by EHA but this did not include CPR.
<b>5.2.1</b>	<b>Management plan for HCV habitats (including ERTs) and their conservation</b>
OFI 10	HCV Management & Monitoring Action Plan 2011-2015 had been written for the estate. The implementation of this Plan in the short-term and long- term period would have to be supported with a budget plan. A systematic monitoring process could be established and enhanced with a documentation of the sightings of animals in the HCV sites. Personnel responsible could be trained in recognizing signs of animal activities.

<p>5.3.2</p> <p>OFI 11</p> <p>6.5.3</p> <p>OFI 12</p>	<p><b>Having identified wastes and pollutants, an operational plan should be developed and implemented to avoid or reduce pollution</b></p> <p>Recycling of domestic wastes had been encouraged in the line sites. This could be improved with sorting of the different recyclable items at source by providing collection bins.</p> <p><b>Growers and millers provide adequate housing, water supplies and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1960.</b></p> <p>The rain water collected at the line sites could be tested to ensure that it is safe for use.</p>
<p>6.11.1</p> <p>OFI 13</p> <p>8.1</p> <p>OFI 14</p>	<p><b>Demonstrable contribution to local development that are based on the results of consultation with local communities</b></p> <p>Local Sustainable Development entails among other things the empowerment of local communities so that they develop capability to sustain and build on whatever initiatives or projects that are implemented.</p> <p>Documentation of contributions to local community sustainable development could be improved by having a plan able to track the many activities carried out by the Estates and Mills which are local- sustainability in nature but were not documented. Examples are:</p> <ul style="list-style-type: none"> <li>• The ferry service on the Sg. Labuk at Ribubonus – enhances the mobility and physical connectivity of communities in the vicinity of Ribubonus. This is highly appreciated by the locals.</li> <li>• Championing the cause of the physically challenged and socially disadvantaged girl resulting in a recognition of her right to citizenship and welfare benefit.</li> <li>• Improvement of local roads for villages</li> <li>• Sale of fertilizers to local growers (Program Kelupok Baja Tersedia).</li> </ul> <p><b>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.</b></p> <p>Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</p> <p>Records of improvements made that allow demonstrable continuous improvement in key operations had been made. The process could be improved with periodical review to monitor progress and review targets and implementation process.</p> <p>The action plan needs to cover both the environmental impacts and social impacts and other key areas identified so that the implementation of all these key initiatives are not done in isolation but as part of the organization-wide drive to attain Continuous Improvement in those key areas.</p>