



**PUBLIC SUMMARY
SECOND SURVEILLANCE ASSESSMENT**

AUDIT DATE :15TH – 19TH OCTOBER 2012

**PPB OIL PALMS BERHAD
TERUSAN CERTIFICATION UNIT**

**Sandakan District,
Sabah, Malaysia**

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SUMMARY

This public certification summary provides the general information on the Terusan Certification Unit (Terusan CU), the assessment process, the findings of the surveillance, Non-Conformity Reports (NCRs) and Opportunities for Improvements (OFIs) raised, verification of corrective actions on the minor NCRs and OFIs raised during the previous surveillance as well as the decision on the continued certification of the CU against the requirements of the RSPO Principles & Criteria for Sustainable Palm Oil Production, Malaysian National Interpretation Working Group (RSPO MYNI: 2010).

This surveillance was conducted on 15-19 October 2012 by SIRIM QAS International Sdn Bhd (SIRIM QAS International). SIRIM QAS International, an accredited certification body (CB) by the United Kingdom Accreditation Service (UKAS) and STANDARDS MALAYSIA is also the leading testing, inspection and CB in Malaysia having provided its services to all sectors of the industries in management system certification services on quality, environment and health and safety for over 30 years.

SIRIM QAS International has wide experience in conducting assessments on palm oil mills (POMs) and oil palm estates for certification of management system against the requirements of ISO 9001, ISO 14001 and OHSAS 18001. SIRIM QAS International was approved as a CB by RSPO on 21 March 2008. Since then, it had conducted many assessments on RSPO sustainable production of palm oil and supply chain certifications in Malaysia.

This surveillance had resulted in the issuance of two(2) non- conformity reports (NCRs) and eight (8) Opportunity for Improvements (OFIs). One (1) of the NCRs was classified as major while the other one was a minor.

The Terusan CU had taken appropriate corrective actions to address the major NCR. The corrective actions had been reviewed, accepted and verified by the assessor and therefore the major NCR had been closed out. The CU had also submitted a corrective action plan to address the one minor NCR and OFIs which had been reviewed and accepted by the assessor. However, the verification of these corrective actions would be done during the next surveillance audit.

Based on the findings of this surveillance, it could be concluded that the TerusanCU had continued to comply with the requirements of the RSPO MYNI: 2010. The one (1) major NCR raised during this surveillance had been adequately addressed and therefore closed out. The assessment team had therefore recommended the Terusan CU to maintain its certification against the RSPO MYNI: 2010 for the sustainable production of palm oil.

1.0 SCOPE OF THE CERTIFICATION

1.1 National Interpretation Used

The operations of the mill and its supply bases of oil palm fresh fruit bunches (FFBs) were assessed against the requirements of the RSPO MYNIWG: 2010.

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 of Mill and Estates

TPOM, Terusan 1, Terusan 2 and Rumidi Estates are located in Sandakan District, Sabah, Malaysia. They are accessible via the Sandakan – Telupid Road. The CU is about 160 km from the town of Sandakan.

In the immediate vicinity of the TerusanCU are a few villages and other oil palm plantations. Along the northern boundary there are Kg. Rumidi, Kg. Tendu Batu and Kg. Nangoh. In the west are Kg. Perenchangan, Kg. Bakong-Bakong, Kg. Sualog, Kg. Panimbanan and Kg. Lidong. Kg. Tonitinglies at the southern side while the Andamy Plantation is on the west separated by a public road from Terusan 1 and 2 Estates. Adjacent to the Rumidi Estate in the south is the 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** below.

Table 1
Coordinates of Terusan CU (Mill and Estates)

Operating Unit	Latitude	Longitude
TPOM	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 Estate, Terusan 2 Estate, Rumidi Estate as well as smallholders and smallgrowers. The average annual FFB contribution from the estates and outside sources for the year 2010 to 2012 is detailed in **Table 2**.

Table 2
Production (Tonnes) of FFBs from TerusanCU Own Estates and Supply From Outside Sources (2010 – 2012)

2010		2011		2012 (Jan-September)	
Own Estates	Outside Suppliers	Own Estates	Outside Suppliers	Own Estates	Outside Suppliers
166,603.05	47,812.39	171,616.86	48,998.66	103,284.30	24,762.87
77.7%	22.3%	77.8%	22.2%	80.7%	19.3%

The contributions of FFBs from the CU's own estates; Terusan 1, Terusan 2 and Rumidi for 2011 and 2012 are shown in **Table 3**.

Table 3
FFB Contribution (Tonnes) From Each Estate to Terusan 1 Palm Oil Mill

Estate	Production (2011)		FFB Production (Jan -Sept 2012)	
	Tonnes	Percentage	Tonnes	Percentage
Terusan 1	65,145.76	37.96	38,690.30	37.46
Terusan 2	77,673.78	45.26	64,594.00	62.54
Rumidi	28,797.32	16.78		
Total	171,616.86	100	103,284.30	100

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

The plantation area and the area planted with palms are shown in **Table 4**.

Table 4
Total Plantations and Area Planted

Estate	Years 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
Total		7,652.50	6,877.52

1.6 Other Management System Certifications Held

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

Address:

PPB Oil Palms Berhad
Sabah Operations
Lot 1A, KM 15, JalanLabuk
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 Approximate Tonnages Offered for Certification (CPO and PK)

The approximate tonnage of CPO and PK produced and claimed for certification, is shown in **Table 6** as follows:

Table 6
Approximate CPO and PK (Tonnage) Claimed for Certification Year 2011

Certification Unit	CPO	PK
TPOM	0	0

Note: The amount claimed for certification excludes contribution from smallholdings

2.0 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 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"> • Completed RSPO Lead Assessor Course - 2008 • Successfully completed EARA approved lead Assessor course for ISO 14001: 2001 • Ph. D. (Forest Biology) University of Aberdeen (Scotland) and University of Malaya Fellowship in Tropical Rain Forest Project. • B.Sc. Hons. Second Class Upper (Botany), University of Malaya <p>Memberships in Professional Organizations:</p> <ul style="list-style-type: none"> • Member of the IUFRO Working Party on Seed Problems. Nominated as one of the candidates for the Co-Chairman of Working Party in 1986. • Project Leader for Project 8 of the Reproductive Biology of Tropical Trees of the ASEAN-Australian Tree Improvement Programme. 1986. Given the role to develop research activities on

		<p>reproductive biology within ASEAN countries with sponsorship from Australia.</p> <ul style="list-style-type: none"> • Elected member of the Committee on Forest Tree and Shrub Seeds of the International Seed Testing Association. 1989 to 1992. • Vice Chairman of the Working Group on Seed Origin and Genetic Resources of the ASEAN Canada Forest Tree Seed Centre. 1990 to 1995. Responsible in coordinating research activities on genetic resources within the ASEAN countries. • Project leader on Impact of Acid Precipitation on Forest working in conjunction with researchers from China, Indonesia, Japan and Thailand.
Mr. MohammadHidhir	Auditor /Occupational Health and Safety & related legal issues	<ul style="list-style-type: none"> • Bc. Eng (Hons)Chemical Engineering, Universiti Kebangsaan Malaysia (2006) • AESP and AGT for Confined Space, NIOSH (2009) • Lead Assessor Course for QMS, EMS and OHSMS, IRCA/RABQSA (2012) • Attended RSPO Training • Working experience in palm oil mill
Dr. Zahid Emby	Auditor /Community issue /social criteria and national legislation	<p>A lecturer with the Department of Social and Development Science, Faculty of Human Ecology, University Putra Malaysia (UPM) until his retirement in 2011.</p> <ul style="list-style-type: none"> • He holds a B.A. Hons. (Social Anthropology and Sociology) and M.A. (Social Anthropology) from Monash University, Melbourne, Australia and a PhD (Anthropology) from Cornell University, Ithaca, U.S.A. • Actively involved in socioeconomic and cultural research of the Malay community as well as other indigenous communities in Malaysia namely the Orang Asli, Iban, Kadazan-Dusun and Orang Ulu. • Research on local community participation in the Malaysian tourism industry (specifically ecotourism and cultural tourism). • Member of a consultation team commissioned by the Malaysian Wildlife and National Park Department (PERHILITAN) to develop sustainable management plans for wildlife reserves in Peninsular Malaysia. • Attended RSPO Training
		<ul style="list-style-type: none"> • Attended training on RSPO Principle & Criteria and RSPO certification requirements • B. Sc. (Hons) Agriculture – University of Agricultural Sciences, Hebbal, Banglore, India (1969-1973) • Assistant Estate Manager, Kumpulan Guthrie

Mr.Selvasegama/ T Kandiah	Auditor / Good Agricultural Practices (GAP) and workers issues	Berhad (1974-1979) <ul style="list-style-type: none"> • Senior Assistant Estate Manager, Guthrie Berhad (1979-1994) • Estate Manager, Guthrie Berhad (1995-2002 – retired) Managing and supervise the following activities <ul style="list-style-type: none"> • Nursery for rubber and cocoa • Supervise Plantings activities for : Cocoa Replant, Rubber Replant, Oil Palm Replant, Oil Palm Replant, Oil Palm New Clearing • Supervise Upkeep Immature & Areas : Cocoa Replant, Rubber Replant, Oil Palm Replant, Oil Palm Replant, Oil Palm New Clearing • Collection : Cocoa Harvesting, Tapping, FFB Harvesting, Cocoa (i.e. Splitting Cocoa Pods & Fermenting and Drying Beans), Oil Palm – In field collection (i.e. Buffalo, Jamsa, Mini Tractor, Crane Loading, Bin Loading (Jamsa)) • Vehicle Maintenance & Workshop : Mini Tractors, Jamsa, Lorries – Tippers and Flat Body, Prime Movers, Jeeps • Estates Developments : Collection of Data for Monitoring Estates' Performance, Organizing Seminars, Meetings, Forecasting Workers Housing Requirement for Company, Forecasting FFB Yield & Oil Extraction Ratio for Company, Assist in Budget Formatting and Budget Preparation, Assisting Computerization of Budget Preparation, Formulation of Best Practices • Formulation of SOP for all Estate Operations for all workers, Junior Staff and Senior Staff
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2.3 Assessment Methodology (Program, Site Visits)

The surveillance audit was conducted on **15 to 19 October 2012**. The main objectives of this surveillance audit were to

- (a) determine the continued compliance of the CU's against the requirements of the RSPO MYNI:2008,
- (b) verify the effectiveness of the corrective actions being implemented by the CU to address the NCRs raised during the previous surveillance audit; and
- (c) make appropriate recommendation on the continued certification of the 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 (TPOM, Terusan 1, Terusan 2 and Rumidi) were assessed.

The audit was conducted by inspecting the mill, planted areas, 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. In addition, records as well as other related documentation were also being evaluated. The details on the surveillance audit programme are presented in **Attachment 2**.

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 will be conducted within nine to twelve months from 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 NCR, 1 Minor NCR and 8 OFIs. The details on the NCRs (including corrective actions taken) and OFIs are as in **Attachment 3**.

The findings of this surveillance audit are presented based on the format for the RSPO MY-NI indicators. The detailed findings of this surveillance audit on the TerusanCU's continued 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. The same SOP for stakeholders' consultation and Public Information Request (PIR) Form were still being used. Letters had again been written to stakeholders on 11 June 2012 informing them that documents were available for inspection in the offices of the estates.

The record books on requests for information showed that the CU had still not received any request for such information from external stakeholders.

Criterion 1.2

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

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

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

Audit Findings:

Terusan Estate had continued to notify the stakeholders via letters on the availability of documents for viewing. Documents were still made available for public viewing at the estate and mill offices.

During the 2011 surveillance, a Minor NCR SK 1 was raised as the following relevant documents had not been publicly made available:

- 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
- f. Continuous improvement plan

A complete set of documents related to environmental, social and legal had been made available to the audit team during this surveillance. The minor NCR SK1 raised during the previous surveillance was therefore closed out.

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:

A legal register '*RSPO Register of Legal and Other Applicable Requirement*' (Register) was presented. The Register had been updated with the latest amendments added and approved on 8 October 2012 by the Sustainability Manager. All the relevant permits and licenses were still being made available in all the estates. These documents were found to be valid and in compliance with the conditions and by-laws.

In addition, all the relevant permits and licenses (19 in total) were also sighted in TPOM. However, it was observed that the Register in TPOM had yet to be updated to include the Weight and Measure Act 1972, Electric Supply Act 1990 and other approval conditions for desludging activities. **An OFI TS 1/2012 was therefore raised.**

During the previous surveillance assessment, a **major NCR MM1** was raised as it was found that TPOM had not fulfilled some of the requirements for competent persons in accordance to the Factories and Machinery (Person-In-Charge) Regulations 1970. The Person-In-Charge of the boiler, a Second Grade Steam Engineer, had not been assisted during each shift by a First Grade Engine Driver except for one shift. Additionally, the electrical generator sets placed at Terusan and Rumidi Estates had not been operated during each shift by a First Grade Internal Combustion Engine Driver as required under the Act.

Rectification was done within 3 months after the conduct of the previous surveillance audit and the **major NCR MM1 was therefore closed out.**

During this surveillance, 14 documents were examined during which it was found that there were non-compliances with respect to the following legal requirements:

- (a) Approval conditions dated 25 November 2011 for de-sludging of anaerobic pond no.3 had not been adhered to;
- (b) The 2 generators of 320kw and 250kw capacities as well as the one in the estates were currently operated by non-competent persons. This contravened with the provisions of the Factory and Machinery Act 1967 (Person-In-Charge) Regulations 1970; and
- (c) Scheduled wastes had been stored for more than 180 days or more than 20 tonnes in the mill which contravened Regulation 9(5) under Scheduled Waste Regulations 2005.

A **Major NCR TS1/2012** was therefore raised on the above non-compliances.

The Sustainability Manager who was given the task of monitoring the CU's compliance with all the legal requirements had continued to work with the legal department, relevant agencies and mass media to track any changes on all the relevant laws.

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 still leased from the Sabah State Government and the condition of the lease was for 'Agriculture Purpose'. All the estates had continued to be in compliance with this lease condition.

It was observed that part of the Rumidi Estate was purchased from the Sabah Land Development Board (SLDB) in August 1993 by Sapi Plantation Sdn. Berhad (SPSB). SPSB was allowed by SLDB to enter the land and work on it pending the issuance of the land title. SLDB had acknowledged that it had taken action to secure the title from the authority and transfer it to SPSB in a letter dated 11 September 2012.

During site inspections in all the estates, it was observed that there were still redcoloured wooden boundary markers.

The dispute covering 57 hectares of land in the Rumidi Estate had been settled. The management had acknowledged the existence of the communities and had therefore excluded it from its ownership. This was demarcated on the map of the estate. Based on consultations held with the communities of Kampung Peranchangan, Kampung Nangoh and Kampung Gana Pati, it was found that the excision of this particular land was still waiting the grant of title from 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. The claim made by the local communities on the land opposite the Rumidi Estate had been resolved by the exclusion of this land from the estate through mutual agreement with the affected communities in 2011. There were no longer any cases involving land disputes in Terusan CU.

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

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

Audit Findings:

A Management Plan including crop forecast, infra-structure development (agricultural machinery, roads, houses etc.) covering the period of 2011 to 2014 had been prepared for all the estates and made available to the assessment team was still being referred.

Annual budget for the years 2008, 2009, 2010, 2011 and 2012 were kept in the office and made available to the audit team. Copies of Annual Report for 2008, 2009, 2010 and 2011 were also made available. Data was kept for FFB production from 2010 to 2012. For the Terusan 1 and 2 Estates, a Five Year FFB Yield Projection from 2009 to 2014 was presented.

For Terusan 1 and 2 Estates, records of planting and cumulative planted areas for 2009 to 2019 were made available. A 5 to 10 year replanting programme up to the year 2017 was presented.

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:

In palm oil mill, a Standard Operating Procedure (SOP) for each stage of the process was still been kept at the appropriate sites for reference. Copies of the SOPs were presented to the audit team. The *Agriculture Manual & Standard Operation Procedure [Manual and SOP] (2011 Edition)* was still being used.

Records on fertilizer application, pest and diseases control as well as weeding regimes had continued to be done in accordance to these SOPs.

However it was noted that the programmes for circle spraying and selective weeding/spraying were behind schedule resulting in dense vegetation under the palms and along pathways. This was especially so in the blocks with Bergosong soil in Terusan 1 and 2 Estates where the predominant weed was *Stenochlaenapalustris*. An **OFITS 2/2012** was raised for the improvement on weeding practices.

Monthly Progress and Annual Reports on monitoring of all activities were still being made available during the surveillance. These included field audit report (2011) and Plantation Advisor's Visit Reports 2011. 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:

The last soil sampling was done on 6 June 2011. An annual agronomic foliar analysis had been conducted in all the estates and the last one was conducted in 2011. The results had formed a basis to ascertain soil fertility and recommendation for the use of fertiliser. Fertilizers recommendation for the period of 2012 had been prepared.

Soil fertility had continued to be maintained by mulching of empty fruit bunches (EFBs), proper frond stacking (biomass), POME application, regular application of inorganic fertilizers and water management. EFBs were still being distributed and used as organic fertilizer for the oil palm trees in the estates. EFB application programmes for all estates were presented to the audit team. In Terusan 1 Estate, 8,910.04 tonnes had been applied to-date against the budgeted amount of 8,000 tonnes. In Terusan 2 Estate, 17,276 tonnes were applied against the budgeted 32,720 tonnes. There was no fertilizer application made in Rumidi Estate although 2,720 tonnes had been planned. Monthly records of EFB usage (block by block) were also inspected.

It was observed that the application of EFBs as fertilizer had been adhered to as in the structured EFB Application Programme.

Criterion 4.3

Practices minimise and control erosion and degradation of soils.

Audit Findings:

It was observed that terraces had been constructed in all sloping areas with regular bunds to retain water and as erosion control. The planting of cover crops had continued along steep slopes. As mentioned in the findings on Criterion 4.2, the application of EFBs as fertilizer had further assisted in reducing erosion.

It was observed that, roads had continued to be satisfactorily constructed and water runoff had been adequate. Rain water was still being drained into the terraces on the lower slopes.

Generally the estates had continued to be well protected from soil erosion with natural vegetation. Circular weeding was still being implemented. Frond stacking had continued to further reduce area of exposed soil and on terraced areas. Stop bunds had continued to be used to further reduce the incidences of erosion.

It was also observed that harvesting roads in all the estates had been in satisfactory condition and that water runoff was adequate. Rain water was drained into the terraces and lower slopes.

There was a road maintenance programme as shown in the machine utilization record documented as Heavy Machinery Schedule for each of the estate. All estates had a schedule for machinery use. *Schedule of Heavy Machineries for Road Maintenance (Motorgrader, Compactors & Case backhoe) January to December 2012* was presented.

There was no peat soil in the estates. The Bergosang Soil series covered 54% of Terusan 1 and 2 Estates and the water levels were maintained between 45 cm and 60 cm using sand bags, bunds and water gates.

Criterion 4.4

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

Audit Findings:

The *Riparian Zone Management Guidelines* for protection of riparian belts along the major rivers was still being used. The number of signage on the riparian zone had been increased since the last surveillance and placed prominently at all the identified buffer belts. It was observed that the natural vegetation had colonized these riparian buffer belts as no weeding or fertilizer application had been allowed.

There was no construction of bunds/weirs/dams across the main rivers or waterways in the estates and that all streams and drainage were without any obstruction except for the 74 water gates at Terusan 1 and 2 Estates to control water level and prevent entry of brackish water into the planted areas.

Water sampling had continued to be conducted at specified sampling points along the main rivers in all the estates. There was a reduction on the number of sampling points from 2011 due to the implementation of an EIA study for the replanting programme in the estates. Water samples were analyzed by accredited laboratory Borneo Samudera Sdn. Bhd.

The quality of water samples collected and analysed in March 2012 were found to have improved slightly compared to that of 2011. However, the quality of water samples collected in July had deteriorated slightly to be within Class II and Class III. The quality of outgoing water from the estates into the main waterways was still within the acceptable level according to the report.

It was noted that the CU (both the mill and estates) had continued to conduct a systematic monitoring on water qualities. The data on effluent and water quality for the TPOM in September 2012 was examined and found to be in compliance with the license approved by the Department of Environment (DoE).

All the estates still have their own Water Management Plan. Data on rainfall was still being collected by the estates. Records on rainfall from 1992 to 2012 were made available and these were examined by the assessment team. The offices, mill and estates had continued to implement the procedures on minimizing water usage. The line sites and estate complexes had continued to harvest rain water.

Terusan CU had continued to monitor the amount of water being used by the mills and the estates. The water used was segregated for domestic and mill consumptions. It was observed that the records of the mill's daily water use (litres of water per ton of FFB) as well as the monthly and daily water consumption in the estates were still being kept. The *Monthly Summary Record of Water Usage for Year 2011, Year 2012* and *Terusan Estate Water Management Plan* were examined.

For domestic use, raw water consumption (ℓ) per head per day in 2011 was at an average of 477.30 ℓ/head per day and in 2012 (up to September), the average usage was 531.82ℓ per head per day. For

processing, the water consumption was at 1.26ℓ per tonne of FFB for 2011 and in 2012 (up to September), the usage was at 1.36ℓ per tonne of FFB.

The staff had continued to be made aware on the need to conserve water in all the offices, mills and estates. All the water obtained from the rivers had continued to be treated before being consumed. For improving the harvesting of rain water, every house had continued to be equipped with its own rain water collection tank. The certificate of analysis on drinking and river water conducted by Indelab Sdn. Berhad was sighted and it was found that the water was fit for human consumption.

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 establishment of beneficial plants along road sides and vacant areas. However, it was observed that the establishment of more beneficial plants could be improved as the last planting was done in 2009. An **OFI TS 3/2012** was therefore raised.

The CU had continued to monitor the incidences of pest infestation of Bagworm, Nettle Caterpillar as well as other insect pests was conducted. It was observed that there were rat damages on harvested bunches during the field inspection and therefore rat damage census had to be initiated. **This was therefore raised as part of OFI TS 3/2012.**

As previously reported, the Terusan CU had once used a small quantity of insecticides in Terusan 1 Estate in 2011 to control the outbreak of pest attack. The application of pesticides was only made when the incidences recorded had exceeded the accepted threshold level of attack.

Pesticides usage had continued to be monitored. The CU had continued to maintain the *Register of Chemicals Hazardous to Health and Chemical List (Senarai Rekod Bahan Kimia)* to record all chemicals used as herbicides, insecticides, fertilizer, oil and lubricant and chemical for water treatment.

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:

As stated in the previous surveillance all chemicals usage was still based on the 'need to do basis' to enhance field operations. The use of one Class I chemical consisting of the active ingredient *monocrotophos* reported in the previous surveillance in Terusan 1 Estate had been discontinued.

The chemical was used according to Second Schedule of the Pesticides Act Form 1 Pesticides (Highly Toxic Pesticides) Regulation 1996. The CU had continued to keep record on workers involved in using or handling this chemical. In addition, 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 still being documented.

There were still written justifications in the SOPs on the use of agrochemicals. The Agricultural Manual, which had included a chemical register list which indicated the purpose of usage (intended target), hazards signage, trade and generic names was still being referred.

Pesticides selected for use were still those officially registered under the Pesticides Act 1974 (Act 149). The CU had continued to implement the PPB's Oil Palm's Occupational Safety and Health Policy, plan and programme 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 CHRA assessment which was valid for 5 years would be due for re-assessment in 2013. Recommendation from CHRA had continued to be implemented through the yearly medical surveillance programme for the sprayers by an Occupational Health Doctor and monthly assessment of pregnancy by the estate's medical assistance.

The storage of chemical herbicides was still in accordance to the related legal requirements. Chemical stores in all the estates were constructed with locked doors. Records on the purchase, storage and use of agrochemicals had continued to be properly documented in the Stock Statement Return. All stores were still locked and a specific person-in-charge had continued to attend to them. The appropriate PPE for handling these chemicals were still made available at the point of use. Empty chemical containers had continued to be triple rinsed and if not required for use in the field were pierced to prevent misuse.

The disposal or destruction of empty chemical containers was still in accordance with legal requirements as stated in the Evaluation of Environmental Aspects and Impacts of the CU. The Material Safety Data Sheet (MSDS) instructions written in Malay had continued to be clearly displayed at the store as well as on the back of the tank used to transport pre-mixed chemicals to the field. After spraying, a warning sign was put up on site to inform people on chemical application.

Terusan CU had continued to implement the schedule for medical surveillance of its workers. A monthly medical surveillance was still being conducted by the Estate Medical Assistant for estate sprayers who were exposed to the potential dangers of chemicals. Records for the check up from January to December 2011 were presented during the surveillance. The latest medical test for all sprayers was done on March 2012.

There was also a monthly record of pregnant and lactating women. The medical reports did not show any unhealthy workers who had suffered detrimental effects as a result of their job. In addition to the above, all the sprayers had continued 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. Medical Surveillance Cholinesterase test report as required by the DOSH for sprayers exposed to Organophosphate pesticides dated 19 June 2012 was shown to the auditors. These workers were recorded to be healthy.

Monthly consultations had continued to be conducted in the estate clinics for pregnant and lactating women and all pregnant and breast-feeding women were still not allowed to work as pesticides sprayers. In addition Terusan Anti-Natal and Birth Record was also inspected which had indicated no pregnant and breast feeding women been involved with pesticides application.

There was no 'Paraquat' being used in any of the estates. In addition, there was no aerial spraying being conducted. The mill had still not received any request to conduct tests on chemical residues in CPO.

For 2009, 2010, 2011 and 2012 a total of **23.726**a.i. (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 2012. A bin card system for the issuance of agrochemicals (FIFO) was still being 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 continued to be displayed on notice boards, communicated and implemented across all levels of the organization.

OSH training for the staff and workers had continued to be conducted as per the OSH plan and programme developed by the designated OSH officer. The Safety and Health Officer (SHO) was still responsible for the OSH implementation in the mill and estates with the assistance of Ecological Management Unit team onsite. The CU had continued to keep record on regular meetings/communication between management and workers related to workers health and safety in the regular morning briefings and the quarterly OSH Committee meetings. The minutes of these meetings had continued to be maintained and Terusan CU had continued to take the necessary actions to rectify issues as highlighted in the meetings.

Records on Hazard Identification, Risk Assessment and Risk Control (HIRARC) as well as CHRA were examined during this surveillance and found to be generally in good order. **However an OFI TS 4/2012 was raised on the following:**

- the HIRARC register could be improved by having the new lathe machine in the workshop at the TPOM be risk assessed and included in the HIRARC register;
- hearing conservation programme and baseline audiometric test had yet to be conducted for the employee who were exposed to noise level above the limits prescribed in the regulation 5 under FMA Noise Exposure Regulation 1989;
- OSH yearly plan for the estates and mill could be improved by having a checklist for conducting periodic monitoring activities in accordance to USECCH regulation 2000, annual mill inspection for steam boiler and UPV, Safety Health and Committee Regulation 1970 and other applicable legal requirements.

There was continued implementation of appropriate risk control measures as observed during the field and mill inspections where employees had been provided with and were using the appropriate PPE. In addition, administrative control such as safety signage and SSOP had continued to be displayed widely at workplace.

It was observed during the previous surveillance that accident records had been 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 for a case where there was a delay on investigation and reporting of an accident to DOSH. This had resulted in the raising of **OFI M1**.

Terusan CU had continued to comply with NADOPOD Regulations related to incidence investigation. All accidents including lost time injury (LTI) less than 3 day, had been investigated and recorded accordingly using a format given by the Safety Officer. DOSH reports such as *JKKP 6 and JKKP 8* had since then been submitted in a timely manner. **OFI M1 was therefore closed out.**

Terusan CU had also continued to disseminate information to staff and contractors on response to emergencies. To ensure emergency response procedures and instructions were understood by employees; and continual improvement on emergency preparedness and response, an annual drill had continued to be conducted at both the mill and estates. Although an emergency response drill had been conducted, an **OFI M2** was raised during the last surveillance on the need to conduct a night drill in the TPOM as it operated through the night. An emergency response drill at night had been conducted and **OFI M2** was therefore closed out.

The Field Supervisors and mill First Aiders were still found to be conversant with the first aid practices for minor injuries and were also aware of their duties and responsibilities. In the estate, clean water was still being provided and transported to the field for use by the sprayer team.

An OFI M3 was raised during the previous surveillance audit as an explanation would have to be made by the CHRA assessors as there was conflicting results on the assessment of the existing controls as stated

in the Workplace Assessment Form C on the assessment conducted on 28 September 2009 on Industrial Hygiene. **(What was the correction action taken and the status this OFI?)**

During the previous surveillance audit, it was also observed that the desludging of CPO tanks in the mill, gas testing was conducted on 9 January 2011. Similar gas tests and monitoring were not done daily during the period of work that was only completed on 12 January 2011. **OFI M4** was therefore raised. **(What was the corrective action taken and the status of this OFI?)**

During the previous surveillance audit, it was observed that the First Aid Kits provided to the offices and in the fields were not standardized throughout the estate and mill in accordance to *DOSH First Aid Guidelines, 2nd Edition*. An **OFI M5** was therefore raised. During this surveillance audit, the content of these First Aid Boxes were inspected and they were found to have been standardized throughout the estate and mill in accordance to *DOSH First Aid Guidelines, 2nd Edition*. There were records showing that the contents of the first aid box were inspected. The OFI M5 was therefore closed out.

The Safety Officer had continued to record and display on the number of accidents as LTA on the notice board of in all the estate offices. Records were kept in the Occupational Accident Record and also Occupational Accident Statistics. As of September 2012, there were 17 reported accidents. The CU had continued to submit the relevant accident reports using formats *JKKP 6* and *JKKP 8* to the DOSH in timely manner.

Terusan CU had also continued to provide group insurance for all foreign workers as required under the Workmen Compensation Act 1992. The assessment team had inspected the insurance renewal schedule for 2012. A Foreign Workers Compensation Policy with certificates No. KK-W0093268-WWF-R001 issued by Ace Jerneh Insurance was sighted. The local workers were still covered by SOCSO.

Criteria 4.8

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

Audit Findings:

Training sessions on work-related first aid procedures and use of fire extinguisher were conducted at Terusan 2. In addition, SSOP training for field and mill workers had been conducted during the daily toolbox meeting. The contractors had continued to be 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 still 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.

An **OFI M6** was raised during the previous surveillance audit on the need for improvement of the training being conducted as there had been no review being made to evaluate the effectiveness of the training programmes provided by the CU. The CU had since then requested every employee to fill up an Evaluation Training) Form at the end of every training session they have attended. The OFI M6 was therefore closed out.

It was also observed during the previous surveillance audit that the TPOM had not employed its own Authorised Gas Tester together with Authorised Entrant and Standby Person as required by the Confined Space Entry Code of Practice. This observation was raised as **OFI M7**. **(What was the corrective action taken and the status of this OFI?)**

An OFI M8 with regard to LOTO permit which had been initiated but without the necessary locks and associated training being conducted.

During the previous surveillance it was also observed that the EHA had conducted basic first aid training for the workers but had not included aCPR.This observation was raised as **OFI M9**.A CPR training had been conducted and instructions on CPR had been prominently displayed in the mill. OFI M9 was therefore closedout.

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 continued to review and up-date the environmental aspects and impacts risk assessment for activities related to the estates and mill operations. A document *TE/EAI 02/0812 Identification of Environmental Aspects and Impacts and Evaluation of Significance for Terusan Estates* was presented. Another document *TE/MIT 02/0812 Significant Environmental Aspects and Impacts Mitigation Methods for Terusan Estate 2012* was prepared and made available and presented to the assessment team.

It was found that the aspects and impacts risk assessment had been conducted and revised in 2012. However, the positive impacts of recycling domestic wastes and the practice of segregating organic and non- organic wastes at the line sites had not been included in the list of impacts. This was therefore raised as **OFI TS 5/2012**.

Mitigation on the negative impacts of domestic wastes had been implemented with a recycling plan at the line sites. Different bins for organic and inorganic wastes had been provided at the line sites. Identification, prevention, mitigation and improvement plan on pollutants had been developed and implemented. Among the plans were improvement on the quality of effluent being discharged from the mills, reduction of fuel consumption and enhancing 3Rs initiatives on management of domestic wastes.

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:

As detailed in the HCV Management and Monitoring Action Plan 2011-2015, a systematic monthly monitoring programme had been established which could be enhanced with the sightings of animals and the personnel involved be trained on recognizing signs of animal activities. It was observed in the previous surveillance audit that the implementation of these activities would have to be supported by financial resources and therefore a budget plan for short and long-term period was necessary. This had been raised as **OFI SK 1**. However, during this surveillance audit the budget plan had not been presented. Therefore this OFI was upgraded to a **minor NCR TS2/2012**.

The HCV Management and Monitoring Plans for Terusan 1, Terusan 2 and Rumidi Estates 2011 were presented to the assessment team. Although these plans had included HCV habitats, their preparation could have been improved involving consultations with relevant experts in the biological and social disciplines. This observation was raised as **OFI TS 6/2012**.

Poaching had continued to be disallowed within the plantation with warning signage being placed at the entrances of each estate. Posters on protected animals were still 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:

A Recycle Programme for domestic and office wastes had continued to be implemented. It was observed that recycling bins werestill been placed in all offices and line sitesas well as at all the landfills. Aluminum cans, plastic bags and papers were sold to City Express Recycling Sdn Bhd and to Sandakan Recycle Trading.

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

The biodegradable wastes were still being segregated into recyclables and non-recyclables. EFBs and decanter cakes had continued to be sent to the estates for soil improvement. Shells and fibres were still used as boiler fuel and the surplus portions sold to interested buyers. Boiler ashes were recycled and used for road maintenance. General waste were collected from the line sites and mill and disposed at centralized dumping site.

Scheduled wastes had continued to be managed in accordance to DOE scheduled waste specifications. Their disposal was done through a licensed contractor; Tiang Cheong Brick Sdn. Berhad and Petrojadi Sdn. Bhd. in accordance to the Schedule Waste 2005. The licences issued to the 2 contractors were still valid until 30 April 2013.It was found that Terusan POM had continuously complied with the final discharge limit as stipulated in the written approval. However, it was observed that the storage retention time for some of the wastes generated in the mill had not been strictly adhered to. This had been raised as **major NCR TS 1/2012**(see findings on criterion 2.1).

It was also observed during the previous surveillance audit that 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. Therefore an **OFISK2** was raised. During this surveillance assessment bins for recycling items had been placed at the line sites and items were collected for sale. This OFI SK 2 was therefore closedout.

During this surveillance audit, it was found that all estates had been operating their own Scheduled Waste store at individual operating unit site. They also maintained their own records of Scheduled Waste as per requirements of DOE which include inventory, storage and disposal and monthly submission of said records to DOE. However, it was observed at the Terusan 2 Estate that the maintenance of inventory on scheduled wastes had not been properly done as the amount of scheduled waste being disposed had not been recorded. This was therefore raised as **OFI TS 7/2012**.

It was observed that EFB had continued to be collected and used as fertilizer in the estates. Mulching had continued to be done at a rate of 80 MT/ha/year.

Criterion 5.4

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

Audit Findings:

It was observed that the palm oil mill had continued to use oil palm fiber and shells from the processing of FFBS as boiler fuel to generate steam for the mill, as well as electricity for the mill complex and line sites. The CU had continued to maintain and record the usage of this renewable energy.

The Terusan CU had continued to monitor and document the monthly consumption of diesel per tones of CPO in all the estates and palm oil mill.

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:

It was observed that there was still no open burning in the estates 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 were felled, chipped, shredded and mulch. There was no replanting carried out in 2011 & 2012. In addition, the burning of domestic wastes was still not allowed as specified under the Manual and SOP. All domestic wastes had continued to be collected and disposed off in landfill.

Criterion 5.6

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

Audit Findings:

Terusan CU had continued to review and up-date its environmental aspects and impacts risk assessment for activities related to the estates and mill operations. A document *TE/EAI02/0812 Identification of Environmental Aspects and Impact and Evaluation of Significance for Terusan Estates* was presented. Another document *TE/MIT 02/0812 Significant Environmental Aspects and Impacts Mitigation Methods for Terusan Estate 2012* was prepared and made available and presented to the assessment team.

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:

A report on the social impact assessment (SIA) for the Terusan CU which was conducted in 2009 entitled *Primary Report of SIA (Design Phase) for Terusan Oil Palm Plantations and Terusan Palm Oil Mill of PPB Oil Palms Berhad (Sabah)*, was presented to auditors. The assessment was conducted with participation of the local experts. All elements were found to have been sufficiently covered in the SIA. In addition, a Social Impact Management Plan and a Community Development Plan Terusan Estate 2011 were presented during this surveillance audit.

The *Social Impact Management Plan–Terusan Estate 2012* and *Community Development Plan–Terusan Estate 2012* which had been reviewed and included a timetable with responsibilities as well as mitigation measures and monitoring plan were presented during this surveillance audit. New measures had been introduced and projects being implemented in the reviewed plans showing that there was a continuous improvement in the handling of social impacts as indicated during the field-visits and discussions held with the local communities.

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:

The Standard Operating Procedure for Consultation and Communication [Document No. RSPO 6.2(2)], which had outlined the procedures on communication and consultation with stakeholders, namely, estate/internal communities (worker and staff) and external local communities/other affected or interested

parties, had continued to provide an open communication with stakeholders. This had led to effective management and coordination of communication with stakeholders ensuring that information being communicated was accurate and timely.

In addition, other means of communication such as daily assemblies (muster/roll call), internal circulars and memos, notices, posters, environmental and social campaigns, management walk, suggestion box, staff/worker-management committees (Social/Worker Welfare Committee, Women and Children Welfare Committee and Safety and Health Committee) as well as the complaint form had continued to be used.

Through a memo dated 29 August 2012 (updating earlier record) four plantation management officials at the operating unit were nominated to be responsible for issues related to communication with stakeholders and RSPO matters in the Terusan estates.

The CU had continued to keep an updated (2012) list of stakeholders. The list had included all relevant external and internal stakeholders. Records of all communication and actions taken in response to input from stakeholders were also being kept.

Criterion 6.3

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

Audit Findings:

The CU had continued to use the documented SOP (SOP-CC Version 001) for resolving grievances and complaints. The complaint and grievance form in every estate was still been actively utilized demonstrating a wide acceptance of this channel to communicate grievance for initiation of the resolution process. All these complaints were kept in RSPO File 6.7.1.

In addition there were still worker representations on the relevant committees, in particular, the Social/Worker Welfare Committee, Women and Children Welfare Committee and Safety and Health Committee.

Group grievances and complaints were still being dealt with and resolved through the stakeholder meeting being held at least once a year or whenever there was a need (in 2011 five meetings were held). However in 2012, there was only one meeting being held.

The CU had continued to provide opportunities to all affected parties to lodge their grievances and complaints. In the case of employees of the estate, committees such as the Social/Worker Welfare Committee, Women and Children Welfare Committee and Safety and Health Committee still played important role in resolving disputes between estate management and staff/workers. In the case of external stakeholders the stakeholder meetings/consultations had continued to perform the same role.

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.

Legal and Customary Rights and Identifying People Entitled for Compensation) to deal with these issues.

A procedure for calculating and distributing fair compensation (Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation) had been established but not been used as issues related to payment of compensation had not arisen in this CU.

Since the last surveillance audit, there had not been any compensation claim made against the estate.

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 being made in accordance to the legal and industry standards. Plantation workers were still being given the flexibility with regards to the mode of wage determination as they could choose the piece rate or the daily-wage system. Workers interviewed had expressed their satisfaction with the terms of their contract.

Terusan CU had continued to give equal treatment to both foreign and local workers in terms of pay and conditions of work. The salary scheme for the local and foreign workers was still similar. All foreign workers had to fulfill the legal requirements before they could be employed to work in the estate.

Employment was still 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. The workers whom were interviewed had stated that the terms of contract (payments and conditions of employment) were clearly explained to them at the time of the signing of the contract.

It was observed that all workers in the estates had been provided with type-H houses and supplied with free treated-water and water tank for storage of rainwater for non-consumption needs. A total of 416 units of H type houses had been constructed for workers. An OFI SK 3 was raised during the previous surveillance as the water quality was not tested. Since the last audit the rainwater collected in the water tank had been tested and found to be safe for human consumption needs. Thus, OFI SK3 was closedout.

To provide shelters for the field workers, sheds had been constructed at strategic locations. In addition, to facilitate easier access for workers, Terusan 2 had constructed a wooden bridge over the branch of Bangau River for harvesters to cross between Blocks 49 & 60 therefore had shortened the travel distance for the harvesters.

A new concrete crèche was built for the benefits of the workers in the estates and mill. At the time of the audit, the building was completed but power supply had not been connected and access road was still being constructed. These amenities would be completed by November 2012.

Terusan CU had continued to provide preand primary schoolsfor the children of foreign workers through the Humana schools. For the older children, there was a secondary school which taught an Indonesian curriculum (SMP). The CU had continue to provide free transportation to the near-by government schools for children of local workers and staff.

The workers still had free access to basic health services provided through the company-run clinics. More serious cases were transferred to government hospitals in nearby towns using estate vehicles.

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:

There was documented procedure for collective negotiation and resolutions of disputes or grievances. A Social Welfare Committee (JawatankuasaKebajikanPekerja) made up of the elected workers' representatives and management representatives to deal with disputes and grievances and worker welfare had been established in every estate. The committee had conducted meetings once in every three months and minutes of these meetings were presentedto the auditors.

The CU had continued to respect the rights of workers to join trade unions or other forms of association as had been spelt out in the workers' contract documents. This policy, entitled *Himbauan*, had continued to be publicized as notices in 'Bahasa Malaysia' 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 continued to adhere to its policy of prohibiting the employment of persons under the age of 18, in accordance to the definition of the ILO Convention. The policy called *the Polisi Buruh Kanak-Kanak*, which was written in the Malay language was still being publicized on notice boards in the offices. The register of employees which had included an employee's date of birth had not shown an under-aged employee on the roll. Interviews held with the workers had also revealed that they had been made aware of this requirement. During field assessment, it was also observed that no person under the age of 18 has worked in any part of the estates' operations. This was also confirmed by the workers who were interviewed during the audit.

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 continued to adopt a policy of equal opportunity to uphold the principle of justice and non-discrimination against minorities based on gender, ethnic origins, sexual orientation, physical attributes, and beliefs. This policy stance was written in the Malay language was still being displayed publically on notice boards in the estates.

Examination on the profile of the work force had indicated that opportunities for employment were still open to both foreign and local workers. In addition, the composition of the management and general staff had reflected the ethnic diversity of the Sabah population. There was still no restriction on the employment of women. Women were represented in management, staff and plantation labour force.

In addition, it was observed that both foreign and local workers were highly diversified in terms of ethnic origin, beliefs, and origin. There were more foreigners than local workers which was a common situation in this industry which reflects the acute shortage of the local labor.

Generally it was observed that they had been no apparent dissatisfaction on the pay scheme and work benefits for both foreign and local workers. This was confirmed by the workers and staff interviewed during the audit.

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:

The CU had continued to implement its Sexual Harassment Policy (*Polisi Gangguan Seksual*). This policy had continued to be publicly displayed on notice boards at the estate offices and public places such as rest huts (*pondok rehat*) and made available to all employees in languages they understood.

The Women and Children Welfare Committee (*JawatankuasaKebajikanWanita danKanak-Kanak*) had continued to handle issues related to women and children with sexual harassment. Interviews held with the committee members had revealed that they were still aware of their roles and responsibilities.

Awareness programs on sexual harassment and violence against women had continued to be conducted periodically. This was confirmed during the interviews held during this surveillance. However, there was no case of sexual harassment being reported during this surveillance.

The same specific grievance mechanism for dealing with sexual harassment, violence against women and protection of their reproductive rights was still being referred. The form for registering complaints about sexual harassment which had been developed had continued to be made readily available to the employees.

Criterion 6.10

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

Audit Findings:

TPOM had continued to receive fresh fruit bunches from the smallholders and nearby estates. Smallholders and local businesses had continued to be briefed from time to time about matters that were relevant and of concern to them. They continued to have access to the CU's management through the stakeholders meeting and vice-versa as well as through informal individual discussions.

Prices of FFB had continued to be clearly displayed at the palm oil mill and palm oil prices and pricing were still being discussed in the stakeholders meeting.

Complaints regarding prices and other FFB-related issues between the mill and suppliers were directed to the Mill Manager and reviewed by an internal mechanism. The smallholders who were interviewed had indicated that they were still satisfied with the agreement they have entered into and the treatment received from the mill. The CU had continued to make timely payment and therefore there had been no complaints from the suppliers.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Audit Findings:

The CU had continued to push its policy on local sustainable development which had incorporated its larger social policy. Local sustainable development had entailed among other things the empowerment of local communities to develop their capability to sustain and build on whatever initiatives or projects to be implemented.

A Social Management Plan and a Community Development Plan for 2012 were sighted. These updated plans had incorporated issues which had been identified in a stakeholder meeting held in 2012, as well as actions taken by the estate in contributing to local sustainable development.

During the 2011 surveillance audit, an **OFI R1** was raised as it was noted that a proper documentation of the activities on activities related to sustainable development would have to be done to facilitate planning, monitoring and reporting of these activities. With the implementation of the above plans this **OFI** raised had therefore been closed out.

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.

MY NIWG commits to demonstrate progressive improvement to the following but not limited to:

Audit Findings:

During the previous surveillance it was noted that 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. A periodical review of the progress of the implementation of the action plan was recorded and would serve as a management tool for continuous improvement.

Records of improvements made that allow for demonstrable continuous improvement in key operations had been made. This however did not record the review and monitoring processes that were critical to a continuous improvement plan. It was noted that this process could be improved with periodical review to monitor progress and review targets and implementation process. An **OFI R 2** was therefore raised during the previous surveillance.

A mechanism to capture the performance in social aspects developed through the Social Management Plan and Community Development Plan had been established. The activities listed in the two Plans and the monitoring of the actions taken demonstrated the continuous improvement achieved in matters related to the social aspects. Hence **OFI R 2** raised in the last audit was closed

The estates had continued to maintain a programme of determining the threshold level of pest infestation before deciding on pesticides application. Records of agrochemical consumption for the 3 estates for 2011 had indicated a slight reduction of herbicide use.

GAP practices had continued to be satisfactory 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.

Monitoring of the quality of water for human consumption had continued to be conducted by an external laboratory and the results had indicated that the water was free from any biological or chemical contaminations.

As noted during the previous surveillance audit, new chemical stores made of concrete had been constructed in the estates. Appropriate MSDS posters had been placed at the entrance as well as on the tanker carrying pre-mixed herbicides to the field. The facilities had been improved with more bath rooms for the sprayers. Washing facilities for clothing and first aid boxes had also been provided. Facilities for triple rinsing of fertilizer bags had been built.

CAPEX reports for 2011 and 2012 were sighted during the assessment. Most of the budgeted CAPEX was on replacing the worn out units and upgrading of plant and machinery. It was also noted that the CU had allocated additional money for 8 new units of Class H houses for workers.

Owing to the difficulty of getting contractors to remove scheduled wastes from the mill and estates individually, a joint effort could be made to obtain the service a single contractor to collect the accumulated scheduled wastes. An **OFI TS 8/2012** was therefore raised.

Programmes on recycling and minimizing waste as well as by products generation had continued to be implemented. Recycling bins for organic and non-organic wastes had been provided at all the line sites as well as the land fill sites. Recyclable items were still collected and disposed off to a contractor. As part of the CDM plan, the utilization of biogas was in preparatory stage in the mill.

There was a *Waste and Pollution Identification Procedure, Mitigation and Improvement Plan* for the Terusan 1 Estate. Oil traps had been constructed at all the workshops to prevent any leakage of waste oils into the environment. Notices had been erected to warn against any improper disposal of waste oils. The oil traps were inspected recently by Department of Environment.

A major improvement had been achieved on the replacement of almost all of the old wooden quarters with the construction of a new Class H labour line. Every unit of the labour line had been equipped with electricity and treated water supply. Larger tanks for rain water storage had also been added to each unit. Proper sanitation facilities with sewage treatment had also been provided.

A new concrete crèche was built for the benefits of the workers in the estates and mill. At time of visit, the building was completed but power supply had not been connected and access road was in the process of completion. These amenities would be completed by November 2012.

Terusan CU had also continued to provide pre and primary schools for the children of the foreign workers through the Humana schools. For the older children, there was a secondary school which taught an Indonesian curriculum (SMP) on the estate. The estates had continued to provide free transportation for the children of the local workers and staff to the nearby government schools.

A mechanism to capture the performance in terms of achieving compliance on social aspects (Social Management Plan and Community Development Plan) had been well established. The activities listed in the two Plans and the monitoring of the actions taken demonstrated that the CU had continuously taken actions to make improvement on matters related to the social aspects.

4.0 RECOMMENDATIONS

Based on the evidences gathered during the on-site audit, it was found that the Terusan CU had continued to comply with the requirements of the RSPO MYNI 2010.

The CU had satisfactorily addressed the one major and one minor NCRs raised during this audit. The major NCR had therefore been closed out. In addition, the Terusan CU had submitted a corrective action plan to address the minor NCR and the eight (8) OFIs. This corrective action plan had been reviewed and accepted by the assessment team. The corrective actions to be taken by the CU to address the one minor NCR and OFIs would be verified during the next surveillance assessment.

As the major NCR had been satisfactorily closed out, the assessment team therefore recommends that the Terusan CU be continued to be certified against the RSPO MYNI 2010.

5.0 CERTIFIED ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY AND FORMAL SIGN-OFF OF ASSESSMENT FINDINGS

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

Name : Edrin Moss

Signature : 

Date : 4 January 2013

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

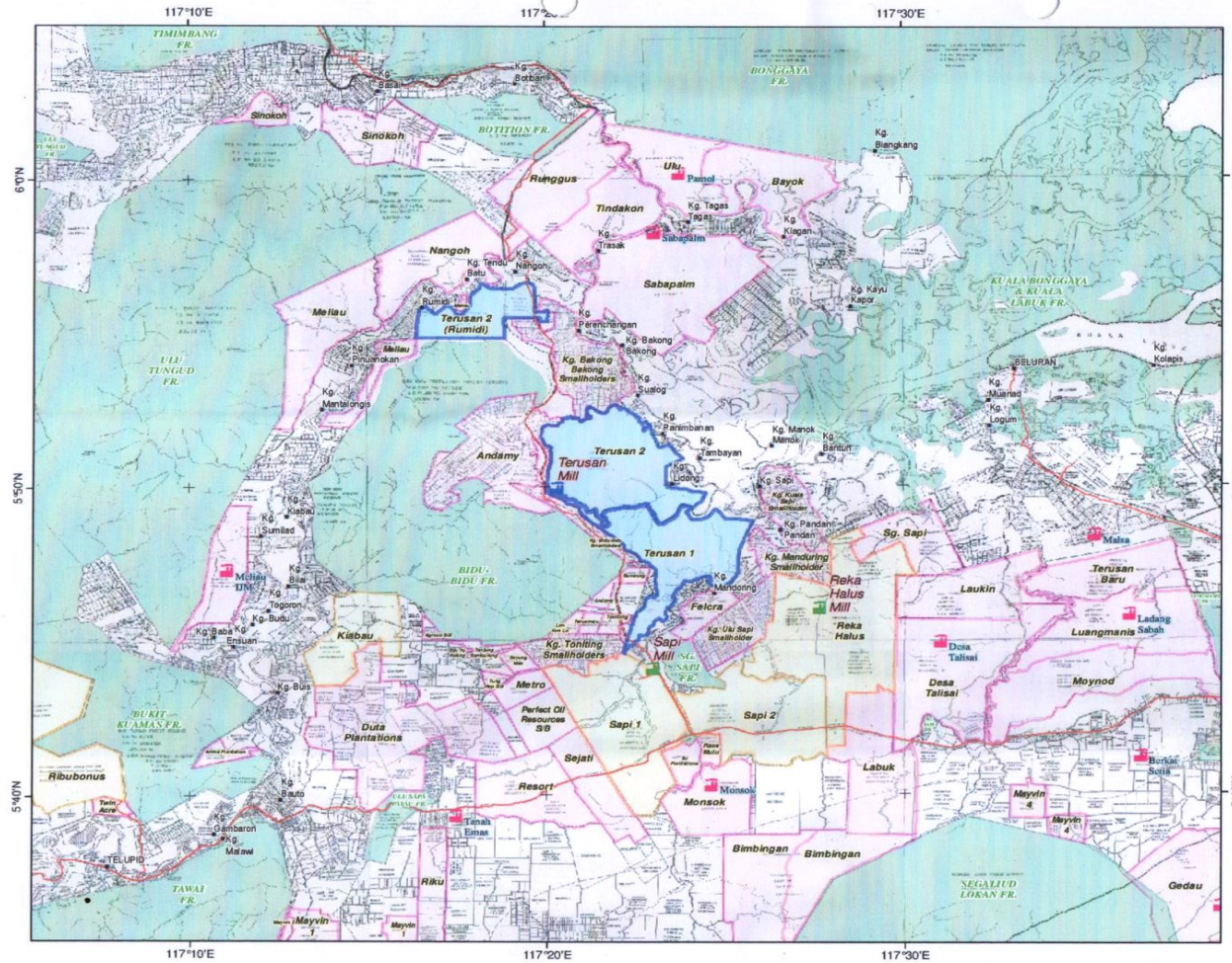
Name : Dr. Yap Son Kheong

Signature : 

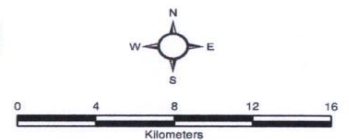
Designation : Assessment Team Leader

Date : 30 December 2012

Location Map of Terusan CU



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



Date Created : April 2009
EMU Sabah

ASSESSMENT PROGRAMME

1. Objectives

The objectives of the assessment are as follows:

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

- 2. Date of assessment** : 15-19 October 2012
- 3. Site of assessment** : PPB Oil Palms Berhad
Terusan and Ribubonus Certification Units
- 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 : Dr. Zahid Emby
Mr. Mohammad Hidhir
Mr Selvasingama/ I 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 :As below

Day One: 15 October 2012 (Monday)

Activities /areas to be visited	Dr. Yap Son Kheong	Mr Selvasingama/I T Kandiah	Mr. Mohammad Hidhir	Dr. Zahid Emby	Auditee
8.00 – 8.15 am	Opening meeting for Terusan and Ribubonus Certification Units, 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 environmental area of concern at Terusan 1 & 2 Estates and Rumidi Estate: <ul style="list-style-type: none"> • Area of more than 25° • Riparian zone • River system including POME discharge • Forested area • Plantation boundary • Water bodies • Source of water supply • Over planted areas • HCV • Other area identified during 	Site visit and assessment at environmental area of concern at Terusan 1 & 2 Estates and Rumidi Estate: <ul style="list-style-type: none"> • Agriculture best practice (GAP) • Workshop • Chemical management 	Site visit and assessment at Terusan Palm Oil Mill <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Utilities (gen-set, boiler, etc.) • Production area • Chemical store • Workshop • Safety practice • Waste management 	Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA and management plans. Assessment on P1, P2-C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8 Visit and assessment at: <ul style="list-style-type: none"> • Terusan 1 & 2 estates surrounding community • Humana School • Provision shop operator 	Guide/PIC

	the assessment				
1.00 – 2.00 pm	Break				
2.00 – 5.00 pm	Assessment on P1, P2 P4, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8	Assessment on P1, P2 (C2.1-2.1.1, C2.2-2.2.3, P3, P4(C4.4-4.4.1, 4.4.2, 4.4.6), 4.8, P8	Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8	Continue assessment	Guide/PIC
8.00 – 10.00 pm	Audit team discussion			Document review	Relevant PIC

Day Two: 16 October 2012 (Tuesday)

Activities /areas to be visited	Dr. Yap Son Kheong	Mr. Mohammad Hidhir	Mr. Selvasingam	Prof Datuk Abdul Rashid	Auditee
8.00 – 1.00 pm	Site visit and assessment at Terusan 2 estate <ul style="list-style-type: none"> • Dumping site for estate & mill • Utilities (WTP , gen- set &etc) • Waste management • Facilities at workplace (rest area, etc) • Dispensary • Chemical store • Workshop 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	Site visit and assessment at Terusan 2 estate <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Dispensary • Chemical store • Workshop 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"> • Good Agricultural Practice • Workers Issues • Line site • fertilizer stores • witness activities at site (weeding/ spraying/harvesting) 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, P8	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
1.00 – 2.00 pm	Travel to Ribubonus Certification Unit				
2.00 – 5.00 pm	Site visit and assessment at environmentally area of concern at Ribubonus Estates and mill: <ul style="list-style-type: none"> • Area of more than 25° • Riparian zone • River system including POME discharge 	Site visit and assessment at Ribubonus Palm Oil Mill <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Utilities (gen-set, boiler, etc.) 	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	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.	Guide/PIC

	<ul style="list-style-type: none"> • Forested area • Plantation boundary • Water bodies • Source of water supply • HCV • Other area identified during the assessment 	<ul style="list-style-type: none"> • Production area • Chemical store • Workshop <p>Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8</p>		Visit and assessment at: Ribubonus estate & mill surrounding community (schedule according to their convenience)	
08.00-10.00pm	Audit team discussion			Documentation review	Relevant PIC

Day Three: 17 October 2012 (Wednesday)

Activities /areas to be visited	Dr. Yap Son Kheong	Mr. Mohammad Hidhir	Mr. Selvasingam	Prof Datuk Abdul Rashid	Auditee
8.00 – 12.00 pm	<p>Continue assessment at Ribubonus Estate & mill, at environmentally area of concern at Ribubonus Estates and mill.</p> <p>Assessment on P1, P2 (C2.1-2.1.1, C2.2-2.2.3, P3, P4(C4.4-4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3-5.3.3, 5.4, 5.6), P8</p>	<p>Site visit and assessment at Ribubonus estate</p> <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Dispensary • Chemical store • Workshop • Safety practise 	<p>Site visit and assessment at Ribubonus Estate:</p> <ul style="list-style-type: none"> • Good Agricultural Practice • Workers Issues • Line site • chemical /fertilizer stores • workshop • EFB mulching • Plantation on hilly • witness activities at site (weeding/ spraying/other maintenance activities/ harvesting) 	<p>Continue assessment at Ribubonus Estate & mill, surrounding community , smallholders and Humana school</p> <p>Assessment on P1, P2-C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8</p>	Guide/PIC
1.00 – 2.00 pm	Break				
2.00 – 4.00 pm	Continue assessment				Guide/PIC
08.00-10.00pm	Audit team discussion				

Day Four: 18 October 2012 (Thursday)

Activities/areas to be visited	Dr. Yap Son Kheong	Mr. Mohammad Hidhir	Mr. Selvasingam	Prof Datuk Abdul Rashid	Auditee
08.00-12.00 pm	<ul style="list-style-type: none">Continue with the above assessmentDocumentation review				
12.00-02.00pm	Break				
02.00 – 04.30 pm	<ul style="list-style-type: none">Continue with the above assessment				

Day Five: 19 October 2012 (Friday)

Activities/areas to be visited	Dr. Yap Son Kheong	Mr. Mohammad Hidhir	Mr. Selvasingam	Prof Datuk Abdul Rashid	Auditee
08.00-11.00 am	Continue assessment & verify previous audit findings				Relevant PIC
11.00 – 1.00 pm	Discussion on audit findings for Terusan and Ribubonus certification units				Top Management & committee member
1.00 – 2.00 pm	Break				
02.00 – 04.00 pm	Closing meeting for Terusan and Ribubonus certification units				Top Management
04.00 pm	Travel to Sandakan & end of assessment				

Details on Non Conformity and Corrective Actions Taken

Criterion / Indicator	Details of Nonconformities	Corrective actions taken	
5.2.1	HCV Management & Monitoring Action Plan had been written for each of estate however there was no indication of budget allocation to support this plan	Budget has allocated for HVC plan	Implementation will be verified in the next assessment
2.1.1	There is evidence of non compliance as follows: 1) Certain requirement stated in the Terusan Palm Oil mill approval condition related to de-sludging of anaerobic pond no. 3 was not adhered to 2) Generator set at mill and estate were operated by non-competent person 3) Certain Scheduled waste in Terusan Palm Oil Mill was stored more than 180 days.	1) Mill has submitted relevant document to Department of Environment as per mill approval condition. 2) Vacancies for competent person (internal combustion engine drivers) had been advertised in local newspapers . 3) Disposed scheduled waste to DOE Lisence contractor	Documentation will be verified in the next audit

OPPORTUNITIES FOR IMPROVEMENT (OFI)	
Criterion / Indicator	Details of OFI
2.1.2	<p>OFI TS 1/2012 A documented system, which includes written information on legal requirements, The following acts had yet to be included in the legal register in Terusan Mill: 1. Akta Timbang & Sukat 1972 2. Electric Supply Act 1990</p>
4.1.1	<p>OFI TS 2/2012. Documented Standard Operating Procedures (SOP) for estates and mills The fields on Bergosong Soils, which occupied 54% of Terusan 1 & 2 Estates could be improved by spraying or slashing <i>Stenochlaenapalustris</i> in circles and interline.</p>
4.5.1	<p>OFI TS 3/2012 Documented IPM system</p> <ol style="list-style-type: none"> a. The IPM programme could be improved further by having a schedule for continuously planting more beneficial plants in all estates. b. Rat damage was observed on harvested bunches during field visit, and a rat damage census could be initiated.
4.7.1	<p>OFI TS 4/2012 Evidence of documented system Occupational Safety and Health (OSH) plan which is in the compliance with OSHA 1994 and Factory Machinery Act 1967 (Act139)</p> <ul style="list-style-type: none"> • Updating of the HIRARC register can be further improved to include new lathe machine in the workshop at Terusan Mill • Hearing conservation programme and baseline audiometric test had yet to be conducted for the employee who were exposed to noise level or above the limits prescribed in the regulation 5 under FMA Noise Exposure Regulation 1989. • OSH yearly plan for estate and mill can be improved by having a checklist for conducting periodic monitoring activities in accordance to USECHH regulation 2000, annual mill inspection for Steam Boiler and UPV, Safety, Health and Committee Regulation 1970 and other applicable legal requirements.
5.1.1	<p>OFI TS 5/2012 Documented aspects and impacts risk assessment that is periodically reviewed and updated. The aspects and impacts risk assessment had been conducted and revised in 2012. The positive impacts of recycling and solid wastes segregation maintained at the line sites could be included in the document.</p>
5.2.2	<p>OFI TS 6/2012 Management Plan for HCV habitats (including ERTs) and their conservation The management plan developed for HCV habitats and their conservation could be</p>

<p>5.3.2</p> <p>8.1.2</p>	<p>further enhanced with consultation with experts in the biological and social disciplines.</p> <p>OFI TS 7/2012 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid and reduce pollution</p> <ul style="list-style-type: none">• Inventory according to the 5th Schedule at Terusan 2 Estate had not been consistently maintained as the amount of scheduled waste disposed was not documented. <p>Mechanism to identify competence of scheduled waste contractor had yet to be established</p> <p>OFI TS 8/2012 Environmental Impacts</p> <p>Owing to the difficulty of getting contractors to remove scheduled wastes from the mill and estates individually, a joint effort could be made to obtain the service a single contractor to collect the accumulated scheduled wastes.</p>
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