



**PUBLIC SUMMARY  
RECERTIFICATION AUDIT**

**PPB OIL PALMS BERHAD  
TERUSAN CERTIFICATION UNIT  
Sandakan, Sabah, Malaysia**

**Certificate Number: RSPO 0008  
Date of First RSPO Certification: September 2010  
Audit Date: 6 – 10 July 2015**

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**22 October 2015**

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## **SUMMARY**

This public certification summary provides the general information on the Terusan Certification Unit (Terusan CU) of the PPB Oil Palms Berhad (PPB), the audit process, the findings of the recertification audit, Non-Conformity Reports (NCRs), verification of corrective actions on the NCRs raised during the previous recertification as well as the decision on the continued certification of the CU against the requirements of the RSPO Principles & Criteria (P&C) for Sustainable Palm Oil Production, Malaysian National Interpretation (MY-NI):2014 and the RSPO Supply Chain Certification Standard, 2014.

The recertification audit on the Terusan CU was conducted on 6 to 10 July 2015. SIRIM QAS International Sdn Bhd (SIRIM QAS International) was contracted by PPB to conduct this recertification audit. 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 audits 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 and has obtained accreditation from ASI in September 2014 for RSPO P & C and RSPO SC certification. Since then, it has conducted many audits on RSPO sustainable production of palm oil in Malaysia

This recertification audit on the Terusan CU had resulted in the issuance of one (1) major NCR and one (1) minor NCR. The Terusan CU had taken corrective actions to address the major NCR which had been verified by the assessor and therefore closed out. The CU had also submitted a corrective action plan to address the minor NCR which had been reviewed and 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 recertification, it could be concluded that Terusan CU had continued to comply with the requirements of the RSPO MY-NI: 2014 and the RSPO Supply Chain Certification Standard, 2014. The one (1) major NCR raised during this recertification audit had been adequately addressed and therefore closed out. The audit team therefore recommends that the Terusan CU's certification against the RSPO MY-NI: 2014 and RSPO Supply Chain Certification Standard, 2014 be renewed.

### **1.0 SCOPE OF AUDIT**

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

The operations of the Terusan Palm Oil Mill (TPOM) and its supply bases of oil palm fresh fruit bunches (FFBs) were assessed against the requirements of the RSPO MY-NI: 2014. For RSPO supply chain certification, the audit on TPOM was conducted against the requirements of the Mass Balance (MB) module of the RSPO Supply Chain Standard, 2014.

#### **1.2 Certification Scope**

The certification unit (CU) being assessed in this recertification was the Terusan CU which consisted of the TPOM and the Terusan 1, Terusan 2 and Rumidi Estates. The scope of certification is the sustainable production of crude palm oil (CPO) and palm kernel (PK) from the TPOM with FFBs supplied by these three estates.

#### **1.3 Location of Mill and Supply Base**

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 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. In the west are Kg. Perenchangan, Kg. Bakong-Bakong, Kg. Sualog, Kg. Panimbanan and Kg. Lidong. Kg. Toniting lies 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 at the southern boundary is the Bidu-Bidu Forest Reserve. The map of the 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 (Mills 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)

The main source of FFB was still from the company owned estates that had been certified with some quantity from independent suppliers. Details of the actual input of FFB and output of CPO and CPK for 2014 and projection for 2015 are as shown in **Table 2** below:

**Table 2: Actual CPO and PK tonnage for the last reporting period**  
**(August 2014 - June 2015)**

FFB Received (mt)	230,067.04
FFB Processed (mt)	229,463.16
Total CPO Production (mt)	47,343.95
Total PK Production (mt)	10,828.22
Certified CPO (mt) sold as MB	0.00
Certified PK (mt) sold as MB	5,888.24

**Table 3: Projected CPO and PK tonnage for the next reporting period**  
**(September 2015 - August 2016)**

FFB Received (mt)	212,591
FFB Processed (mt)	212,591
Total CPO Production (mt)	44,644.58
Total PK Production (mt)	10,573.90
Certified CPO (mt) to be sold as MB	24,685.58
Certified PK (mt) to be sold as MB	5,877.90

### 1.5 Date of Planting and Cycle (Planted Area)

The planting profiles of all the directly managed supply bases are shown in **Table 4**.

**Table 4: Details of Certified Area and Planting Profile**

Estate	Year of establishment	Area (ha)					Area (%)	
		Certified	Titled	Planted	Mature	Immature	Mature	Immature
Terusan Palm Oil Mill	1995	Under Terusan 2 Estate		NA	NA	NA	NA	NA
Terusan 1 Estate	1989	2,868.90	2,868.90	2,509.80	2,509.80	0	100	0
Terusan 2 Estate	1990	3,485.90	3,485.90	3,199.09	2,364.45	834.64	76	24
Rumidi Estate	1991	1,241.33	1,241.33	1,079.57	705.31	374.26	73	27
<b>Total</b>		<b>7,596.13</b>	<b>7,596.13</b>	<b>6,788.46</b>	<b>5,579.56</b>	<b>1,208.9</b>	<b>84</b>	<b>16</b>

**Table 4.1: Terusan 1 Estate**

Year of Planting	Planting cycle (1st/2nd Generation, etc.)	Mature /Immature	Area (Ha)	Percentage of mature/immature
1998	1st	Mature	241.2	<b>100% Mature</b>
1991	1st	Mature	704.14	
1992	1st	Mature	995.14	
1993	1st	Mature	569.32	
<b>Total</b>			<b>2,509.80</b>	<b>100.00</b>

**Table 4.2: Terusan 2 Estate**

Year of Planting	Planting cycle (1st/2nd Generation, etc.)	Mature /Immature	Area (Ha)	Percentage of mature/immature
1991	1st	Mature	1,022.44	<b>74% Mature 26% Immature</b>
1993	1st	Mature	1,035.14	
1994	1st	Mature	306.87	
2014	2nd	Immature	476.00	
2014	2nd	Immature	358.64	
<b>Total</b>			<b>3,199.09</b>	<b>100.00</b>

**Table 4.3: Rumidi Estate**

Year of Planting	Planting cycle (1st/2nd Generation, etc.)	Mature /Immature	Area (Ha)	Percentage of mature/immature
2000	1st	Mature	50.85	<b>65% Mature 35% Immature</b>
2002	1st	Mature	29.01	
1994	1st	Mature	625.45	
2013	2nd	Immature	282.47	
2014	2nd	Immature	91.79	
<b>Total</b>			<b>1,079.57</b>	<b>100.00</b>

## 1.6 Other Management System Certifications Held

Terusan CU is certified ISCC and HACCP.

## 1.7 Organisational Information/Contact Persons

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

Contact person: Mr. Edrin Moss (Senior Manager)  
Sustainability Department  
PPB Oil Palms Berhad

## 1.8 Time Bound Plan for Other Management Units

PPB owned and operates 6 palm oil mills in Sabah and 2 palm oil mills in Sarawak respectively. PPB has been on schedule with the time bound plan for the certification of all the CUs. To-date, all the 8 CUs had been certified to the RSPO MY-NI P&C. SIRIM QAS International Sdn. Bhd. had been involved with the certification of five of the CUs.

## 1.9 Certification Details

Certification unit	: Terusan Certification Unit.
Company	: Sapi Plantation Sdn Bhd.
Parent company	: PPB Oil Palms Berhad.
Ultimate holding company	: Wilmar International Limited ( <i>based in Singapore</i> ).
RSPO Membership Number	: 1-0011-04-000-00 ( <i>by PPB Oil Palms Berhad.</i> ).
RSPO Member since	: 28/09/2004.
Certificate Number	: RSPO 0008.
Date of previous audit	: 25 to 29 August 2014.
Date of certification	: 7 <sup>th</sup> September 2010.

## 2.0 AUDIT 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 audit related to RSPO audit. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001 and also conducted audits against RSPO Principle and Criteria. SIRIM QAS International was approved as a RSPO certification body on 21 March 2008.

## **2.2 Qualifications of Lead Assessor and Audit Team**

The assessment team consisted of three assessors. The details of the assessors and their qualification are as follows:

### **1) Valence Shem**

**Roles:** Assessment Team Leader

**Field:** Environmental, Good Agricultural Practice and Supply Chain

**Qualification:**

- B.Tech. (Hons) Industrial Technology, Universiti Sains Malaysia
- Nine years' experience in Oil Palm Plantation management
- Successfully completed and passed IEMA accredited Lead Assessor Course for ISO 14001: 2004 and IRCA accredited Lead Assessor Course for ISO 9001: 2008
- Successfully completed and passed the RSPO P&C Lead Assessor Course in 2011
- Successfully completed and passed the RSPO SCCS Lead Assessor Course in 2012
- Collected more than 600 auditor days in auditing various schemes i.e. ISO 14001, RSPO P&C, RSPO Supply Chain, RSPO RED and Malaysian Sustainable Palm Oil (MSPO)

### **2) Mohd. Razman Salim**

**Roles:** Assessor

**Field:** HCV and Social Aspects

**Qualification:**

- Collected more than 100 auditor days in auditing various schemes i.e. OHSAS 1001, RSPO P&C and MC&I
- 6 years' experience in Forest Management, forest, HCVF and ecology
- Successfully completed Lead Assessor Course for ISO 9001, ISO 14001 and OHSAS 18001
- B.Sc.Forestry (Hons) - University Putra Malaysia

### **3) Mohd. Hafiz Mat Hussain**

**Roles:** Assessor

**Field:** Environmental, Occupational Health & Safety and Palm Oil Mill Best Practice

**Qualification:**

- Over 100 days of auditing experience, having audited on: ISO 9001, ISO 14001, RSPO & MSPO.
- 4 years' experience in Oil Palm Plantation Management.
- Successfully Completed RSPO Lead Assessor Course – 2014
- Successfully completed ISO 14001 EMS RABQSA/IRCA approved Lead Assessor – 2013
- Successfully completed ISO 9001 QMS RABQSA/IRCA approved Lead Assessor – 2013
- Successfully completed OHSAS 18001 OHSMS RABQSA/IRCA accredited Lead Assessor Course – 2013
- B.Sc. (Hons) Plantation Management And Technology



### **2.3 Audit Methodology (Program, Site Visits)**

The recertification assessment was guided by the sampling formula of  $0.8 \sqrt{y}$ . Therefore two estates i.e. Terusan 1 and Terusan 2 were sampled to be assessed against the RSPO Standard, in addition to Terusan Palm Oil Mill itself.

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

Common systems were identified and specific evidences were recorded for individual estates. Interviews, particularly those with employees, local communities, suppliers and contractors were

conducted formally as well as informally, without the presence of company management personnel. In addition to that, records as well as other related documentation were also reviewed.

The assessment programme can be seen in Appendix 2.

### **2.4 Stakeholder Consultation and List of Stakeholders Consulted**

SIRIM QAS International Sdn Bhd (SIRIM QAS International) initiated the stakeholder consultation by announcing the invitation in the RSPO and SIRIM QAS International's websites in 6<sup>th</sup> July 2015 and 5<sup>th</sup> June 2015 respectively. The announcement was also available in the RSPO website. In addition, SIRIM QAS International had also sent invitations through letters to all the relevant stakeholders, including government agencies and Non-Governmental Organizations (NGOs). The specific stakeholders as per listed below.

#### **Government**

1. Sekolah Kebangsaan Lidong
2. Sekolah Kebangsaan Perancangan
3. Sekolah Kebangsaan Nangoh
4. Sekolah Menengah Kebangsaan Ulu Sapi
5. Sekolah Kebangsaan Bintang Mas
6. Sekolah Kebangsaan Sualok
7. Sekolah Kebangsaan Ulu Sapi
8. Tabika Kemas
9. Klinik Kesihatan Nangoh
10. Klinik Kesihatan Telupid
11. Hospital Beluran
12. Telupid Police Station
13. Beluran Police Station
14. Tagas – Tagas Police Station
15. Telupid District Office
16. Beluran District Office
17. Department of Veterinary Services & Animal Industry, Telupid, Beluran, Sandakan and Kota Kinabalu Branches
18. Department of Occupational Safety & Health (Kota Kinabalu and Sandakan Branch)
19. Social Security Organization (SOCSO), Sandakan
20. Malaysian Red Crescent Society
21. Public Works Department, Beluran/Telupid
22. Department of Domestic Trade, Co-operatives and Consumerism, Sandakan Branch and Kota Kinabalu Branch
23. Department of Survey and Mapping Malaysia, Sandakan Branch
24. Sabah Law Association

25. Sandakan Labour Department
26. Department of Environment, Kota Kinabalu and Sandakan, Sabah
27. Fire and Rescue Department of Malaysia, Sandakan Branch
28. Department of Immigration, Sandakan
29. Forestry Department, Sandakan
30. Department of Agriculture, Kota Kinabalu and Sandakan Branches
31. Employees Provident Fund, Sandakan
32. Malaysian Palm Oil Board, Kota Kinabalu and Lahad Datu

#### **Non-Governmental Organizations (NGOs)**

1. Kedai Runcit Kelvin
2. Kedai Runcit Sudirman Lebe
3. Kedai Runcit Terus Maju Ent.
4. Terusan Mini Market
5. Welcome Trading
6. Andamy Properties S/B
7. JK Plantations
8. Nangoh Enterprise
9. Perladangan Manna
10. IOI Group (Milik Berganda Sdn Bhd)
11. Klinik Dr Agnes Lim Sdn Bhd
12. Ms. SMART
13. Cahajasa Sdn bhd
14. NewGates Industries (Borneo) Sdn Bhd
15. CT Engineering
16. Ekohandal S/B
17. Ng Sian Hap Pottery Factory (S) Sdn Bhd
18. Tiong Cheong Bricks Sdn Bhd
19. Faber Medic Sdn Bhd
20. DAB OH Sdn Bhd
21. Sandakan Recycle Centre
22. City Express Recycle Centre
23. Indonesia Consulate
24. Petrojadi Sdn Bhd
25. Legenda Bumimas Sdn Bhd
26. World Wildlife Fund
27. Borneo Child Aid/ Humana Child Aid Society Sabah
28. Incorporated Society of Planters (ISP), Sandakan
29. Malaysia Palm oil Association (MPOA-Sabah)
30. The East Malaysian Planters Association, Sandakan
31. Sabah Chesire Home Sandakan
32. Sabah Environmental Protection Association (SEPA)
33. Sabah Society for the Blind Sandakan Branch
34. The Sabah Employers Consultative Association (SECA)

#### **Local Communities**

1. Kg Toniting
2. Kg Bakong-Bakong
3. Kg Gana Jati
4. Kg Perancangan
5. Kg Nangoh
6. Kg Ulu Sapi
7. Kg Lidong
8. Kg Sualok
9. Kg Lubuk Dungun 2
10. Kg Panimbanan, Bangau - Bangau

Meetings and interview with the relevant stakeholders were also arranged during the on-site assessment. Please see Principle 6.

The method of consultation with the workers, contractors and Terusan CU staff were through random sampling from each group in each of the FFB supplying unit and oil mill (e.g. mill operators, harvesters, general workers and sprayers) visited. The consultations which were conducted at the CU's office had included solicitation of comments on issues relevant to principles 4, 5 and 6 of the RPSO MYNI.

Based on the stakeholder consultation activity, only one stakeholder has given their response i.e. The East Malaysia Planters' Association (EMPA). Generally, they have given positive remarks on Terusan CU.

## **2.5 Date of Next Surveillance Audit**

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

## **3.0 AUDIT FINDINGS**

### **3.1 Summary of Findings**

The assessment was conducted as planned using the methodology described in Section 2.1. Findings against each of the RSPO MY-NI indicators are reported below. It was noted that Terusan CU was guided by their Estate/Mill Quality Management System documents for their operations.

A total of one major non-conformity and one minor non-conformity reports against RSPO MYNI: 2014 requirements were raised as shown in Appendix 3. Terusan CU has taken necessary corrective actions in order to close the major non-conformities raised. Minor non-conformities will be verified in the next surveillance assessment. Nonetheless, the CU has submitted their corrective action plan for the minor non-conformity and has been accepted by the assessor.

The non-conformities raised in the previous assessment have also been verified and all of them were satisfactorily closed out. The verification comments can be seen in Appendix 4.

## **Principle 1: COMMITMENT TO TRANSPARENCY**

<b>Clause</b>	<b>Indicators</b>		<b>Comply Yes/No</b>	<b>Findings</b>
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	1.1.1	There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.	Yes	As noted in the previous surveillance the estates had maintained management documents relating to environmental, social and legal issues that were relevant to compliance with RSPO Criteria as specified in the Criterion. Records on requests for information or for these documents were maintained. There was a written SOP for stakeholders' consultation and a Public Information Request (PIR) Form was made available to any interested parties.  Result of stakeholders meeting conducted on 20 May 2015, as well the record books on requests for information on environmental, social and legal issues relevant to RSPO requirements were reviewed. The record has shown that the Terusan CU has not received any request for such information from external stakeholders.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	Yes	Terusan 1 Estate, Terusan 2 Estate and Terusan POM have continued to maintain a comprehensive system with respect to this criterion. Record of complaints and grievances also were made available and details of complaints, request and grievances for Terusan 1 Estate, Terusan 2 Estate and Terusan POM were recorded in the Complaint Form, Request Form and Public Information Request (PIR) Form.
C 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.	1.2.1	Land titles/user rights (Criterion 2.2);	Yes	Copies of land titles were made publicly available and kept at the estate's office. The document was displayed in the meeting room (cross refer to Criterion 2.2)
		Occupational health and safety plans (Criterion 4.7);	Yes	Occupational health and safety plans were publicly available (cross refer to Criterion 4.7)
		Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	Yes	Plans and impact assessments relating to environmental and social impacts were publicly available (cross refer to Criteria 5.1 and 6.1).
		HCV documentation summary (Criteria 5.2 and 7.3);	Yes	HCV documentation summary entitled 'HCV Documentation Summary for Labuk Region' was publicly available at the estates and mill offices (cross refer to Criteria 5.2)
		Pollution prevention and reduction plans (Criterion 5.6);	Yes	Pollution Prevention Plan 2015 were established and made publicly available (cross refer to Criterion 5.6).
		Details of complaints and grievances (Criterion 6.3);	Yes	The details of complaints and grievances can be accessed freely by the public at estates and mill offices (cross refer to Criterion 6.3).

		Negotiation procedures (Criterion 6.4);	Yes	Negotiation procedures such as 'Consultation and communication procedure – RSPO 6.2' and ' <i>Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation</i> ' were publicly available at estates and mill offices (cross refer to Criterion 6.4).
		Continual improvement plans (Criterion 8.1);	Yes	Continual improvement plans were publicly available (cross refer to Criterion 8.1).
		Public summary of certification assessment report;	Yes	The public summary of certification can be accessed at SIRIM QAS International and RSPO websites.
		Human Rights Policy (Criterion 6.13).	Yes	Human rights policy was made available at the visited estates and mill. Copies of the policy were displayed at the offices' notice boards (cross refer to Criterion 6.13).
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	Yes	Auditor found that the code of ethical conduct and integrity has been established by management. Management has communicated the policy to all levels of the workforce dated 26 June 2015.

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

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	No	<p>Generally, Terusan CU continued to comply with most of the applicable local, national and ratified international laws and regulations. As per the requirement in the land titles all land was utilised for Agricultural purposes. Relevant licences and permits such as MPOB license, Trading Licence, Energy Commission and Domestic Trade Ministry for diesel storage were valid.</p> <p>Some examples of evidence of compliance:</p> <ul style="list-style-type: none"> <li>i) MPOB License # 502016902000, <i>Menjual dan Mengalih FFB</i>, validity: 1/6/2015 to 31/5/2015, granted to Sapi Plantations Sdn. Bhd., area: 14,292 Ha (including Sapi 1 and Sapi 2 Estates). <i>*Sapi 1 and Sapi 2 are belonged to PPB Oil Palms Bhd. but certified under different CU</i></li> <li>ii) MPOB License # 575075011000, <i>Menghasil, Menjual dan Mengalih dan Menyimpan SLGBJI</i>, validity: 1/8/2014 to 31/7/2015, granted to Sapi Plantations Sdn. Bhd. (Terusan 2 Estate)</li> <li>iii) Permit to store diesel from KPDNK for four skid tanks [permit #: 2140, combined volume: 74,000 lt]</li> <li>iv) Air Receiver- Reg.: PMT6306 (T1), PMT6117 (T2)</li> <li>v) Boiler – Reg.: PMD 10226</li> <li>vi) Sterilizer – Reg.: PMT89185, PMT89186, PMT89438</li> <li>vii) Air Receiver Tank – Reg.: PMT105192</li> <li>viii) Monorail Crane – PMA41284, PMA41593</li> <li>ix) Vacuum deaerator – PMT89324, PMT89446</li> </ul> <p>Apart from that, it was also noted that, the scheduled wastes handling was found in accordance with the EQA Regulations. EIA terms and conditions continued to be monitored once every 4 months by an appointed consultant authorized by the Environment Protection Department EPD, Sabah. The management of the Terusan CU had complied with the new amendment of FM (Person In-Charge) 2014 related to an Internal Combustion Engine (ICE) Driver for the estates and mill.</p> <p>The CU has also continued to comply with the Sabah Labour Ordinance (Cap. 67) related to the provisions of wages, paid public holidays, paid annual leave and sick leave in its employment contracts for its workers. Based on</p>

				<p>inspection of payslip of monthly wages of foreign workers at Terusan POM, Terusan 1 Estate and Terusan 2 Estate, it was found that the wages were followed National Minimum Wage determined by the government as stated in the National Wages Consultative Council Act 2011 - Minimum Wages Order 2012. During site visit at workers' quarters, it was confirmed that the quarters have followed specifications accordance with the Minimum Standards of Housing and Amenities Act 1990.</p> <p>Despite all of the legal compliance, unfortunately during the site visit at the mill, the assessor found that the alarm at smoke density meter for boiler no. 2 was not functioning and leachate from the EFB stock yard was found to be flowing into the monsoon drain. Since these were a breach of Terusan mill's <i>Jadual Pematuhan</i>, License No.: 001201, conditions no. 13 and 20, a major NCR # VS01/2015 was assigned.</p>
	2.1.2	A documented system, which includes written information on legal requirements, shall be maintained Minor Compliance	Yes	The visited operating units have their own legal register which has the information about all the applicable legal requirements. It was updated from time to time whenever there are relevant changes in law.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	Yes	The legal register has also been used as guidance in carrying out the periodic evaluation of compliance exercise. Through this exercise, the certification unit will have the information about the status of legal compliance. Appropriate action shall be taken should there be any non-compliance found. Based on the verification of this exercise, the assessor confirmed that most non-compliance found have been acted upon.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	Yes	Changes to law and regulation are monitored by the centralised Sustainability Department. Various sources were referred to in obtaining information about the updates of legal requirements such as industrial association (e.g. MPOA, EMPA, SECA, etc.), seminar/conference, law books, government agencies websites, etc.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be	Yes	Terusan CU holds four land titles which have a total area of 7,596.13 Ha. Based on inspection of the copies of the land titles, it was confirmed that Terusan CU has the legal ownership of the area possessed and comply to the terms and conditions stipulated in the land titles.

demonstrate that they have legal, customary or user rights		available. Major Compliance		
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	Yes	During the site inspection conducted in the Terusan 1 Estate and Terusan 2 Estate, it was observed that there were distinct red coloured wooden boundary markers and boundary stones at visited boundary plantation. The boundary stones; their positions were labelled and marked on the boundary stone maps. During the site visits, boundary stones were maintained between Terusan 1 Estate and Kg Toniting. The boundary stones also were maintained between Terusan 2 Estate with Kg. Sualok and Kg. Lidong.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	Yes	Auditor has verified through interview with villagers at Kg. Bakong-Bakong and Kg. Lubuk Dungun 2 and site visit. There was no evidence of conflict and disputes on land during this Recertification Audit at Terusan 1 Estate and Terusan 2 Estate.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	Yes	Auditor has verified through interview with villagers at Kg. Bakong-Bakong and Kg. Lubuk Dungun 2 and site visit. There was no land conflict issue at Terusan 1 Estate and Terusan 2 Estate.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). Minor Compliance	Yes	Auditor has verified through interview with villagers at Kg. Bakong-Bakong and Kg. Lubuk Dungun 2 and site visit. There was no case involving land disputes in the Terusan 1 Estate and Terusan 2 Estate.



	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	Yes	Auditor has verified through Stakeholders Meeting minutes and interviews with nearby communities, Kg. Bakong-Bakong and Kg. Lubuk Dungun 2, where there was no conflict raised due to violence action taken by Terusan 1 Estate and Terusan 2 Estate to maintaining peace and order in their current and planned operations. Terusan 1 Estate and Terusan 2 Estate only have employed watchmen in order to guard of their workers, staffs, children, their belongings and companies property.
C 2.3 Use of the land for oil palm does not diminish the legal,customary or user rights of other users without their free,prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	Yes	Auditor has verified through interview with villagers at Kg. Bakong-Bakong and Kg. Lubuk Dungun 2 and site visit. There was no case involving land disputes in the Terusan 1 Estate and Terusan 2 Estate.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including	Yes	Auditor has verified through interview with villagers at Kg. Bakong-Bakong and Kg. Lubuk Dungun 2 and site visit. There was no case involving land disputes in the Terusan 1 Estate and Terusan 2 Estate.

		the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	NA	Use of the land for oil palm was not diminish the legal, customary or user rights of other users. The plantations area was belonged to Terusan CU. There were no issues on customary or user rights at Terusan 1 Estate and Terusan 2 Estate during this Recertification audit. Therefore, this indicator was not applicable.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	NA	Use of the land for oil palm was not diminish the legal, customary or user rights of other users. The plantations area was belongs to Terusan CU. There were no issues on customary or user rights at Terusan 1 Estate and Terusan 2 Estate during this Recertification audit. Therefore, this indicator was not applicable.

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

Clause	Indicators		Comply Yes/No	Findings																																																																								
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	Yes	<p>A documented business plan with three years projection is available for verification. The business plan normally came from top management and later disseminated to the operating units. The communication mainly through various management meetings. Through verification of meeting minutes, generally the management plan is focusing on maximising productivity and minimizing losses.</p> <p><u>Crop and Cost Projection of Terusan 1:</u></p> <table><tr><th rowspan="2">Year</th><th colspan="2">Operational cost (RM/mt)</th><th colspan="2">Yield (mt/Ha)</th><th rowspan="2">Remarks</th></tr><tr><th>Year Budget</th><th>Actual</th><th>Year Budget</th><th>Actual</th></tr><tr><td>2014</td><td>177.89</td><td>154.83</td><td>23.89</td><td>26.07</td><td rowspan="5">As at June</td></tr><tr><td>2015</td><td>176.71</td><td>171.62</td><td>24.67</td><td>10.97</td></tr><tr><td>2016</td><td>180.10</td><td></td><td>23.50</td><td></td></tr><tr><td>2017</td><td>190.50</td><td></td><td>22.50</td><td></td></tr><tr><td>2018</td><td>230.40</td><td></td><td>22.00</td><td></td></tr></table> <p><u>Crop and Cost Projection of Terusan 2 (including Rumidi):</u></p> <table><tr><th rowspan="2">Year</th><th colspan="2">Operational cost (RM/mt)</th><th colspan="2">Yield (mt/Ha)</th><th rowspan="2">Remarks</th></tr><tr><th>Year Budget</th><th>Actual</th><th>Year Budget</th><th>Actual</th></tr><tr><td>2014</td><td>176.09</td><td>168.54</td><td>23.10</td><td>24.34</td><td rowspan="5">As at June</td></tr><tr><td>2015</td><td>197.59</td><td>197.68</td><td>24.01</td><td>10.09</td></tr><tr><td>2016</td><td>141.07</td><td></td><td>23.00</td><td></td></tr><tr><td>2017</td><td>180.40</td><td></td><td>22.00</td><td></td></tr><tr><td>2018</td><td>254.05</td><td></td><td>22.00</td><td></td></tr></table>	Year	Operational cost (RM/mt)		Yield (mt/Ha)		Remarks	Year Budget	Actual	Year Budget	Actual	2014	177.89	154.83	23.89	26.07	As at June	2015	176.71	171.62	24.67	10.97	2016	180.10		23.50		2017	190.50		22.50		2018	230.40		22.00		Year	Operational cost (RM/mt)		Yield (mt/Ha)		Remarks	Year Budget	Actual	Year Budget	Actual	2014	176.09	168.54	23.10	24.34	As at June	2015	197.59	197.68	24.01	10.09	2016	141.07		23.00		2017	180.40		22.00		2018	254.05		22.00	
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	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion	Yes	<p>The replanting programme for the next five years had been prepared as sighted in the “Replanting programme 2014 to 2020”. This programme is reviewed once a year and is incorporated in their annual financial budget. The programme was being implemented as scheduled.</p> <p>Replanting program – 5 years projection for Terusan 1 Estate</p>																																																																								

		4.3), with yearly review, shall be available. Minor Compliance		<table><tr><th>Year</th><th>Programmed (Ha)</th><th>Progress (Ha)</th><th>Remarks</th></tr><tr><td>2014</td><td>0</td><td>0</td><td></td></tr><tr><td>2015</td><td>123.50</td><td>0</td><td>To be started in September</td></tr><tr><td>2016</td><td>244.50</td><td></td><td></td></tr><tr><td>2017</td><td>312.40</td><td></td><td></td></tr><tr><td>2018</td><td>505.60</td><td></td><td></td></tr><tr><td>2019</td><td>505.50</td><td></td><td></td></tr><tr><td>2020</td><td>498.50</td><td></td><td></td></tr></table>	Year	Programmed (Ha)	Progress (Ha)	Remarks	2014	0	0		2015	123.50	0	To be started in September	2016	244.50			2017	312.40			2018	505.60			2019	505.50			2020	498.50		
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2020	498.50																																			
				<p>Replanting program – 5 years projection for Terusan 2 Estate</p> <table><tr><th>Year</th><th>Programmed (Ha)</th><th>Progress (Ha)</th><th>Remarks</th></tr><tr><td>2014</td><td>588.20</td><td>588.20</td><td></td></tr><tr><td>2015</td><td>634.63</td><td>220.15</td><td></td></tr><tr><td>2016</td><td>599.48</td><td>-</td><td></td></tr><tr><td>2017</td><td>684.13</td><td>-</td><td></td></tr><tr><td>2018</td><td>801.90</td><td>-</td><td></td></tr><tr><td>2019</td><td>655.32</td><td>-</td><td></td></tr><tr><td>2020</td><td>79.68</td><td>-</td><td></td></tr></table>	Year	Programmed (Ha)	Progress (Ha)	Remarks	2014	588.20	588.20		2015	634.63	220.15		2016	599.48	-		2017	684.13	-		2018	801.90	-		2019	655.32	-		2020	79.68	-	
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**Principle 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS**

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	Yes	<u>All Auditors</u> Generally, at Hibumas 2 Estate, Sekar Imej Estate and Sapi Sugut Estate, it was noted that the estates continued to use the Wilmar International Limited, The Agriculture Manual (Picture 8) and Safe Standard Operating Procedure (SSOP) (Picture 9) for their operating procedures. The agriculture manual provided guidance on oil palm nursery, oil palm replanting, field upkeep, FFB harvesting and collection.  Agriculture Manual & Standard Operating Procedure for Oil Palm is in place for estate operation [Version 3/2011] covering the estate operations such as land clearing, harvesting evacuation, field upkeep, replanting and pest & disease.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	Yes	Various mechanisms of checking the implementation of procedures were consistently conducted. Among the records verified were: i) Qualitative (ripeness of FFB) and quantitative (losses) checking records – monthly records were available ii) Fertiliser application field assessment by EMU (twice/month) iii) Chemical used for weeding through Store Issue Chit iv) Plantation Advisor (last visit report was on 12-13/3/2014) v) Group Visiting Agent (GVA) – Last visit on 21/5/2014 vi) Head of Wilmar's R&D visit vii) Internal audit viii) Safety and health meeting and routine inspection (workplace inspection) by assistant manager, staff and hospital assistant.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	No	Management has established and implemented action plans based on the findings reported from the mechanisms mentioned in Indicator 2.1.4. Through field visit, the assessor confirmed that actions had been taken in accordance to the plan.  However, based on "Rat Baiting Records" for Field No. 32, 37, 46, 21 (Terusan 1) and 58, 59, 55, 54, 53 (Terusan 2) for the month of May and June 2015, there was no evidence that the rat baiting at Terusan 1 and Terusan 2 Estates was carried out until the bait acceptance is below 20%. This was a breach to Wilmar's Agriculture Manual, Chapter 8, clause 3.1. Therefore Minor NCR # VS02/2015 was assigned.
	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB).	Yes	Terusan POM received its third party crops from various sources mainly surrounding oil palm plantation company and smallholders. The third parties have consistently contributed around 45% of the mill input. The mill has a mechanism to records the origin and quantity of the entire crop from third parties starting from FFB chits until the

		Major Compliance		production report.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	Yes	Maintaining soil fertility is guided by its Agriculture Manual i.e.: i) Establishment and Maintenance of Legume Covers ii) Fertiliser application (Chapter 6) iii) EFB application (Chapter 10)  Generally the Terusan 1 and Terusan 2 Estates have followed the established procedure effectively to maintain soil fertility. This was reflected by their good yield i.e. around 25 mt/Ha/year.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	Yes	Fertiliser inputs were based on recommendation by the R&D Department. For mature area fertilizer dosage was around 11 kg/palm with compound fertilizers (NPK Super), mixture (NK3) and straight fertilizers (SOA, MOP, RP, Borate, Kieserite, Calcium [GML]).  For immature palm the fertiliser dosage rate would be based on Wilmar's Agriculture Manual i.e. 5 kg/palm/year using straight fertiliser (Urea, Borate, MOP, Kieserite, RP) and compound (NPK Yellow).  Actual fertiliser application for this year found to be slightly behind scheduled due to delayed supply from suppliers. Based on store issuance records, it is confirmed that the amount of fertilisers applied in the field was in accordance to the recommendation.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Yes	Periodic leaf sampling was done by Wilmar's R&D to determine nutrient status of soils. The results were recorded in a documented report by the R&D Department. Last sampling was done in early 2014 for 2015 fertiliser recommendation.  Apart from that, Soil Organic analysis was also done to provide indication of soil health and monitor the change of organic carbon and total nitrogen. Last analysis was last done in early 2009 by the company's agronomist unit.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance	Yes	The estate has its EFB mulching programme. According to their Agriculture Manual the recommended rate/Ha is 40mt to 80mt. Based on EFB weighbridge tickets records log book, it is confirmed the EFB applied at the recommended rate.
C 4.3 Practices minimize	4.3.1	Maps of any fragile/marginal soils shall be available.	Yes	Based on soil series map, the major soil series are of:

and control erosion and degradation of soils.		Major Compliance		<p><u>Terusan 1</u> Bergosong (67.66%), Lumisir (8.75%) and Inanam (6.58%). Bergosong series consist of silty clay with presence of thin layer of decomposed organic soil top soil, Lumisir and Inanam consists of fine sandy clay.</p> <p><u>Terusan 2</u> Bergosong (45.66%), Kumansi (28.16%) and Nobusu (15.89%). Kumansi consist of fine sandy clay to silty sandy clay and Nobusu consist of sandy clay to clay.</p> <p>No soil was considered as fragile/marginal.</p>
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	Yes	Planting at steep slope is guided by its Agriculture Manual (Chapter 3). Among the methods recommended are construction of terrace, earth stop and cover crop establishment. Majority of the area of Terusan CU is flat to undulating and no hilly area.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	Yes	Road maintenance programme is available for year 2015. Activities include grading and compacting, culvert repair, drain maintenance, road patching and resurfacing. Progress is reported in Monthly Executive Summary which includes the information of work done in chain unit.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	NA	No peat soil at Terusan CU.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	NA	Not applicable – no peat soil.
	4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate	NA	No soil is categorised as fragile or problematic.

		soils). Minor Compliance		
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	Yes	Terusan CU has its Water Management Plan for 2012 to 2017 in place. It was developed in order to maintain the quality and availability of natural water resources by practicing efficient water consumption through various methods such as minimising wastage of treated water and creating awareness among the employees. In the Water Management Plan, the CU has also identified actions to be taken in the event of water supply shortage (e.g. drought).
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated Major Compliance	Yes	During visits at Terusan 1 Estate and Terusan 2 Estate, it was observed that the boundaries of these riparian belt along Sg. Bangau-Bangau was clearly demarcated with red paint around the palm stems. Natural vegetation has colonized these riparian buffer belts as no weeding or fertilizer application was allowed. These buffer belt was also shown in the maps of the estates and being conserved.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance	Yes	As Terusan POM has the obligation to comply with the conditions stipulated in its DOE's License pertaining the quality of final discharge of its ETP. Samples are taken monthly and sent to an accredited laboratory for test. Based on the analysis reports, it was noted that Terusan POM has been complying with all the regulated limits for the past 12 months. The analysis results were sent to the DOE on quarterly basis.
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	Yes	The water use by the mill was consistently monitored and recorded. As at May 2015, the mill has used 1.55 m <sup>3</sup> /mt FFB. It was 20% below its annual target (1.25 m <sup>3</sup> /mt FFB) due to less FFB received from the suppliers.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	Yes	<p>The visited estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the Agricultural Manual (Chapter 8). In order to minimize use of insecticides for leaf-eating pest, the estates had planted beneficial plants mainly <i>Tunera subulata</i>, <i>Tunera ulmifolia</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> with maps indicating areas planted.</p> <p>Rat damage and leaf-eating pest census was regularly carried out to obtain information about threshold level and action to be taken thereafter. The records of census were available for verification. To-date, there was no experience of pest outbreak.</p>



techniques.				Nonetheless, rat baiting campaigns were occasionally carried out as the damage of crop by rats was found to be above threshold level.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	Yes	Training related to IPM implementation was last conducted on 24/4/2015 by R&D Division entitled " <i>Pengurusan Perosak Tikus</i> ". It was attended by 14 staff (executive and non-executive). Records of training were available for verification.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	Yes	The use of all agrochemicals by the estates was guided by its Agricultural Manual [Chapter 6 (for herbicide) and Chapter 8 (for insecticide)] and SOP where written justifications had been provided. The Manual had included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names. Its application is based on the 'need to do basis' to enhance field operations.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	Yes	Records of pesticides used were available for verification. The latest records were as at May 2015, which includes the information about area treated, active ingredients (ai) per Ha, LD50 and number of application.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	Yes	No Class I & II chemicals had been used and the use of paraquat had been stopped since 2008. The estates do not practise prophylactic use of insecticides, fungicides and rodenticides. Rat baiting will be carried out only if damage on FFB bunches exceeds 5%.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the	Yes	During the assessment, it was noted that Terusan 2 Estate had not use pesticides categorized as World Health Organization (WHO) type 1A or 1B or listed by the Stockholm or Rotterdam Conventions, however there are stock of pesticide class 1b (Starfos 505, a.i:Chlorpyrifos 45.9% + Cypermethrin 4.6%) in the chemical store.

		Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance		Verified the Jun 15 bin card, this pesticide were received this year on 2/1/15 as much as 100L, however the management not used it until 6th July 2015. Use of paraquat in the estate had been ceased since 2008 and was replaced by systemic herbicides. Verified the chemical register that had been prepared and reviewed on 28/05/15 by Douglas Calingacion (Store Keeper) and reviewed by Mr Martin Junius (Estate Sr Manager).
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance	Yes	Noted that in Terusan 1 and 2 Estate, no outbreaks of pest and disease occurred. Moreover, from the interview during site visit with workers who handle the chemical (sprayers), noted that they were regularly trained and were found to be aware of safety standards and SOPs.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for	Yes	Noted that in Terusan 1 and Terusan 2 Estate, no outbreaks of pest and disease occurred. Verified at the chemical store, there are stock of pesticides. The management stored all the pesticides and herbicides in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations.

		other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance		
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	Yes	Noted that in Terusan 1 and 2 Estate, no outbreaks of pest and disease occurred. However, for chemical spraying method was based on risk assessment result (HIRARC) where workers are required to wear PPE to minimise risk and impacts – “ <i>Pengenalpastian Hazard, Penaksiran Risiko &amp; Kawalan Risiko</i> ”, latest update on 26/6/15 (Revision:05). The Agricultural Manual & Standard Operating Procedure: Chapter 8-Plant Protection: Pest and Disease Management, were described well on the methods used for the applications of pesticides.
	4.6.8	Pesticides shall be applied aurally only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	NA	The CU does not practice aerial spraying.
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (See Criterion 4.8). Minor Compliance	Yes	The training related to the handling of pesticides was conducted by the management of Terusan CU to enhance knowledge and skills of employees. Verified the training record dated 24/4/15. i) “ <i>Pengurusan Perosak Tikus</i> ”-dated on 24/4/2015,trained by Mr Peter Mojiun from EMU R&D Division) ii) “ <i>Training for Sprayers</i> ”-dated on 18/4/2015 Conducted by Mr Adnan Mejeh for all sprayers-sighted training records.  Training Programme at Terusan 1 and 2 for workers was established, dated: 30/01/2015 sighted – Approved by the Sr. Estate Manager.
	4.6.10	Proper disposal of waste material, according to procedures that are fully	Yes	The waste material from Terusan CU were dispose as a recycle waste after triple rinsing. The triple rinsing were supervised by field supervisor and carried out by workers as per Safe and Standard Operating Procedure: Chapter 14-Triple Rinsing. The waste

	understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance		material then was collected by the transporter, New Gates. The record of disposal was verified, and the latest disposal of waste material was on 25/5/15 (1060 kg).																																													
4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	Yes	<p><b><u>Terusan 1 and 2 Estate</u></b> Medical Surveillance carried out by Dr Mohd Azizan Abdul Aziz ,OHD (Reg ref: HQ / 10/DOC/00/167)- DAB OH Sdn Bhd on 1/4/15 (T2) and 15/3/15 (T1).The following ‘Spraying and manuring operators’ medical surveillance report reviewed:</p> <table><tr><th>Name</th><th>Station</th><th>Health Status</th></tr><tr><td>Siti Aminah Beddu</td><td>Sprayer (T2)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Wani Marsuki</td><td>Sprayer (T2)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Mariani Chengkeru</td><td>Sprayer (T2)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Rafidah Badri</td><td>Manuring(T2)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Mimi Tola</td><td>Manuring(T2)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Rasmia Hassa</td><td>Manuring(T2)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Mustamin</td><td>Workshop</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Jalita Supu</td><td>Sprayer (T1)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Herlina Kanna</td><td>Sprayer (T1)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Ayu Mansur</td><td>Sprayer (T1)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Salma Misi</td><td>Manuring(T1)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Bacettang Hamma</td><td>Manuring(T1)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Rosnani Burhan</td><td>Manuring(T1)</td><td>Satisfactory (Fit for work)</td></tr><tr><td>Ismail Muhamad</td><td>Workshop</td><td>Satisfactory (Fit for work)</td></tr></table>	Name	Station	Health Status	Siti Aminah Beddu	Sprayer (T2)	Satisfactory (Fit for work)	Wani Marsuki	Sprayer (T2)	Satisfactory (Fit for work)	Mariani Chengkeru	Sprayer (T2)	Satisfactory (Fit for work)	Rafidah Badri	Manuring(T2)	Satisfactory (Fit for work)	Mimi Tola	Manuring(T2)	Satisfactory (Fit for work)	Rasmia Hassa	Manuring(T2)	Satisfactory (Fit for work)	Mustamin	Workshop	Satisfactory (Fit for work)	Jalita Supu	Sprayer (T1)	Satisfactory (Fit for work)	Herlina Kanna	Sprayer (T1)	Satisfactory (Fit for work)	Ayu Mansur	Sprayer (T1)	Satisfactory (Fit for work)	Salma Misi	Manuring(T1)	Satisfactory (Fit for work)	Bacettang Hamma	Manuring(T1)	Satisfactory (Fit for work)	Rosnani Burhan	Manuring(T1)	Satisfactory (Fit for work)	Ismail Muhamad	Workshop	Satisfactory (Fit for work)
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4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	Yes	<p>Pregnant and breast-feeding women are not allowed to work with Pesticides &amp; Hazardous Chemicals. Medical Assistant (MA) checks and determine whether female workers are pregnant – check carried out on a Monthly basis. The following Medical Records were verified:</p> <p><b><u>Terusan 1 &amp; 2 Estate</u></b></p> <table><tr><th>Name</th><th>Last check-up date</th><th>Status</th></tr><tr><td>Siti Aminah Beddu</td><td>26/6/15</td><td>Negative</td></tr><tr><td>Wani Marsuki</td><td>26/6/15</td><td>Negative</td></tr><tr><td>Mariani Chengkeru</td><td>26/6/15</td><td>Negative</td></tr><tr><td>Jalita Supu</td><td>22/6/15</td><td>Negative</td></tr><tr><td>Herlina Kanna</td><td>22/6/15</td><td>Negative</td></tr></table>	Name	Last check-up date	Status	Siti Aminah Beddu	26/6/15	Negative	Wani Marsuki	26/6/15	Negative	Mariani Chengkeru	26/6/15	Negative	Jalita Supu	22/6/15	Negative	Herlina Kanna	22/6/15	Negative																											
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				There are 10 (Terusan 2 Estate) and 13 (Terusan 1 Estate) female workers involving in chemical spraying.		
<p>C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p> <p>The occupational health and safety plan shall cover the following:</p>	4.7.1	<p>An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.</p> <p>Major Compliance</p>	Yes	<p>Terusan CU had continued to adopt the PPB Group's Occupational Health Safety policy dated September 2010, signed by by Mr. Goh Ing Sing – Group Plantation Head and Mr. Jeremy Goon – Group CSR Head. To meet PPB's commitment of these policies an OSH plan and related programmes for the mill and estate had been established. The policy, OSH plan and programmes had been communicated and implemented to all levels of the organization to provide clear directive of Occupational, Safety and Health throughout the company.</p> <p>The CU had continued to implement OSH plan and programmes related to activities of the safety health committee which incorporated trainings, workplace inspections and quarterly safety health committee meetings etc. Interviews with employees showed that they were aware of the OSH policy, objectives and programmes and generally understood their requirements. The 2015 OSH plan has incorporated and continued to address issues related to hazard identification risk assessment and risk control (HIRARC), medical surveillance programme, OSH training among staff and also the 3rd party inspection and monitoring programme as required under USECHH 2000 regulation. Among monitoring programme carried out were:</p> <p>1) Safety and Health Committee Meeting</p> <p><b>Terusan POM:</b> Latest was conducted on 17/6/15, verified the minute of meeting. All the agenda were discuss accordingly in the SHCM (accident report, workplace inspection, training etc.). Last year, the SHCM was conducted on 17/3/14, 13/6/14, 19/9/14,22/12/14,25/2/15)</p> <p><b>Terusan 1 Estate:</b> Latest was conducted on 20/3/15 and 26/6/15, verified the minute of meeting. All the agenda were discuss accordingly in the SHCM (accident report, workplace inspection, training etc.). Last year, the SHCM was conducted on 17/3/14, 24/7/14, 29/9/14, 9/12/14</p> <p><b>Terusan 2 Estate:</b> Latest was conducted on 12/2/15 and 12/5/15, verified the minute of meeting. All the agenda were discuss accordingly in the SHCM (accident report, workplace inspection, training etc.). Last year, the SHCM was conducted on 10/4/14, 10/7/14, 24/9/14, 10/12/14.</p> <p>2) S&amp;H Workplace Inspection</p>		

			<p>3) Medical Surveillance 4) Audiometric Test 5) Training</p> <p><u>Terusan 1 and Terusan 2 Estate</u> CHRA was conducted in 29th January 2015– conducted by Mr Henry Wong Leh Wei (JKKP HIE 127/171-2(71) from Synergy Consultant. CHRA recommendation Report is reviewed on a yearly basis taking into consideration the progress made in implementing the recommendation. Since the latest report was received on June 2015, the action plan has yet to be prepared. Terusan POM.</p> <p>CHRA was conducted in 26/9/2012 by OSHE Global Solutions Sdn. Bhd (Report Ref. No: ctcl/chra/26-09/12). CHRA recommendation report is reviewed on a yearly basis taking into consideration the progress made in implementing the recommendation. The next CHRA is being planned for 2017. Chemical Exposure Monitoring Report, dated 14/9/2014 was carried out by DAB OH Sdn. Bhd (Dr. Shamugan-JKKP HIE/127/171-1(163)).The management of Terusan POM had install the new fume hood on 2014 and the installation was completed on Feb 2015.The design of fume hood was approved by Ir. Khoo Kok Wah (Professional Engineer:5451). The management had plan to conduct chemical exposure monitoring on Sept 2015. The Baseline Inspection, Examination and Testing of Local Exhaust Ventilation (LEV) was carried out 31/1/15 by DAB OH SDN BHD (Nagendran-JKKP HIE 127/171-3/2(171)).Some recommendations were made by hygiene tech 2 and the management had taken action to conduct monthly inspection as per recommendation. The latest monthly LEV inspection was conducted on 31/5/15 by Mr. Jaiman Limin. Medical Surveillance Report (Use and Standard of Exposure of Chemicals Hazardous to Health Regulations 2000) – dated 9/8/2014 carried out by - by DAB OH SDN BHD/ Dr Mohd Azizan Abdul Aziz (OHD Doctor-HQ/10/DOC/00/167). Medical Surveillance carried out as per recommendation and was plan to carry out on August for 2015.</p> <p>Medical records of workers sampled:</p> <table border="1"> <thead> <tr> <th>No</th><th>Name</th><th>Station</th><th>Medical Status</th></tr> </thead> <tbody> <tr> <td>1</td><td>George Sarail</td><td>Lab</td><td>Normal</td></tr> <tr> <td>2</td><td>Masni Tanpe</td><td>Lab</td><td>Normal</td></tr> <tr> <td>3</td><td>Marzlan Zulkarnain</td><td>Lab</td><td>Normal</td></tr> <tr> <td>4</td><td>Jicklees Joseph</td><td>Lab</td><td>Normal</td></tr> <tr> <td>5</td><td>Sattu Sabar</td><td>Kernel</td><td>Normal</td></tr> </tbody> </table>	No	Name	Station	Medical Status	1	George Sarail	Lab	Normal	2	Masni Tanpe	Lab	Normal	3	Marzlan Zulkarnain	Lab	Normal	4	Jicklees Joseph	Lab	Normal	5	Sattu Sabar	Kernel	Normal
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				<p>Positive Noise Exposure Monitoring (under Factories and Machinery (Noise Exposure) Regulation, 1989) was conducted on 22/6/09 by CHRA Industrial Hygiene Services Sdn Bhd and carried out by its competent person (Muhammad Taufik Yap Abdullah-JKKP HIE 127/5/3-1(No 60)).The report was verified (Report Ref no.: DOSH / Noise / SDK / (59)).</p> <p>Audiometry Testing Programme (under Factories and Machinery (Noise Exposure) Regulation, 1989, dated 26/5/2014 – carried out by: DAB OH Sdn. Bhd. The result from the report was monitored accordingly. The latest audiometric testing programme was conducted on 8/6/15, however the report has yet to be received.</p> <p>Hearing Conservative Programme Committee (HCP) has been formed and list of workers working in areas where the noise level is &gt; 85 dB has been identified and informed accordingly. This programme was conducted by Dr Mohd Azizan Abdul Aziz on 26/5/14.</p>			
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	Yes	<p><u>Terusan POM</u> HIRADC has been established with the latest review carried out in 21/05/2015 rev: 2 for HIRADC at Effluent Pond after the accident happened. All Operations have been risk assessed and documented. Sighted the relevant records.</p> <p><u>Terusan 1 and Terusan 2 Estate</u> HIRADC has been established with the latest review carried out in 26/6/15 rev: 5 for HIRADC transporting students, HIRADC transporting FFB using mini tractor and errep and HIRADC activities to construct culvert. All Operations have been risk assessed and documented.</p>			
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide	Yes	<p>Training and Briefing on the operations were provided for workers to educate them on safe working practices to ensure applicable precautions are adhered.</p> <p><u>Terusan POM</u> Based on the HIRARC carried out, the PPE types for the various station are identified using the 'PPE Record .' Latest distribution on 2/7/15. List of Personal Protective Equipment (PPE) Provided – identifies the type of PPE for the respective station. Verified the list of PPE that provided as follow:</p> <ul style="list-style-type: none"> <li>i) Boiler- Safety helmet, safety shoes, safety vest, ear plug, Leather Apron, Face Shield, Leather Hand glove</li> <li>ii) Sterilizer station – Safety Helmet, Semi leather Hand Glove, Cotton Gloves,</li> </ul>			

		application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance		<p>Safety Shoes, Safety Vest and Ear Muff.</p> <p>iii) Lab – Respirator (double Cartridge) Nitrile Glove (chemical penetration), safety boots, Ear plug.</p> <p>iv) Workshop-Safety helmet, safety shoes, safety vest, ear plug and leather hand glove (welder).</p> <p><u>Terusan 1 and 2 Estate:</u> Based on the HIRARC carried out, the PPE types for the various station are identified using the PPE Distribution Records'. Latest distribution/inspection was carried out on 16/4/15(harvester Terusan 2 Estate), 11/5/15 (harvester Terusan 1 Estate), 7/4/15 (manurer Terusan 2), 5/6/15(manurer Terusan 1), 18/4/15 (Sprayer Terusan 2) and 4/6/15 (sprayer Terusan 1) The following PPE verified:</p> <p>i) Harvester- Safety Helmet, Sickle Cover, Hand Glove. Wellington Boots</p> <p>ii) Sprayers- Respirator, Nitrile Glove (Chemical Resistant) Goggles, Wellington Boots, Apron.</p> <p>iii) Manuring- Apron, Wellington Boots, Dust Mask</p>
	4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	Yes	<p><u>Terusan 2 Estate</u> Safety and Health Committee organization Chart 2015 available –Interviewed Mr Soon Hun as Committee secretary. Quarterly Safety &amp; Health Committee meeting held – chaired by Sr. Manager, discussion on the following:</p> <p>i) Passing of previous minutes and arising matters.</p> <p>ii) Medical Assistant Report (Monthly Accident statistics)</p> <p>iii) Workplace Inspection</p> <p>iv) Safety programme &amp; training</p> <p>Verified the following Minutes: 10/4/14,10/7/14, 24/9/14,10/12/14, 12/2/15, 12/5/15 Terusan 1 Estate Safety and Health Committee organization Chart 2015 available –Interviewed Mr Wenceslaus Misun as Committee secretary. Quartely Safety &amp; Health Committee meeting held – chaired by Estate Manager, discussion on the following:</p> <p>i) Passing of previous minutes and arising matters.</p> <p>ii) Medical Assistant Report (Monthly Accident statistics)</p> <p>iii) Workplace Inspection</p> <p>iv) Safety programme &amp; training</p> <p>Verified the following Minutes: 17/3/14, 24/7/14, 29/9/14, 9/12/14,20/3/15, 26/6/15</p>



			<p><u>Terusan POM</u> Safety and Health Committee organization Chart 2015 available –Interviewed Mr. Thien Ching Qiang as Committee secretary. Quarterly Safety &amp; Health Committee meeting held – chaired by Mill Manager, discussion on the following:</p> <ul style="list-style-type: none"><li>i) Passing of previous minutes and arising matters.</li><li>ii) Medical Assistant Report (Monthly Accident statistics)</li><li>iii) Mill Inspection</li><li>iv) Safety programme &amp; training</li></ul> <p>Verified the following Minutes: 17/3/14, 13/6/14, 19/9/14,22/12/14,25/2/15, 17/6/15</p>																		
4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance	Yes	<p>Emergency Response Plan (ERP) was established on 12/1/09 and the latest revision was on 3/7/13. The following addressed: Incident reporting, Bund Breakage, Suicide Attempt &amp; prevention, Bush Fire, Fire Breakout in Mill, Chemical spillage, Flood, Injury and Illness, Poisoning, Workplace and Violence, Boiler Shutdown, CPO Pipe Burst &amp; Fire, Exhaust Fire Explosion and Pipe Leak. Training for evacuation and fire extinguisher – At Terusan 1 and 2 Estate, a drill was carried out on 3/6/15 (T2) and 9/8/14 (T1) The training was supervised by Mr Delter Jumin and Mr Mujini Mutiring. At Terusan POM, a fire drill was carried out dated 4/4/15 time: 3.00 pm till 4.00 pm. The evacuation time was monitored: 3 minutes and 03 seconds. The drill was supervised by Mr Jaiman Limin.</p> <p><u><b>Terusan 1 and Terusan 2 Estate</b></u> Internally trained First Aiders by Medical Assistant, Mr Johdan Pokah from Terusan Clinic on 13/6/15 – 4 staffs from various station have been trained.</p> <table><tr><th>No.</th><th>Name</th><th>Station</th></tr><tr><td>1</td><td>Douglas Calingacion</td><td>Office</td></tr><tr><td>2</td><td>Anjilus Use</td><td>Harvesting</td></tr><tr><td>3</td><td>Adnan Mijeh</td><td>Spraying</td></tr><tr><td>4</td><td>Julian Jampi</td><td>Manuring</td></tr><tr><td>5</td><td>Mustamin</td><td>Workshop</td></tr></table> <p><u><b>Terusan POM</b></u> Internally trained First Aiders by Medical Assistant, Mr Johdan Pokah from Terusan Clinic on 27/9/14 – 4 staffs from various station have been trained.</p>	No.	Name	Station	1	Douglas Calingacion	Office	2	Anjilus Use	Harvesting	3	Adnan Mijeh	Spraying	4	Julian Jampi	Manuring	5	Mustamin	Workshop
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4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	Yes	<p>Workers had continued to be insured against accident. In addition the local workers were still covered by SOCSO and provide group insurance issued by Ace Jerneh Insurance for all foreign workers as required under the Workmen Compensation Act 1952.</p> <p>Local:</p> <table><tr><th>Name</th><th>Station</th></tr><tr><td>Masrin Yahia</td><td rowspan="3">Terusan 1</td></tr><tr><td>Noriati Omong</td></tr><tr><td>Raisah Mampa</td></tr><tr><td>Nordin Petang</td><td rowspan="3">Terusan 2</td></tr><tr><td>Osman Putra</td></tr><tr><td>Sarina Binti Sida</td></tr><tr><td>Markus Sedin</td><td rowspan="2">Terusan POM</td></tr><tr><td>Alexmon Limon</td></tr></table> <p>Foreigner:</p> <table><tr><th>Name</th><th>Station</th><th>Policy No</th><th>Expiry</th></tr><tr><td>Ari Masse</td><td rowspan="3">Terusan 2</td><td rowspan="3">KK-W0523444-WFC</td><td rowspan="3">31/12/15</td></tr><tr><td>Balli Beddu</td></tr><tr><td>Sopyan Asri</td></tr><tr><td>Isbar Endre</td><td rowspan="3">Terusan 1</td><td rowspan="3">KK-W0552707-WWF</td><td rowspan="3">31/12/15</td></tr><tr><td>Edi Tang</td></tr><tr><td>Alling Sannang</td></tr><tr><td>Azhar Sulaiman</td><td>Terusan POM</td><td>KK-W0521353-WWF</td><td>31/12/15</td></tr></table>	Name	Station	Masrin Yahia	Terusan 1	Noriati Omong	Raisah Mampa	Nordin Petang	Terusan 2	Osman Putra	Sarina Binti Sida	Markus Sedin	Terusan POM	Alexmon Limon	Name	Station	Policy No	Expiry	Ari Masse	Terusan 2	KK-W0523444-WFC	31/12/15	Balli Beddu	Sopyan Asri	Isbar Endre	Terusan 1	KK-W0552707-WWF	31/12/15	Edi Tang	Alling Sannang	Azhar Sulaiman	Terusan POM	KK-W0521353-WWF	31/12/15
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				Hamira Tahir			
				The assessor had inspected the insurance renewal schedule for 2015. The monthly SOCSO contributions made by the mill and estates and a Foreign Workers Compensation Policy was sighted and verified.			
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	Yes	Accident statistics are being maintained, recorded and periodically reviewed during 'Health and Safety' committee meeting. The LTA was monitored accordingly and the last LTA was 8 days for Terusan Estate while for Terusan POM recorded 42 days.			
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	Yes	Training programmes covering all aspects of RSPO P&C was made available to the auditor. Training schedule that related to RSPO Principle and Criteria for staff, workers, security personnel and contractors was established for year 2015.			
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	Yes	<p>Some of the training records were verified during the assessment:</p> <ul style="list-style-type: none"> <li>i) Pengurusan Perosak Tikus"-dated on 24/4/2015,trained by Mr Peter Mojiun from EMU R&amp;D Division)</li> <li>ii) "Training for Sprayers"-dated on 18/4/2015, Conducted by Mr Adnan Mejeh for all sprayers-sighted training records.</li> <li>iii) "Training on manuring"- dated 16/4/15 (T2) and 22/5/15 (T1), trained by Assistant Manager</li> <li>iv) "Training on harvesting"- dated 11-13/3/15 (T1) and 26/4/15 (T2), trained by Assistant Manager.</li> <li>v) "Training on EFB application"-dated16/6/15 (T2), trained by Mr Delter Jumin.</li> <li>vi) "Training on chemical handling"-dated 17/5/15 (TPOM), trained by Mr George Sarail.</li> <li>vii) "LOTO Training"-dated 30/4/15 (TPOM), trained by Mr Wilfred Amai.</li> <li>viii) Training on working at height and confined space"-dated 26/3/15, trained by Juin Atang.</li> <li>ix) Family Planning, Pap Smear &amp; Human Papillovirus (HPV) Talk dated 16 June 2015 for Women and Children's Committees (WCC)</li> <li>x) Worker's/Employee's Rights Briefing dated 15 May 2015 to all executives, staffs and workers during morning musters.</li> <li>xi) HCV Awareness Talk on Protected Species in Sabah dated 1 July 2015 to all executives, staffs and workers.</li> <li>xii) Code of conduct has been briefed dated 2 July 2015 to all executives, staffs and</li> </ul>			

				workers xiii) Sexual harassment talk for male and female 'Taklimat Hak-hak Pekerja Semasa di Estet/Kilang & Gangguan Seksual di tempat Kerja' dated 2 July 2015.
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**Principle 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY**

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	Yes	<p><u>Terusan 1 and 2 Estate</u> Identification environmental aspect and impact at Terusan 1 and 2 Estate was done by engaging a consultant (Ekohandal Sdn. Bhd.) to carry out EIA in August 2012. Report is dated 25 September 2012 which entitled "Proposed Replanting Of Oil Palm Plantation At Terusan Estate, Beluran, Sabah". The report has been approved by the Sabah's EPD on 23/5/2012 [(ref.: JPAS/PP/02/600-1/11/1/150(5))] Among the environmental aspect and impact identified are:</p> <ol style="list-style-type: none"> <li>1) Soil erosion and water quality</li> <li>2) Biomass disposal</li> <li>3) Hazardous materials disposal</li> <li>4) Human settlement Impacts</li> <li>5) Ecological Impacts</li> <li>6) Usage of agrochemicals</li> <li>7) Abandonment</li> </ol> <p>The mitigation measures for the above environmental aspects were recommended by the consultant and can be seen in the EIA report. The monitoring on the compliance to environmental terms and condition were carried out, and the latest monitoring (Feb 2015-Mei 2015) were conducted on 29/4/15. Generally, the Terusan 1 and 2 estate complied with the environmental terms and condition from Environmental Protection Department.</p> <p>Terusan Estate had taken initiative to carry out the identification of environmental aspect and impact that has been done by ESH Coordinator from safety and sustainability department. Mitigation measures were established thereafter which the latest update was on 26/6/15, which add the activities on deepening Bangau Bangau River branches.</p> <p><u>Terusan POM</u> Identification and evaluation of environmental aspects &amp; impacts is guided by a procedure [Identification of Environmental Aspects and Evaluation of Environmental Impacts. doc. no.: RSPO 5.1.1, dated 1/2/2011, Revision 3]. Generally, the environmental risks have been assessed for most of the activities at the mill and estates. The mitigation measures were developed after the significant environmental aspects have been identified. The followings are some examples of the environmental risk assessment done by the mill:</p>

				Environmental aspects	Environmental Impact	Mitigation measure/Management plan
				Dark smoke from 2 units of boiler's chimney	Air pollution	<ul style="list-style-type: none"> <li>Frequent maintenance of boiler to ensure the boilers is in good condition.</li> <li>Bio-gas plant (expected to be completed in September 2015)</li> </ul>
				Greenhouse gasses emission	Global warming	To set up a bio-gas plant, which include the methane capture activity at the ETP. Current progress is around 15% completed.
				Mill effluent discharge	Water pollution Land contamination Air pollution	<ul style="list-style-type: none"> <li>To ensure the operation of ETP is efficient through preventive maintenance and implementation of SSOP (Chapter 10-POME Treatment) which includes de-sludging activity (last de-sludging was done on 28/6/2014)</li> <li>Bio-gas plant</li> </ul>
				Leachate released from EFB dumping area	Water pollution	Parameter bund was constructed at the EFB stockyard to prevent leachate from flowing to waterways or monsoon drain.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	Yes	A documented action plan entitled "Environmental Compliance Report Action Plan" was established for the management to monitor the progress of action taken to mitigate the negative impacts in a systematic manner.		
	5.1.3	This plan shall incorporate a	Yes	Terusan CU had developed an Environmental Compliance Report Action Plan and being		

		monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance		reviewed quarterly. Latest review was carried out 11/6/15 by Mr Simin Hadabongia.
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance	Yes	The HCVF scoping assessment of the estates had been completed in July 2008 and sites with attributes HCV 4 (Sg. Bangau-Bangau) and HCV 6 (Bidu-Bidu Forest Reserve) had been identified. In addition to the report by the consultant entitled “ <i>HCVF Scoping Assessment of Terusan 1 Estate, Terusan 2 Estate and Rumidi Estates of PPB Oil Palms Berhad</i> ” a document “ <i>High Conservation Value Identification and Management, Terusan Palm Oil Estates 2009</i> ” had also been prepared. Based on survey conducted by HUTAN and Sabah Wildlife Department between 2002 and 2003, there are signs of orang utan, sun bears, mouse deer, barking deer and bearded pig within the reserve.
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	Yes	As mentioned above, there are two HCVs area; Sg. Bangau-Bangau located within Terusan CU and Bidu-Bidu Forest Reserve located nearby with Terusan CU. Bidu-Bidu Forest Reserve is located about 15 km from Terusan 1 Estate and 20 km from Terusan 2 Estate. The reserve and Terusan CU was separated with local villagers and private oil palm plantation which were Kg. Bidu-Bidu and Andamy Properties Sdn Bhd. Terusan CU has established action plan for both HCVs area titled ‘Terusan HCV Management and Monitoring Action Plan’ which has been reviewed on 22 May 2015. There was no major changes on the HCV Plan, except for maintenances of faded signboard and pegs, additional signboard, awareness training and continuous monitoring for HCVs area. There was no RTEs found during the last monitoring although HCV main assessment found signs of wildlife as mentioned in 5.2.1.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and	Yes	Based on previous audit report and monthly HCV monitoring report by estates, there was no RTEs species found at Terusan 1 Estate and Terusan 2 Estate. Terusan CU has conducted HCV training titled ‘HCV Awareness’ dated 11 March 2015 for their field workers in order to create awareness among them. The participants also were briefed

		appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance		with company's disciplinary action if found any employee is capture, harm, collect or kill wildlife species. If caught by management, management will report to security and estate manager immediately. Then, make a report to the Wildlife Department for further action. The disciplinary action flowchart has been verified by auditor. The personnel involved on the implementation of the HCV Plan has been trained on recognizing signs of RTEs species by Senior Manager of Biodiversity, Wilmar International.
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> <li>The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>Outcomes of monitoring shall be fed back into the action plan.</li> </ul> Minor Compliance	Yes	Terusan CU has conducted monthly wildlife monitoring along riparian in order to detect on presence of wildlife in their plantation area. The latest monitoring on HCV by Terusan 1 Estate and Terusan 2 Estate were conducted on 3 July 2014 and 13 March 2015 respectively. However, there were no ERTs found during this monthly monitoring. HCV monitoring report with notes as well as pictures on the sightings of animals along Sg. Bangau-Bangau has verified by auditor. Poaching is prohibited with warning sign being placed at the entrances of each estate. Posters on protected animals were displayed at the guard posts and estate's office. Evidence of commitment to discourage any illegal or inappropriate hunting have been instituted through control at the entrance gates and monitoring teams. Based on consultation held with the Forest Ranger of the Sabah Forestry Department in Telupid, it was observed that the department appreciated the commitment showed by the Terusan CU on the monitoring activities being carried out. A letter #JPHTN/BN 100-0/18(Klt.5)/7 dated 18 June 2015 was presented as evidences of the department's appreciation on the work being undertaken by the Terusan CU to discourage illegal activities.
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	Yes	The HCV or land with slope more than 25° set-asides was within Terusan 1 Estate and Terusan 2 Estate. The area did not affected the local communities land or rights.
C 5.3 Waste is reduced, recycled, re-used and disposed of in	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	Yes	A list of type of wastes is documented in "Summary of All Wastes in each Station" which was established in 22/3/2011. For mill and estates operations, examples of the identified wastes products and source of pollution are as follows:



an environmentally and socially responsible manner.				<table><tr><th>Estate &amp; Mill Processes/Activity</th><th>Waste Generated</th></tr><tr><td>Laboratory, Boiler, Engine room, Workshop, Clinic</td><td>Scheduled Wastes: Spent lubricant, spent hydraulic oil, used batteries, used oil filters, contaminated rags, empty container (grease, lubricant and hydraulic), Spent solvent (Hexane), Spent chemical (IPA), empty bottle and container for chemical, clinical waste</td></tr><tr><td>Line site, Mill office and plant</td><td>Domestic Waste: Rubbish and Sewage</td></tr><tr><td>ETP and composting plant</td><td>Industrial Waste: POME, EFB and leachate.</td></tr><tr><td>Agrochemicals application</td><td>Empty pesticide containers</td></tr></table>	Estate & Mill Processes/Activity	Waste Generated	Laboratory, Boiler, Engine room, Workshop, Clinic	Scheduled Wastes: Spent lubricant, spent hydraulic oil, used batteries, used oil filters, contaminated rags, empty container (grease, lubricant and hydraulic), Spent solvent (Hexane), Spent chemical (IPA), empty bottle and container for chemical, clinical waste	Line site, Mill office and plant	Domestic Waste: Rubbish and Sewage	ETP and composting plant	Industrial Waste: POME, EFB and leachate.	Agrochemicals application	Empty pesticide containers
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	ETP and composting plant	Industrial Waste: POME, EFB and leachate.												
	Agrochemicals application	Empty pesticide containers												
5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	Yes	All empty chemical containers were triple rinsed & punctured and sent to recycle vendor. Since the last assessment, Terusan 1 Estate has delivered 1,640 kg of empty chemical containers for recycling in one consignment on 14/2/2015 to Fonsen Enterprise, while Terusan 2 Estate had sent 1,770 pieces to the same vendor.											
5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	Yes	<u>Terusan POM</u> Among the disposal plan established and implemented were application of mill wastes as fertiliser, sending the recyclable wastes to recycling centres and disposal of scheduled wastes through authorised vendors. <table><tr><th>Waste Generated</th><th>Waste management/disposal plan</th></tr><tr><td>Scheduled Wastes: Spent lubricant, spent hydraulic oil, used batteries, used oil filters, contaminated rags, empty container (grease, lubricant and hydraulic), Spent solvent (Hexane), Spent chemical (IPA), empty bottle and container for chemical, clinical waste</td><td>SW are sent to licensed vendors (last disposal was on 4/2/2015 to Lagenda Bumimas</td></tr><tr><td>Domestic Waste: Rubbish and Sewage</td><td>Sent to a landfill located in the estate</td></tr><tr><td>Industrial Waste:</td><td>Mulching application in the estates</td></tr></table>		Waste Generated	Waste management/disposal plan	Scheduled Wastes: Spent lubricant, spent hydraulic oil, used batteries, used oil filters, contaminated rags, empty container (grease, lubricant and hydraulic), Spent solvent (Hexane), Spent chemical (IPA), empty bottle and container for chemical, clinical waste	SW are sent to licensed vendors (last disposal was on 4/2/2015 to Lagenda Bumimas	Domestic Waste: Rubbish and Sewage	Sent to a landfill located in the estate	Industrial Waste:	Mulching application in the estates		
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Empty chemical containers	Triple rinsed and sent to licensed collectors							
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	Yes	<p><u>Terusan POM</u> Objective and target was set to reduce consumption of fossil fuel. Various program has been implemented such as minimum utilization of generator set and reduce breakdown of mill. The mill has set a target of 1.2 liter/mt FFB diesel consumption for year 2015. Based on the achievement records, as at May 2015 the mill has achieved 1.7. It exceeded the target due to shortage of FFB received by 2,000 mt.</p> <p>Terusan 1 &amp; 2 Estate The estates have established management plan on efficiency use of fossil oil and optimize renewable energy for year 2015 and was monitored monthly basis. The both estate was set targets which related to use of diesoline on vehicles/machineries and use of diesoline on generator set. The target are as follow:</p> <ul style="list-style-type: none"><li>i) To reduce use of diesoline on vehicles/machineries by 5% compare to 2014 usage.</li><li>ii) To reduce use of Generator set by 5% compare to 2014 usage.</li></ul>				
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance	Yes	The estates adhered to the policy as per the Agricultural Manual and SSOP which advocates zero burning and all previous crop should be felled, chipped/shredded, shredded, windrowed and left to decompose.				
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in ' <i>Guidelines for the Implementation of the</i>	Yes	There was no evidence that fire had been used for land preparation in both estates. The adhered to the policy as per the Agricultural Manual and SSOP which advocates zero burning and all previous crop should be felled, chipped/shredded, shredded, windrowed and left to decompose.				

		<i>ASEAN Policy on Zero Burning' 2003.</i> Minor Compliance		
<p>C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions.</p> <p>Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers</p>	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	Yes	The assessment of all polluting activities had been conducted through Environmental Impact Assessment and Environmental Aspect & Impact Evaluation (see Indicator 5.1.1). The environmental aspects for air pollution, including GHG emission have been identified and mitigation measure/management plan has been established thereafter.

and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.				
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	Yes	Terusan POM is in the midst of constructing a bio-gas plant as one of the mitigation plans to reduce the GHG emission from the ETP. The plant is expected to be completed in September 2015. Latest Written Approval [ref.: ASSH(B) 31/152/000/060 Jld. 8 (28), certificate no.: SPE-40/2014, dated 17/12/2014] from the DOE was available for verification.
	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	Yes	<p>Terusan CU has been using the RSPO's PalmGHG calculator for calculating its GHG emission. The CU has also submitted its calculation report to RSPO Secretariat for review by the Emission Reduction Working Group (ERWG).</p> <p>Based on the PalmGHG summary report for period from January to December 2014, the total field emissions were 26,581.80 tCO<sub>2</sub>e and total mill emissions were 22,113.10 tCO<sub>2</sub>e. The final emissions value per product was 1.14 tCO<sub>2</sub>e/tCPO.</p>

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

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, 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 continual improvement.	6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	Yes	<p>The Social Impact Assessment for Terusan CU entitled Primary Report of SIA (Design Phase) for Terusan Oil Palm Plantations and Terusan Palm Oil Mill of PPB Oil Palms Berhad (Sabah) dated 1<sup>st</sup> April 2009, still formed the basis for managing social issues. As reported in previous surveillance audits, the report was prepared with the participation of the relevant stakeholders including the estate workers, contractors / suppliers, neighbouring local communities and smallholders.</p> <p>The report had described the background of the estates, mill and local communities; highlighted the survey methodology, and presented issues raised together with mitigation plan. Some of the issues raised by the internal stakeholders, particularly pertaining to housing and amenities, had continuously been resolved by the management.</p> <p>Evidences were sighted in the estates and mill on the update of the SIA action plans. The estates and mill had continued to organize regular meetings with their workers representatives, FFB suppliers, canteen operators, contractors/suppliers and local communities to review and update old social issues as well as identified new ones. The outputs of these meetings were incorporated into the SIA action plans 2014.</p> <p>The reviewed Social Impact Management Plan and Community Development Plan, which had included a timetable with responsibilities for mitigation and monitoring were presented during the surveillance. As new measures and projects had been introduced and implemented, it was evident that there was continuous improvement in handling social matters.</p>
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	Yes	<p>Terusan 1 Estate, Terusan 2 Estate and mill have continued to hold regular meetings with representatives of the local communities and oil palm smallholders. Meetings with external stakeholders were held at least once a year while those with internal stakeholders were held more often. These meetings could very well serve as a mechanism for revising and updating the SIA Action Plans, as well as issues that required long-term mitigation and monitoring plans.</p> <p>Latest stakeholder meeting was conducted on 20 May 2015. Independent smallholders (Kg. Gana Jati, Kg. Bangau-Bangau, Kg. Bakong-Bakong, Kg. Perancangan, Kg. Nangoh, Kg. Lubok Dungun, Kg. Ulu Sapi and Kg. Bukit Mengidam), nearby estates (Andamy – Perugu Estate and Gaya Positif SB), contractors FFB (Terus Maju Enterprise</p>

				and Qwek Ent), suppliers and MPOB Sandakan have attended the meeting.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance	Yes	It was observed that the issues raised by the internal stakeholders were often related to housing, medical and child care facilities. Nearby villages, and school, on the other hand, were more concerned with the help and support, which they could obtain from the estates and mill, for examples, road and services, employment opportunities and treatment at Terusan Clinic that could be provided for their benefits. While for workers, spot check inspection to the respective shop for price list monitoring and also conduct a census to workers quarters to prevent overcrowding.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties Minor Compliance	Yes	A reviewed SIA Management Action Plan for Terusan CU dated 11 June 2015 was verified through Social & Welfare Meeting minute, and Women & Children Meeting minute.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	Yes	For the time being, there was no smallholder schemes in Terusan CU. Only nearby estates and independent smallholder at Terusan 1 Estate and Terusan 2 Estate were sending their FFB to Terusan POM such as Kg. Gana Jati, Kg. Bangau-Bangau, Kg. Bakong-Bakong, Kg. Perancangan, Kg. Nangoh, Kg. Lubok Dungun, Kg. Ulu Sapi and Kg. Bukit Mengidam and nearby estates such as Andamy – Perugu Estate and Gaya Positif SB).  Although there was no smallholder scheme at Terusan CU, management still providing consultation for nearby independent smallholders such as briefing on GAP 'Program Khidmat Nasihat' at Kg. Bakong-Bakong in June 2015.
C 6.2 There are open and transparent methods for communication and	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	Yes	Consultation and communication procedures used by the CU in handling internal and external communications were in accordance to the document <i>The Standard Operating Procedure for Consultation and Communication [Document No. RSPO 6.2(2)]</i> that was prepared by the RSPO Unit of PPB Oil Palms Bhd. Amended SOP consultation and communication procedure (RSPO 6.2) revision dated 21 July 2014 was verified.

consultation between growers and/or millers, local communities and other affected or interested parties				The CU has continued to use internal communication means, such as morning assemblies, notice boards and posters, suggestion boxes and complaint forms. External communication was mainly through mail correspondence.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	Yes	As spelled out in the communications procedure, and noted in the appointment letter, the Terusan 1 Estate, Terusan 2 Estate and Mill Managers were appointed to handle communication matters dated 1 March 2014 and 26 May 2011. There were no changes in personnel responsible on these issues being observed during this audit.
	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	Yes	<p>Lists of stakeholders were updated on 8 April 2015 and maintained by the estates and mill. The lists comprised government agencies (national, state and local), contractors / suppliers (including FFB suppliers for mill), neighbouring estates, schools, panel doctors and local communities.</p> <p>Files on external communication were still being kept according to the agencies or parties communicated, for examples, Department of Safety and Health, and Department of Environment and so forth.</p> <p>In addition, minutes of the various meetings held with internal and external stakeholders were also being kept for records and reference.</p> <p>Several meetings have been conducted as one of the transparent methods for communications. For examples, meeting with stakeholders was conducted on 20 May 2015 and meeting of the Social and Welfare Committee was conducted on 24 April 2015. The Women and Child Committee meeting was conducted on 27 April 2015.</p> <p>Minutes of meetings were verified and the methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties were highlighted in the meeting.</p>
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. Major Compliance	Yes	<p>The CU has continued to use the Dispute and Resolution Procedure (Document RSPO 2.2), which was issued on 2/1/2009 for resolution of disputes. The procedure would start with the receipt of complaint from any party, investigation, proposed solutions and acceptance of the solutions or otherwise. If the proposed solution is rejected, the dispute would be brought for third party arbitration. Grievance or dissatisfaction on the part of the employees could be conveyed through the "<i>Borang Aduan</i>" (appended to Document RSPO 6.2).</p> <p>The estates and mill have continued to maintain their own files on complaints and</p>

affected parties				<p>requests for services. The records at Terusan POM, Terusan 1 Estate and Terusan 2 Estate were sighted they were found to be in order and being updated. In addition, some complaints were settled during the meetings of the Social / Workers Welfare Committee held on 24 April 2015. This was confirmed during interviews held with the workers at Terusan POM, Terusan 1 Estate and Terusan 2 Estate.</p> <p>The same complaints procedures could be used by the public to channel their dissatisfactions while the grievance procedures were for internal use. This system was explained during the stakeholder meeting on 20 May 2015.</p>
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	Yes	<p>It was reported that there was no evidence of any disputes with any party since the last surveillance audit. Requests for services from the workers have been handled satisfactorily by the estate and mill management respectively. As of fact, there has been very few requests since the last audit in the Terusan CU. This could be due to the fact, that the workers were now living in new houses, which required little maintenance. Interviews with workers revealed that they were happy with the policies of the CU pertaining to wages, jobs, housing, water, electricity, children education and clinic services.</p> <p>If worker has complaint or request, they will fill up complaint form. Example of request from workers such as maintenance of quarter's door, request zinc, plywood and cement dated 8 October 2014, 2 October 2014 and 1 October 2014.</p>
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	Yes	In the event of cases involving the loss of customary land rights, the estate will manage them using the same procedure entitled " <i>Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation</i> ", which was adopted in November 2008, based on the formal legal procedure for identification of native rights and entitlement, namely, gazetted areas of Sabah.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation.	Yes	Essentially, the procedure described how to check for legal status of the lands in question and laying out the criteria in deciding who should be compensated and the amount of compensation.



		<p>This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>Minor Compliance</p>		
	6.4.3	<p>The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p> <p>Major Compliance</p>	Yes	Other than the land claims issue mentioned earlier, there had not been any other issues of land claims involving the estates during this Recertification audit.
<p>C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages</p>	6.5.1	<p>Documentation of pay and conditions shall be available.</p> <p>Major Compliance</p>	Yes	<p>The following documentation of pay and conditions for field workers at Terusan 1 Estate (GU/TR1/0108/4, GU/TR1/0308/1, GU/TR1/0608/266 and GU/TR1/0409/587) and Terusan 2 Estate (GU/TR2/0406/625, GU/TR2/0308/504, GU/TR2/1107/637 and G/TR2/1214/1874) were verified.</p> <p>Interviews were held with both local and foreign workers. Pay and conditions of employment has been spelled out in the employment offer letter. The basic pay of any daily-waged worker was adjusted to RM 30.77/day to achieve the basic minimum wage specified by the law. According to those interviewed, the monthly income would usually be more than RM800.00.</p> <p>While payslips were in English and the computation of pay could be quite complicated. However, the CU has subsequently explained it to the workers. During the interviews with the workers, it was found that most of them has a good understanding on the computation of their pay despite their little command of the English language.</p>
	6.5.2	Labour laws, union	Yes	The employment contracts inspected were in Bahasa Melayu. The employment contract

		<p>agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>Major Compliance</p>		<p>'Perjanjian Pekerjaan' has stated duration of contract, wages and allowance, annual leave, sick leave, maternity leave, payment of wages, etc. Auditor has reviewed and verified contract of employment of four foreign workers from Indonesia (GU/TR1/0108/4, GU/TR1/0308/1, GU/TR1/0608/266 and GU/TR1/0409/587).</p>
	6.5.3	<p>Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).</p> <p>Minor Compliance</p>	Yes	<p>The workers and staffs were still being provided with company's houses supplied with free water and electricity. A Humana school, new mosque, clinic, crèche, and sundry shop were also still available in the CU. Both rain and treated water were used by the workers. Electricity was supplied at certain period of time in the evening and early morning.</p> <p>An analysis was carried out on the treated water and it was found to be safe for consumption. The workers being interviewed had revealed that they had not consumed rain water for drinking. Management has sent their treated water for analysis dated 20 December 2014. Water analysis report was received dated 26 February 2015. Content of E. Coli and Total Coliforms were not detected.</p> <p>Most of the houses in the CU were newly constructed under the Class H scheme. The majority of the mill's houses, however, were old and in the process of being replaced with new ones. Housing inspections for Terusan POM and Terusan 1 Estate were conducted by weekly basis by the estate's Medical Assistant. His reports, which focused on housing cleanliness were presented to the auditor. The latest inspection on the houses at the Terusan POM, Terusan 1 Estate and Terusan 2 Estate were conducted on 8, 16 and 21 June 2015. The monitoring form titled '<i>Laporan Pemeriksaan Kebersihan dan Kesehatan</i>' were verified.</p>
	6.5.4	<p>Growers and millers shall make demonstrable efforts to monitor and where</p>	Yes	<p>Terusan 1 Estate and Terusan 2 Estate have demonstrated the effort to monitor goods prices twice a year on the Kedai Runcit Kelvin, Kedai Runcit Sudirman Lee and Kedai Runcit Terus Maju Enterprise (grocery shop that operate in the estate) which the latest</p>

		able, improve workers' access to adequate, sufficient and affordable food.  Minor Compliance		monitored by the manager in May 2015.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	Yes	A policy, entitled "Human Right Policy", was publicized as notices on freedom of workers to join union, which was made available publicly in all the estates and mill. The policy statement, among others, allow workers to join any registered organizations or associations. However, foreign workers were still not being allowed to hold any positions in the organizations or associations.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	Yes	The estate's and mill's workers were still not unionised. However, they could channel their views or problems to the management via the Social and Welfare Committee, whose membership comprised the representatives from the workers and management. The Committee had continued to meet on regular basis (at least twice per year) to discuss issues of interest to the workers of estates and mill. The minutes of the meetings were kept in proper files for records. Latest meeting was held on 24 April 2015. This was verified with the workers representative during the audit.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	Yes	The CU has continued to adhere to the child labour policy as espoused by the International Labour Convention, which state, among others, that those under 18 years must not be employed.

				The master lists of employees sighted in the Terusan 1 Estate, Terusan 2 Estate and Terusan POM were shown that no worker below the age of 18 years was recruited in the CU since the last surveillance audit. The youngest employee recruited by Terusan as verified through workers list for May 2015 was 20 years old (GU/TR1/0515/1118).
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	Yes	As reported in previous audit, the equal opportunity policy has been made publicly available in the estates and mill. The policy emphasized on worker's information, recruitment and selection, training, employee development, terms of service and records of service. This policy was still being posted on notice boards at the Terusan POM, Terusan 1 Estate and Terusan 2 Estate for the understanding of the public and workers.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	Yes	No evidence on discrimination was observed during this surveillance audit. The terms of employment, work assignments, housing policy, medical and childcare facilities had not been found to be discriminatory. Interviews with workers also revealed that the CU had not discriminated its staffs and workers. Foreign workers received similar pay, stayed in the same housing complex and enjoyed similar medical benefits as their local counterparts. Management did not discriminate the employment by gender where 4 female workers were allowed to operate mini tractor.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	Yes	Competency and/awareness training requirement for Internal Parties both for estate and mill was established. Management has established specific procedure for hiring workers titled 'Recruitment of workers-PPB/HR/RSPO 6.12.3/220515'. Harvesters, sprayers and general workers required medical check-up before being employed by management. Auditor has verified number of workers such as GU/TR1/0615/1135, GU/TR1/0515/1134 and G/TR1/0515/1133.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	Yes	Terusan CU has continued to adhere to the established policy on sexual harassment, which provided guidelines for the handling of sexual harassment cases in the estates and mill titled 'Sexual harassment, violence and abuse, reproductive rights policy'. The policy has been communicated to all level of workers dated 3 May 2015.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of	Yes	The CU does have policies on protect the reproductive rights which guide actions on in the incidence of cases in the estates/mill. The policy has been communicated to all staffs and workers during morning muster dated 5 March 2015. Based on interview with female workers during site visit and at estate office, they were aware of the policy.

		the workforce. Major Compliance		
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	Yes	As mentioned above, the procedure titled 'Dispute and Grievances Procedure' has been established. Based on interview, workers were aware of the procedure. The procedure has been communicated to all levels of staffs and workers during morning muster.
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	Yes	Terusan POM has continued to display on the notice board at the weighbridge the past prices of FFB from January to June 2015.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance	Yes	Interviews were held with FFB suppliers (Andamy Plantation Sdn Bhd, smallholders from Kg Bakong-Bakong and Kg. Lubuk Dungun 2) and contractors of goods and services such as transporter of CPO and PK - Lotus Truckway Sdn Bhd and transporter of FFB - Sudirman Enterprise to learn their experience in dealing with the estates and mill. Generally, the FFB suppliers have been selling their FFB for more than 20 years. Most of the goods suppliers, on the other hand, have been dealing with the mill for more than 10 years. FFB suppliers and contractors have mentioned that they have communicated with PPB office or at least during Stakeholders Meeting. The actual price received as what was revealed by the office.  Terusan POM has continued to display on the notice board at the weighbridge the past prices of FFB from January to June 2015. Calculation of FFB based on MPOB rate also has been briefed to independent smallholders and private companies during Stakeholders Meeting dated 20 May 2015. The meeting minute has been verified by auditor.
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	Yes	Few business contracts, which each signed by the mill and the contractor were examined. Contracts for Lotus Truckway Sdn Bhd - TPOM/CPO-TA/001/2015/sb and TPOM/PK-TA/001/2015/sb. All the parties have understood the contractual agreements.

	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	Yes	The FFB suppliers (Andamy Plantation Sdn Bhd), transporter supplier (Lotus Truckway Sdn Bhd) and FFB transporter (Sudirman Enterprise) interviewed have praised the CU for being very prompt with its payment. According to them, payments would usually be made between two to three weeks after delivery of fruits or services. Evidence was sighted on the FFB payment 'FFB Payment For The Month of May 2015', which showed payment was made in a month following the delivery of fruits. Example of cheque no. 063223 and 063232 for smallholders from Kg. Bakong-Bakong and Kg. Lubuk Dungun 2. Claim of FFB transporter by Sudirman Enterprise has been verified by auditor through claim no. TE2/63/2015 and TE2/64/2015.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	Yes	<p>The Terusan CU has continued to contribute to local development in several ways. Foremost, due to its close proximity, the mill was the focal point for the local communities to sell their FFB. The estates and mill have offered opportunities of employment for the local villagers. During consultation with community leader of Kg Lidong, it was informed that more than 200 people from these villages were working with Terusan estates. The economic well-being of the local communities was still very dependent on the mill and the estates.</p> <p>The estates' roads were still the major means of communications between the interior kampongs and the surrounding areas, particularly the urban centers. The CU had also assisted in the maintenance and upkeep of roads in the villages by providing machinery and materials. During the site visit to Kg Kg. Lidong and Kg. Lubuk Dungun, it was found that the road was repaired as action taken after a stakeholder consultation process.</p> <p>Terusan POM also has offered EFB and decanter cake to local communities for their oil palm plantation without any charges.</p> <p>The CU has also made contributions based on official request from the school and district office for various events and activities including sports and academic excellent award.</p>
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	Yes	<p>There was no scheme smallholders at Terusan CU. However there were independent smallholders which sent their FFB to Terusan POM such Kg. Gana Jati, Kg. Bangau-Bangau, Kg. Bakong-Bakong, Kg. Perancangan, Kg. Nangoh, Kg. Lubok Dungun, Kg. Ulu Sapi and Kg. Bukit Mengidam and nearby estates such as Andamy Properties Sdn Bhd and Gaya Positif SB).</p> <p>Terusan CU has conducted consultation program to local communities at Kg. Bakong-Bakong titled 'Program Khidmat Nasihat GAP' for the villagers in June 2015 in order to improve productivity and quality of their FFB.</p>

C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	Yes	Based on interview with workers such as chemical sprayer and harvesters, and verification through passport, contract agreement and work permit for field workers, there was no trafficked labour found at the Terusan 1 Estate, Terusan 2 Estate and Terusan POM. The interviewed workers were employed voluntarily and freely, without the threat of a penalty. Workers also have the freedom/right to terminate the employment contract without penalty given by company within 28 days.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	Yes	Through interview with field workers and verification through employment contract, there was no contract substitution had occurred at Terusan 1 Estate, Terusan 2 Estate and Terusan POM.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	Yes	During audit process, labour policy was made available at the CU. The CU also has established and implemented procedure on employment of temporary and foreign workers titled 'Recruitment of workers – PPB/HR/RSPO 6.12.3/220515'.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	Yes	Policy to respect human rights was made available at the visited site titled 'Human Rights Policy'. Terusan POM, Terusan 1 Estate and Terusan 2 Estate have briefed their staffs and workers during morning muster. Based on interview with local and foreign workers, they were aware of the policy and its intention.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	Yes	Children of foreign workers at Terusan 1 Estate and Terusan 2 Estate were provided with basic education, e.g. Humana school, without any fees.

**Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS**

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

Clause	Indicators		Comply Yes/No	Findings
C 7.1 A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.	7.1.1	An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented. Major Compliance		Not applicable
	7.1.2	Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts. Minor Compliance		Not applicable
	7.1.3	Where the development includes an outgrower scheme, the impacts of the scheme and the implications of the way it is managed shall be given particular attention. Minor Compliance		Not applicable
C 7.2 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are	7.2.1	Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation shall be available and taken into account in plans and operations. Major Compliance		Not applicable
	7.2.2	Topographic information		Not applicable



incorporated into plans and operations		adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure shall be available and taken into account in plans and operations. Minor Compliance		
C 7.3 New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values	7.3.1	There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2). Major Compliance		Not applicable
	7.3.2	A comprehensive HCV assessment, including stakeholder consultation, shall be conducted prior to any conversion or new planting. This shall include a land use change analysis to determine changes to the vegetation since November 2005. This analysis shall be used, with proxies, to indicate changes to HCV status. Major Compliance		Not applicable
	7.3.3	Dates of land preparation and commencement shall be recorded		Not applicable

		Minor Compliance		
	7.3.4	An action plan shall be developed that describes operational actions consequent to the findings of the HCV assessment, and that references the grower's relevant operational procedures (see Criterion 5.2). Major Compliance		Not applicable
	7.3.5	Areas required by affected communities to meet their basic needs, taking into account potential positive and negative changes in livelihood resulting from proposed operations, shall be identified in consultation with the communities and incorporated into HCV assessments and management plans (see Criterion 5.2). Minor Compliance		Not applicable
C 7.4 Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.	7.4.1	Maps identifying marginal and fragile soils, including excessive gradients and peat soils, shall be available and used to identify areas to be avoided. All new plantings should not be cultivated on land more than 300m above sea level unless specified by local legislation. Minor Compliance		Not applicable
	7.4.2	Where limited planting on fragile and marginal soils, including peat, is proposed,		Not applicable

		plans shall be developed and implemented to protect them without incurring adverse impacts. Major Compliance		
<p>C 7.5 No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent.</p> <p>This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.</p>	7.5.1	<p>Evidence shall be available that affected local peoples understand they have the right to say 'no' to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the grower/miller is signed by these local peoples.</p> <p>Major Compliance</p>		Not applicable
<p>C 7.6 Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to</p>	7.6.1	<p>Documented identification and assessment of demonstrable legal, customary and user rights shall be available.</p> <p>Major Compliance</p>		Not applicable
	7.6.2	<p>A system for identifying people entitled to compensation shall be in place.</p> <p>Major Compliance</p>		Not applicable

their free, prior and informed consent and negotiated agreements.	7.6.3	A system for calculating and distributing fair compensation (monetary or otherwise) shall be in place. Major Compliance		Not applicable
	7.6.4	Communities that have lost access and rights to land for plantation expansion shall be given opportunities to benefit from plantation development. Minor Compliance		Not applicable
	7.6.5	The process and outcome of any compensation claims shall be documented and made publicly available. Minor Compliance		Not applicable
	7.6.6	Evidence shall be available that the company has made adequate efforts to enable affected communities and rights holders to have access to information and advice that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands. Minor Compliance		Not applicable
C 7.7 No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional	7.7.1	There shall be no land preparation by burning, other than in specific situations, as identified in the ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003, or comparable guidelines in other regions.		Not applicable

best practice.		Major Compliance		
	7.7.2	In exceptional cases where fire has to be used for preparing land for planting, there shall be evidence of prior approval of the controlled burning as specified in ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003, or comparable guidelines in other regions. Minor Compliance		Not applicable
C 7.8 <i>Preamble</i> New plantation developments are designed to minimize net greenhouse gas emissions.	7.8.1	The carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development shall be identified and estimated. Major Compliance		Not applicable
	7.8.2	There shall be a plan to minimise net GHG emissions which takes into account avoidance of land areas with high carbon stocks and/or sequestration options. Minor Compliance		Not applicable

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

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	Yes	All the visited estates were committed to minimise the use of pesticides by continuously implementing the IPM by planting beneficial plants and reduce spraying in the inter rows by slashing woody growths and by encouraging the growth of soft weeds and <i>Neprolepis biserrata</i> . The reduction of pesticides usage can be seen in their monthly records of pesticides consumption.
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	Yes	The mitigations measures which were derived from the identification of environmental aspects were adequately implemented and monitored.
	c)	Waste reduction (Criterion 5.3);	Yes	The CU generally is active in maximizing the recycling. This could be evident through sales of recyclable materials such as plastic and metal. Apart from that, various recyclable materials such as used tyres and plastic bottles were also reused as decorations at the line-sites and staff housing.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	Yes	Terusan POM is in the midst of constructing a bio-gas plant as one of the mitigation plans to reduce the GHG emission from the ETP. The plant is expected to be completed in September 2015.
	e)	Social impacts (Criterion 6.1);	Yes	Terusan CU has continued to be implemented improving facilities for executive, staff and workers including local communities such as build new houses in phases. It was also observed that the CU has allocated a capital expenditure budget to build 8 new H-Type, 4 new D-Type and 1 new E-Type houses including furniture for continual improvement on its social commitment. Ad-hoc request from local communities especially on road maintenance was responded as soon as possible depend on the

				current budget.
	f)	Encourage optimising the yield of the supply base	Yes	As Terusan CU is part of a well-established organisation, the yield performance has always been the top priority in ensuring long-term economic and financial viability. In general, various efforts have been done to optimise the yield of the plantation such as minimising crop losses, ensuring the soil fertility is maintained in good level and maintaining evacuation facilities in good condition. Apart from that, the company is always keep itself updated with possible technological options especially in mechanization and better planting material.

**RSPO Supply Chain Certification Standard, 2014**

**Module E – Mass Balance**

Item No	Requirement	Findings
E.3 E.3.1	<p>Documented procedures</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p>	
	a) Complete and up to date procedures covering the implementation of all the elements in these requirements;	Terusan Palm Oil Mill (RPOM) has replaced its previous documented procedure [Supply Chain and Traceability (Mass Balance Model), doc. no. MILL-SC/MB-2012, dated 21/9/2013] with “Safe Standard Operating Procedure (Traceability)” [issued October 2012, rev. 3 dated 31/3/2015] describing the implementation of the elements in the supply chain system. The procedure is linked to “SSOP (Mass Balance)” [rev. 3 dated 31/3/2015], for MB accounting calculation.
	b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.	Mr. Mustapha Habe (Mill Manager) has been appointed the person having overall responsibility for and authority over the implementation of the SC Standard since 26/4/2010 [ref.: Appointment of Mill Manager [SAPI/HR/044 D10, dated 20/4/2010].
E.3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	<p>Mechanism is stated in the procedure “Safe Standard Operating Procedure (Traceability)”, Clause 21.5 Delivery of FFB (for certified and non-certified FFB) Item (i) to (v), and processing in Item (vi).</p> <p>For receiving, two documents involved i.e.:</p> <ul style="list-style-type: none"> <li>i) FFB Despatch Chit from the estate brought by lorry driver – to indicate the name of the estate, date of delivery, Field No. or collection ramp no., vehicle no and name of driver</li> <li>ii) Weighbridge Ticket – to indicate the mill weight, FFB Despatch No. and date of receipt</li> </ul> <p>Processing of FFB is done in normal way as guided by its SSOP, which covers the</p>



		entire operation from receiving of FFB until dispatch of CPO & PK.
E.4 E.4.1	Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.	The mill verified through FFB Dispatch Chit for both certified and non-certified FFB.
E.4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	No overproduction.
E.5 E.5.1	Record keeping a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	Recorded in "Terusan CPO MB (or PK MB) Report".
	b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Based on the "Terusan CPO MB (or PK MB) Report", deductions were correctly made. All CSPO were sold under ISCC certification and none under RSPO. Nonetheless, sales of CSPK were under RSPO. All CSPK were sold to Sandakan Edible Oils Sdn. Bhd. (Palm Kernel Crushing Plant), Sandakan.  <u>Sampled November 2014 delivery</u> Total delivery of CSPK/MB = 86.07 mt / 3 trips All relevant dispatch documents were available for verification i.e.: <ul style="list-style-type: none"> <li>• Mill's weighbridge ticket</li> <li>• Transporter's collection order</li> <li>• Receiving note from refinery</li> <li>• Delivery order by the mill to refinery</li> </ul>
	c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (i.e. product can be sold before it is in stock.)	All deliveries in the period under review came from positive stock and no short sale was made.

E.5.2	In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	Outsource only for CPO & PK Transportation, which contracts handled by Contract Department at Wilmar HQ in Sandakan. The contract agreements are on yearly basis.  There is no outsourcing activity with regards to processing the material or products.
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### 3.2 Identified non-conformances and noteworthy Positive Components

Terusan CU had improvement made to their RSPO implementation. This can be seen from physical improvement of social responsibilities for its employees, minimal number of incidents related to environmental & occupational and maintaining its productivity at the best possible to maximise the company's profit.

Commitment from top management on the RSPO implementation is also evident during the assessment. The level of awareness among the employees on the RSPO implementation has also improved. They are able to explain not only the operating procedure related to their work but also the impact of its deviation, the consequence for not following them and the importance in achieving conformity to the RSPO requirements. Nonetheless, the assessment team has issued two non-conformities as detailed in Appendix 3.

#### B. DETAILS OF NON-CONFORMITY REPORT:

Total no. of minor NCR(s): 1      List: VS02/2015  
Total no. of major NCR(s): 1      List: VS01/2015

Refer to Appendix 3 for the details of the non-conformities.

#### C. RECOMMENDATION

☐ No NCR recorded. Recommended for certification.

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

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

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

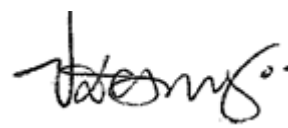
☐ On-site audit of the following areas is recommended within 6 months (if applicable)

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

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

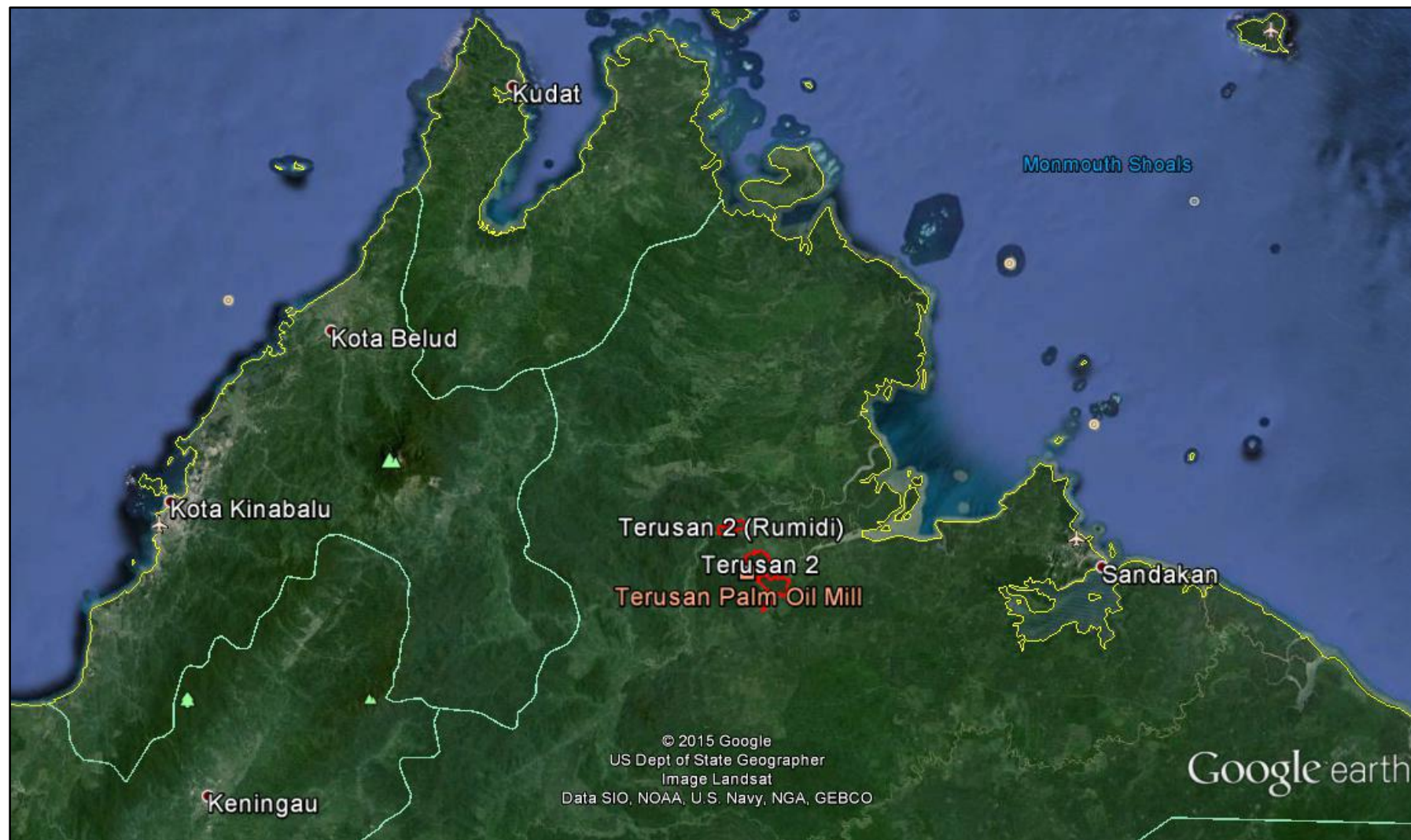
It is confirmed that all corrective actions taken have been satisfactorily verified. Recommended for certification.

Audit Team Leader: Valence Shem  
(Name)

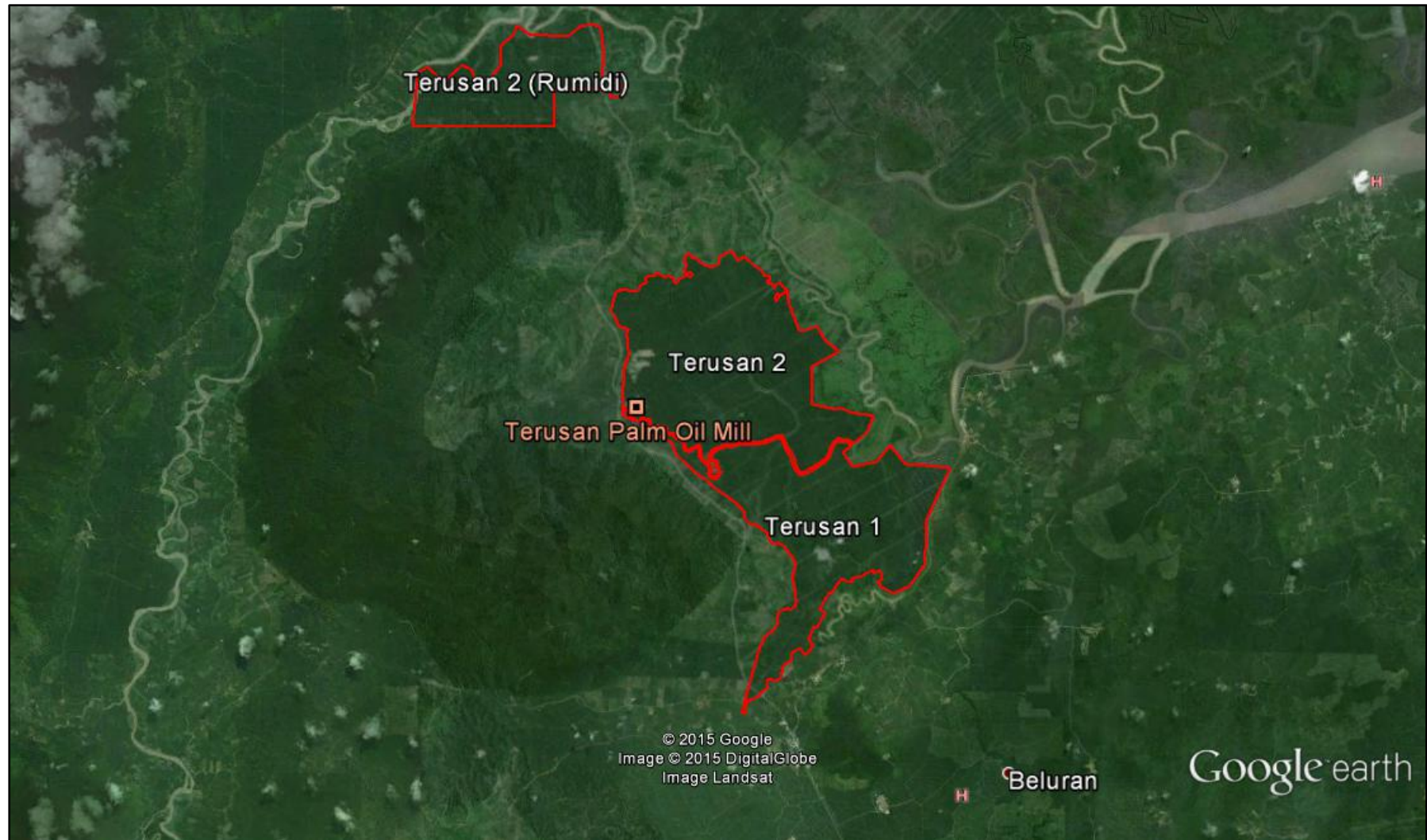
  
(Signature)

07/09/2015  
(Date)

Location map of Terusan Certification Unit



Location map of Terusan Certification Unit





**Assessment Programme**

<b>Day 1: 6 July 2015 (Monday)</b>			
Time	Activities / areas to be visited		
0830-0930	<u>Opening Meeting with Terusan CU</u> <ul style="list-style-type: none"> <li>• Introduction and briefing on Recertification assessment objectives, scope, methodology, criteria and programmes by the Audit Team Leader</li> <li>• Briefing on the organization background and implementation of RSPO (including actions taken to address assessment findings of Annual Surveillance 2014) and progress of Time Bound Plan by the management representative</li> </ul>		
0930-1300	<b>Valence</b>	<b>Hafiz</b>	<b>Razman</b>
	Assessment at <b>Terusan POM</b> relating to Supply Chain implementation including the model used	Site visit and assessment at <b>Terusan 2 Estate</b> relating to occupational safety & health and environment  Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at <b>Terusan 1 Estate</b> relating to social concerns and HCV & biodiversity  Assessment on related Indicators of P1, P2, P4, P5, P6, P8
1300-1400	Lunch break		
1400-1600	Continue assessment	Continue assessment	Continue assessment

**Appendix 2 (cont'd)**

<b>Day 2: 7 July 2015 (Tuesday)</b>			
Time	Activities / areas to be visited		
0830-1300	<b>Valence</b>	<b>Hafiz</b>	<b>Razman</b>
	Site visit and assessment at <b>Terusan POM</b> relating to environment  Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Continue assessment at <b>Terusan 2 Estate</b>	Continue assessment at <b>Terusan 1 Estate</b>
1300-1400	Lunch break		
1400-1600	Continue assessment	Site visit and assessment at <b>Terusan 1 Estate</b> relating to occupational safety & health and environment  Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at <b>Terusan 2 Estate</b> relating to social concerns and HCV & biodiversity  Assessment on related Indicators of P1, P2, P4, P5, P6, P8

<b>Day 3: 8 July 2015 (Wednesday)</b>			
Time	Activities / areas to be visited		
0830-1300	<b>Valence</b>	<b>Hafiz</b>	<b>Razman</b>
	Site visit and assessment at <b>Terusan 1 Estate</b> relating to Good Agricultural Practice  Assessment on related Indicators of P1, P2, P3, P4, P8	Continue assessment at <b>Terusan 1 Estate</b>	Continue assessment at <b>Terusan 2 Estate</b>
1300-1400	Lunch break		
1400-1600	Continue assessment	Continue assessment	Continue assessment

**Appendix 2 (cont'd)**

<b>Day 4: 9 July 2015 (Thursday)</b>			
Time	Activities / areas to be visited		
0830-1300	<b>Valence</b>	<b>Hafiz</b>	<b>Razman</b>
	Continue assessment at <b>Terusan 1 Estate</b>	Site visit and assessment at <b>Terusan POM</b> relating to occupational safety & health  Assessment on related Indicators of P1, P2, P3, P4, P8	Site visit and assessment at <b>Terusan POM</b> relating to social concerns  Assessment on related Indicators of P1, P2, P6, P8
1300-1400	Lunch break		
1400-1600	Site visit and assessment at <b>Terusan 2 Estate</b> relating to Good Agricultural Practice  Assessment on related Indicators of P1, P2, P3, P4, P8	Continue assessment	Stakeholder consultation – interviews with contractors, suppliers, smallholders, local communities, government agencies, etc.

<b>Day 5: 10 July 2015 (Friday)</b>			
Time	Activities / areas to be visited		
0830-1130	<b>Valence</b>	<b>Hafiz</b>	<b>Razman</b>
	Continue assessment at <b>Terusan 2 Estate</b>	Continue assessment at <b>Terusan POM</b>	Continue assessment at <b>Terusan POM</b>
1130-1430	Lunch break and Friday prayer		
1430-1530	Audit Team discussion, preparation on audit findings and issuance of NCR (if any)		
1530-1630	Closing meeting – presentation of assessment findings		



**Detail of Non-Conformity and Corrective Actions Taken**

<b>NCR No.</b>	<b>Clause</b>	<b>Details of Non-conformity</b>	<b>Corrective Action</b>	<b>Status</b>
VS01/2015 Major	i) Indicator 2.1.1: Evidence of compliance with relevant legal requirements shall be available. ii) Terusan mill's <i>Jadual Pematuhan</i> , License No.: 001201, conditions no. 13 and 20	i) Alarm at smoke density meter for boiler no. 2 was not functioning. ii) Leachate from the EFB stock yard was found to be flowing into the monsoon drain.	i) The mill has repaired the alarm system. Copy of work order was presented to the assessor as an evidence. ii) Leachate from the EFB stock yard is channelled to a containment pit and an automatic pump will pump out the leachate to the ETP system thereafter.	Corrective actions are acceptable.  <b>Status: Closed.</b>
VS02/2015 Minor	i) Indicator 4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. ii) Wilmar's Agriculture Manual, Chapter 8, Clause 3.1	Based on "Rat Baiting Records" for Field No. 32, 37, 46, 21 (Terusan 1) and 58, 59, 55, 54, 53 (Terusan 2) for the month of May and June 2015, there was no evidence that the rat baiting at Terusan 1 and Terusan 2 Estates was carried out until the bait acceptance is below 20%.	Due to the estates ran out of rat baits stock, the operation could not be continued. As a corrective action, the CU is committed to ensure the stock of rat baits is always at sufficient level to avoid discontinuation of the operation.	Corrective action plan is acceptable.  <b>Status: Minor NCR. Effectiveness of implementation shall be verified in the next assessment.</b>

**Verification on NCRs raised in the Previous Assessment (ASA IV, 2014)**

NCR No.	Clause	Details of Non-conformity	Corrective Action	Status
Minor	Indicator 2.1.2	Terusan Palm Oil Mill, Rumidi and Terusan 1 Estates had yet to include in the register the requirements as stated in the written approval for their generator sets.	a) The condition of the genset written approval will be registered in the legal register and to be audited once a year. Completion Date – October 2014. b) A training and meeting was conducted on the 21 October 2014. This training and meeting explained and disseminating the requirement of all written approval need to be observe and comply.	<p>The training and meeting records had been verified.</p> <p>The completion of updating of the register and effectiveness of implementation shall be verified in the next audit.</p> <p><u>Verification in this assessment:</u>            The management has updated the legal register by including the written approval for the generator sets. The legal register was updated on 18/6/15.</p> <p><b>Status: Closed.</b></p>
Minor	Indicator 4.1.2	<p>There were a few monitoring results which have yet to be made available such as the following.</p> a) Periodic sewage analysis monitoring results for Rumidi and Terusan 1 estates. b) Periodic boundary noise monitoring results for Rumidi and Terusan 1 estates. c) Result of black smoke monitoring at Terusan Palm Oil Mill, Rumidi and Terusan 1 Estates. d) Result of final effluent flow meter calibration for Terusan Palm Oil Mill.	a) Noise monitoring, sewage monitoring, black smoke monitoring will be conducted by competent person. Date of completion will be by December 2014. b) The flow meter will be calibrated. Completion date December 2014. c) A training and meeting was conducted on the 21 October 2014. This is to ensure the operating unit understand and vigilant in complying all the legal and other requirement.	<p>The training and meeting records had been verified.</p> <p>The completion of actions taken, results and effectiveness shall be verified in the next audit.</p> <p><u>Verification in this assessment:</u>            a) The sewage analysis had been conducted on 20/5/2015 by Chemsain Konsultant Sdn Bhd using standard B and the result shown it is below than parameter.            b) Boundary noise monitoring had been conducted for Terusan 1 Estate and the</p>

				<p>report was received on 11/2/14. The result showed that the calculated noise was 20.8dBA which is comply with day time and night time. However the genset unit located inside Terusan 1 Estate, the surrounding is covered with oil palm plantation. For Rumidi Estate, the management used the electricity supplied by SESB since November 2014, therefore the boundary noise monitoring is no longer applicable.</p> <p>c) The dark smoke monitoring for generator set had been conducted by ESH coordinator using their own procedure entitled "Ringelman Chart Standard Operation Procedure" at Terusan 1 Estate on 20/4/15. The result showed that the emission of dark smoke from the generators set are complies with Ringelman Chart No 1. For Rumidi Estate, the management used the electricity supplied by SESB since November 2014, therefore the dark smoke monitoring is no longer applicable.</p> <p>d) The calibration for flow meter at final effluent had been conducted on 26/1/2015 by Kenberich System and</p>
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				Control. The certificate was made available during the assessment.  <b>Status: Closed</b>
Minor	Indicator 5.3.2	It was observed that there were lapses on the implementation of the following activities: a) labelling, recording and storing of scheduled wastes had not been consistently done at the Rumidi and Terusan 1 Estates b) EFB had not been properly piled up and had fallen into the drain at the Terusan POM.	a) The ES&H will be send for Competent Person for handling Schedule waste training. Date of training – by November 2014. b) EFB contractor to transport all the EFB from the mill. Date of completion – On-going process. c) A meeting and training was conducted on the 21 October 2014 both for Terusan Estate and Mill. The meeting and training was discussing on the EFB disposal & schedule waste compliance requirement.	The training and meeting records had been verified.  The completion of actions taken and effectiveness shall be verified in the next audit.  <u>Verification in this assessment:</u> Verified at Terusan 1 and 2 Estate and Terusan POM, the handling of scheduled wastes was found to be in accordance to the EQ (SW) Regulations. Based on interview, the knowledge of the PIC on scheduled wastes handling was also improved.  <b>Status: Closed</b>
Major	Indicator E.2.2	The projected and actual production of CSPK as of July 2014 was 3,836 and 3,967.058 respectively. There was an overproduction of CSPK. However, the CB had not been informed of this overproduction.	a) A letter to inform CB on the overproduction against budget will be send to CB for verifications. Date of completions – October 2014. b) A training was conducted in 20 <sup>th</sup> October 2014. This to ensure that the person in-charge aware of the new requirement of over production reporting.	The notification letter and training records had been verified.  The effectiveness of actions taken shall be verified in the next audit.  <u>Verification in this assessment:</u> No evidence found for overproduction at Terusan POM.  <b>Status: Closed</b>
Major	Indicator E.4.1 (e)	It was found that the sales invoice had made no reference to related transport documentation.	The D/N reference number will be capture in the sales invoice. Date of completion – immediate.	The actual implementation (recording system) shall be verified in the next audit.  <u>Verification in this assessment:</u>

				<p>The Delivery Note (DN) numbers were consistently available in the sales invoice.</p> <p><b>Status: Closed.</b></p>
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