SIRIM QAS INTERNATIONAL	**SIRIM QAS INTERNATIONAL SDN. BHD.** Building 4, SIRIM Complex, No. 1 ,Persiaran Dato' Menteri, Section 2, P.O. Box 7035, 40911 Shah Alam, Selangor, Malaysia. **RSPO ASSESSMENT REPORT**	File Reference **EP 09760004**

CLIENT: **PPB OIL PALMS BERHAD**

ADDRESS : **FLOOR 17TH , WISMA JERNEH,**
NO. 38, JALAN SULTAN ISMAIL,
KUALA LUMPUR, MALAYSIA

PALM OIL MILL: **SRI KAMUSAN PALM OIL MILL**

SUPPLY BASE:

1. **SRI KAMUSAN ESTATE**
2. **HIBUMAS 1 ESTATE**
3. **HIBUMAS 2 ESTATE**
4. **JEBAWANG ESTATE**
5. **SEKAR IMEJ ESTATE**
6. **SAPI SUGUT ESTATE**

ADDRESS OF SITE : **KM 238, OFF JALAN NANGOH PITAS**
LABUK SUGUT, SANDAKAN,
SABAH. MALAYSIA

ASSESSMENT DATE:

STAGE 1 : **17-19 AUGUST 2010** DURATION : **3 AUDITOR DAYS**

STAGE 2 : **29 NOVEMBER – 3 DECEMBER 2010** DURATION : **25 AUDITOR DAYS**

STANDARD: **ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)**
MALAYSIA NATIONAL INTERPRETATION (MY-NI)

SCOPE OF CERTIFICATION ASSESSMENT:
SRI KAMUSAN PALM OIL MILL AND ITS SUPPLY BASES

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Abbreviations:

ASEAN	Association of Southeast Asian Nations
BOD	Biochemical Oxygen Demand
B.Sc.	Bachelor of Science
CA	Collective Agreement
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CUs	Certification Units
DID	Drainage and Irrigation Department, Malaysia
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EARA	Environmental Auditors Registration Association
EB	Executive Board
EFB	Empty Fruit Bunch
EHA	Estate Hospital Assistant
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EPF	Employees Provident Fund
EQA	Environmental Quality Act
ERT	Endangered, Rare and Threatened Species
FFB	Fresh Fruit Bunch
FSC	Forest Stewardship Council
GAP	Good Agricultural Practice
GPS	Global Positioning System
Ha	Hectares
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IEMA	Institute for Environmental Management and Assessment
IPM	Integrated Pest Management
ISO	International Organization for Standardization
ISP	Incorporated Society of Planters
IRCA	International Register of Certificated Auditors
IUFRO	International Union of Forest Research Organization

JCC	Joint Consultative Committee
M.E	Master of Engineering
MSDS	Material Safety Data Sheet
MNS	Malaysian Nature Society
MOA	Memorandum of Alliance or Agreement
MPOA	Malaysian Palm Oil Association
MPOB	Malaysia Palm Oil Board
MTCS	Malaysian Timber Certification Scheme
MYNI	Malaysia National Interpretation
MYNI – WG	Malaysia National Interpretation – Working Group
NCR	Non-Conformity Report
NGO	Non Governmental Organisation
NUPW	National Union of Plantation Workers
OER	Oil Extraction Rate
OHD	Occupational Health Doctor
OG	Oil & Grease
OSH	Occupational Safety and Health
OHSAS	Occupational Health and Safety Assessment Series
PERKESO	Social Security Organization
PDRM	Polis Di-Raja Malaysia
Ph.D.	Doctor of Philosophy
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SIA	Social Impact Assessment
SS	Suspended Solid
StOP	Standard Operating Procedure
USA	United States of America
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health
WWF	World Wide Fund for Nature

1.0 INTRODUCTION

1.1 Description of the Certification Unit (Estate and Mill)

The certification unit (CU) of Sri Kamusan Palm Oil Mill (Sri Kamusan POM), a wholly-owned subsidiary company of PPB Oil Palms Berhad (PPB) was assessed for certification against the RSPO Principles and Criteria for Sustainable Palm Oil Production MYNI (RSPO MYNI). The CU comprised the Sri Kamusan POM, Sri Kamusan Estate, Hibumas 1 Estate, Hibumas 2 Estate, Jebawang Estate, Sekar Imej Estate and Sapi Sugut Estate. The present assessment did not cover the smallholdings that had been supplying fresh fruit bunches (FFBs) to the mill.

Sri Kamusan POM commenced its operations in 2005 with a processing capacity of forty (40) metric tonnes of FFBs per hour. The total combined land area of the six estates is 14,258.08 hectares (ha) of which 7,975.39 ha had been planted with oil palm.

The total and composition of the workforce of Sri Kamusan POM and its supply bases is shown in **Table 1.**

Table 1: Total and Composition of Workers in the Certification Unit

Operating Unit	Local	Foreign	Sub-Total
Sri Kamusan POM	61	24	85
Sri Kamusan Estate	38	200	238
Hibumas 1 Estate	73	225	298
Hibumas 2 Estate	256	313	569
Jebawang Estate	66	64	130
Sekar Imej Estate	146	30	176
Sapi Sugut Estate	10	70	80
Grand Total	**650**	**926**	**1,576**

Foreign workers account for about 58.8% of the CU's total workforce. However, the percentage of local workers is higher in the mill, comprising of 72%.

1.2 Time Bound Plan for Other Management Units and Justification

PPB owns and operates 6 and 2 palm oil mills in Sabah and Sarawak respectively. The fruits for the mills in Sabah are supplied by 12 oil palm estates while 4 estates supplied their fruits to the mills in Sarawak. To-date, PPB had ...xx...(please provide number). of its CUs certified under the RSPO and this CU is the last one to be assessed for certification.

PPB is committed to ensuring that all their operations are certified within the planned time frame as shown in **Table 2.**

Table 2: Time Bound Plan for Certification Units in Sabah and Sarawak

Name of plantation	General Location within Malaysia / Indonesia	Area Summary		Time bound timetable for certification
		Total (Ha)	Planted (Ha)	
Sapi (1+2)	Sandakan, Sabah	6,861	6,213	2008
Sabahmas	Lahad Datu, Sabah	10,477	8,338	2008
Reka Halus	Sandakan, Sabah	5,352	4,740	2008
Saremas (1+2)	Miri, Sarawak	12,179	9,021	2008
Kaminsky	Miri, Sarawak	3,988	3,488	2008
Suai	Miri, Sarawak	5,674	5,069	2008
Segarmas	Miri, Sarawak.	4,727	3,655	2008
Terusan (1 + 2)	Sandakan, Sabah	7,653	6,878	2009
Kiabau	Sandakan, Sabah	1,655	1,320	2010
Ribubonus	Sandakan, Sabah	3,262	2,835	2009
Hibumas	Sandakan, Sabah	7,540	4,238	2010
Sri Kamusan	Sandakan, Sabah	2,832	1,800	2010
Jebawang	Sandakan, Sabah	404	337	2010
Sekar Imej	Sandakan, Sabah	3,642	1,013	2010
Sapi Sugut (Aktif Kukuh)	Sandakan, Sabah	250	157	2010
Sapi Sugut (Koperasi)	Sandakan, Sabah.	1,208	426	2010

PPB has been on schedule with the time bound plan for the certification of all the CUs. SIRIM QAS International Sdn. Bhd. (SIRIM QAS International) had been involved with the certification of four of the CUs. This CU would be the last one to be certified.

1.3 Location of Mill and Estates

The Sri Kamusan CU is scattered in the Belurun District of Sabah, Malaysia. It is located about 189 km from Sandakan. The locations of the mill and estates are shown in **Table 3.**

Table 3: Location of Mill and Estates

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

In the immediate vicinity of the mill and all the estates are villages and other oil palm plantations. These are Borneo Samudera, Boustead, Fortune Leong, IJM and Sugut Smallholder Oil Palm Project.

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

1.4 Description of Supply Base

All the six estates had been supplying FFBs to the Sri Kamusan POM. Apart from these estates, there were two smallholders which had been regularly sending their harvests to the same mill. The average annual FFB contribution from each estate to the Sri Kamusan POM for 2010 is summarised in **Table 4**.

Table 4: Average Annual FFB Contribution by Each Estate to Sri Kamusan POM for 2010

Estate	FFB Production	
	Tonnes	Percentage
Sri Kamusan Estate	31,970	28
Hibumas 1 Estate	38,049	34
Hibumas 2 Estate	26,210	23
Jebawang Estate	8,514	8
Sekar Imej Estate	4,402	4
Sapi Sugut Estate	3,735	3
Total	**112,880**	**100**

Table 5 shows the details of the year of establishment of the estates, and their respective total land and area planted with oil palm, while **Tables 5a** to **5f** show the percentage of planted area in each estate by year of planting and the planting cycle.

Table 5: Year of Establishment of Estates and Area Planted with Oil Palm (To be confirmed as there was Discrepancy between data in the stakeholder announcement letter against time bound plan (i.e. Table 2))

Operating Unit	Year of Establishment	Total Area (ha)	Planted Area (ha)
Sri Kamusan Estate	1999	2,832.00	1, 800
Hibumas 1 Estate	2001	2,403.70	1, 756
Hibumas 2 Estate	2000	3,472.54	2,322
Jebawang Estate	2003	403.86	337
Sekar Imej Estate*	2004	3,642.00	321
Sapi Sugut Estate	2004	1,208.00	586
	Total	13,962.10	7,122

Table 5a: Sri Kamusan Estate

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

Table 5b: Hibumas 1 Estate

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
1999	1st Generation	1,062.13	57.9
2000	1st Generation	203.60	11.2
2001	1st Generation	225.30	12.3
2004	1st Generation	125.41	6.8
2006	1st Generation	139.62	7.6
2007	1st Generation	77.00	4.2
	Total	1,833.06	100.00

Table 5c: Hibumas 2 Estate

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2000	1st Generation	506.90	21.1
2005	1st Generation	871.18	36.2
2006	1st Generation	944.30	39.2
2007	1st Generation	83.03	3.5
	Total	**2,405.41**	**100.00**

Table 5d: Jebawang Estate

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

Table 5e: Sekar Imej Estate

Year of Planting	Planting Cycle	Planted Area (ha)	Percentage of Planted Area
2004	1st Generation	185.01	18.2
2005	1st Generation	135.94	13.4
2007	1st Generation	120.00	11.8
2008	1st Generation	350.00	34.6
2009	1st Generation	223.00	22.0
	Total	**1,013.95**	**100.00**

Table 5f: Sapi Sugut Estate

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

1.5 Other Management System Certifications Held

Both the mill and all the estates do not hold any form of third-party certification for any of the management systems.

1.6 Organizational Information/Contact Person

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

1.7 Approximate Tonnages Offered for Certification (CPO and PK)

The approximate tonnage of CPO and PK produced per year, as well as the tonnage claimed for certification, are as shown in **Table 6** as follows:

Table 6: Approximate CPO and PK tonnage Claimed for Certification

Certification Unit	CPO Tonnage Claimed for Certification (MT)	PK Tonnage Claimed for Certification (MT)
Sri Kamusan POM	26,564	xx

2.0 ASSESSMENT PROCESS

2.1 Assessment Methodology (Program, Site Visits)

The assessment for certification was carried out in two stages, namely Stage 1 and Stage 2. The Stage 1 assessment was conducted to determine the adequacy of the established documentation in addressing the requirements of the certification standard, the RSPO MYNI. The Stage 1 assessment was conducted on 17-19 August 2010. There were twenty five issues of concerns raised and Sri Kamusan CU had taken necessary actions to rectify the issues. The assessor team has verified all the issues during the Stage 2 assessment.

The Stage 2 assessment was conducted from the 29 November to 3 December 2010. The main objective of the Stage 2 assessment was to verify the CU's conformance to the requirements of certification standard, the RSPO MYNI. The planning for the Stage 2 assessment was guided according to the RSPO Certification Systems Document. After studying the documents at Stage 1, it was decided that the sampling formula of 0.8vy to determine the number of estates to be audited would not be used as each supplying estate selected has its own issues related to the requirements of the RSPO MYNI.

The assessment was conducted by visiting the fields, mill, HCV habitats, workers quarters, chemical and waste storage areas and other workplaces. Interviews were held with the CU's and the management of its FFB suppliers, employees, contractors and other relevant stakeholders. In addition, related records and other documentation were inspected.

Details of the actual assessment programme are given in **Attachment 2.**

2.2 Date of Next Surveillance Visit

The first surveillance audit will be conducted around twelve months from the date of issuance of the certificate.

2.3 Assessment Team

Member of the Assessment Team	Role/area of RSPO requirements	Qualifications
Dr. S.K. Yap	Assessment team leader/ estate environmental issues and HCV habitats	• Over 400 auditor days of auditing experience, having audited to the following: ISO 14001, MTCS and FSC forest management certification & RSPO • Completed RSPO Lead Assessor Course - 2008 • Successfully completed EARA approved lead Assessor course for ISO 14001: 2001 • Ph. D. (Forest Biology) University of Aberdeen (Scotland) and University of Malaya Fellowship in Tropical Rain Forest Project. • B.Sc. Hons. Second Class Upper (Botany), University of Malaya **Memberships in Professional Organizations:** • Member of the IUFRO Working Party on Seed Problems. Nominated as one of the candidates for the Co-Chairman of Working Party in 1986. • Project Leader for Project 8 of the Reproductive Biology of Tropical Trees of the ASEAN-Australian Tree Improvement Programme. 1986. Given the role to develop research activities on reproductive biology within ASEAN countries with sponsorship from Australia. • Elected member of the Committee on Forest Tree and Shrub Seeds of the International Seed Testing Association. 1989 to 1992. • Vice Chairman of the Working Group on Seed Origin and Genetic Resources of the ASEAN Canada Forest Tree Seed Centre. 1990 to 1995. Responsible in coordinating research activities on genetic resources within the ASEAN

		countries. • Project leader on Impact of Acid Precipitation on Forest working in conjunction with researchers from China, Indonesia, Japan and Thailand.

Professor Datuk Abdul Rashid Abdullah	Assessor / Community issue /social criteria and national legislation	• Attended training on RSPO Principle & Criteria and RSPO certification requirements in 16 November 2010
		• Current position as Director, Institute of East Asian Studies, Universiti Malaysia Sarawak
		• Appointed as the Vice Chancellor Universiti Malaysia Sarawak (Academic Affairs) from 1 February 2005 to end February 2008
		• Appointed as the Deputy Vice Chancellor (Academic Affairs) of Universiti Malaysia Sarawak from December 2000 to January 2005
		• Lecturer and founding Dean of the faculty of Social Sciences, Universiti Malaysia Sarawak
		• Ph.D in Social Anthropology, Hull University.
		• M.Sc. in Development Studies, Cornell University.
		• Some of the research projects
		  • Masyarakat Pesisir Sarawak Barat Daya
		  • Centre-periphery relation:Its implications on the smallholders in Sarawak
		  • Socio-cultural change in the Melanau community in Wing.A (ed) kaum melanau
		• Current research projects
		  • Engaging the market: Periperal communities of belaga district (Project leader: 2008-2010)
		  • The Iban Diaspora: Iban communities in Tawau and Brunei Darulsalam (Research team) 2009 - 2011

Mahzan Munap	Assessor / Occupational Health and Safety & related legal issues	• Collected over 370 days of auditing experience in OHSAS 18001 and MS 1722 OHSMS and RSPO (46 days for palm oil milling & 6 days for oil palm plantation). • CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997. • Occupational Safety and Health Trainer at INSTEP Petronas • Successfully completed RSPO Lead Assessor Course – 2008. • Successfully completed Lead Assessor Course for OHSAS 18001-2000. • Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006 • MBA, Ohio University. • B.Sc. Petroleum Engineering, University of Missouri, USA.
Yap Nyoke Yong, Raymond	Assessor / Good Agricultural Practices (GAP) and workers issues	• Collected 7 days of auditing experience in RSPO. • 36 years experience in plantation management, covering rubber and oil palm • Diploma in Agriculture, University of Malaya **Working Experience :** • Estate Manager, Kuala Lumpur Kepong Berhad • External Planting Advisor, Kumpulan Guthrie Berhad • Rubber Inspector, RISDA Pahang, Malaysia. **Involvement in professional organizations** • Associate member of Incorporated Society of Planters • Chairman MPOA (Negeri Sembilan Branch) • Vice-Chairman MPOA (Negeri Sembilan Branch) • Vice Chairman of Pahang Planters Association • Chairman of ISP West Pahang Branch

Hazani Othman	Mill and estates related environmental issues and legal compliance	• Over 100 days of auditing experience, having audited on: ISO 14001, FSC and forest management and chain-of-custody certifications under the MTCS • Successfully completed EARA approved Lead Assessor training for ISO 14001 • Attended a training on FSC P&C and *MC&I* for FMC in December 1999 • Successfully completed IRCA accredited Lead Assessor training for ISO 9001:2004 • Attended a training on RSPO P&C and certification requirements in November 2010 • General Manager, Department of Technical, Forest Plantation Development Sdn. Bhd., 2009 - Current. • Head, Department of QA/QC, Hoto Stainless Steel Industries Sdn. Bhd., 2006 - 2009 • Bachelor of Forestry, Universiti Pertanian Malaysia • Diploma in Forestry, Universiti Pertanian Malaysia

2.4 Stakeholder Consultations

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 on 29 October 2010. In addition, SIRIM QAS International had also sent invitations through letters to the relevant stakeholders, including government agencies and Non-Governmental Organizations (NGOs) on 28 October 2010. This was followed-up by telephone calls. .

Whenever necessary, meetings with the relevant stakeholders were arranged during the on-site assessment.

The consultation with the government agencies had involved meetings and discussions with the relevant departments mainly to solicit information as well as verification on the CU's compliance with the applicable laws and regulations related to its operations.

The consultations with the NGOs were held to seek their comments mainly on the CU's compliance with those criteria related to the social and environmental issues.

The method of consultation with the employees, FFB suppliers and contractors involved 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 from the estates and the oil mill that the assessment had 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.

The consultations with the local communities were held at their premises during the times that were convenient to them. The intention was to solicit their views on the impact of the Sri Kamusan CU's operations on their economics and socio-cultural lives.

Outcome from the stakeholders being consulted is as in **Attachment 3**

During the consultations, no management representatives from the CU were present. As such, the stakeholders had been able to present their views in a frank and open manner.

Following is the list of stakeholders who were consulted during the various stages of the assessment process:

Government Agencies/Service Providers/Associations

1. Department of Occupational Safety and Health (DOSH), Malaysia
2. Department of Environment (DOE), Malaysia
3. Labour Department, Malaysia
4. Department of Agriculture (DOA), Malaysia
5. Environment Protection Department, Sabah, Malaysia.
6. Sabah Forestry Department, Malaysia
7. Sabah Wildlife Department, Malaysia
8. Malaysian Palm Oil Board (MPOB), Bandar Baru Bangi, Kajang, Selangor, Malaysia
9. Immigration Department, Malaysia
10. District Office Beluran, Sabah
11. Employee Providence Fund, Malaysia
12. Social Security Organizations (PERKESO), Malaysia
13. Fire Fighting and Rescue Department, Malaysia
14. Department of Helath, Sandakan, Sabah
15. Police Department, Sandakan, Sabah

Non-Governmental Organizations

1. Humana Child Aid Society Sabah
2. World Wildlife Fund (WWF), Malaysia
3. Malaysian Nature Society (MNS)
4. Sahabat Alam Malaysia
5. Malaysian Palm Oil Association (MPOA)
6. East Malaysian Planters Association

Local Communities

1. Kampung Kuala Lingkabau
2. Kampung Melapi
3. Kampung Tampat

Other Interested Parties:

1. Hibumas Estate – workers representatives
2. Hibumas Estate – Office staff representative
3. Hibumas Estate – Chemical store operator
4. Hibumas Estate – general workers
5. Sri Kamusan Estate – workers representatives
6. Sri Kamusan Estate – chemical handler

7. Segar Imej Estate - workers representatives
8. Segar Imej Estate – sprayer
9. Segar Imej Estate – harvester
10. Sri Kamusan POM – Safety & Health Committee member
11. Sri Kamusan POM – production operator
12. Sri Kamusan POM – Female representative
13. FFB suppliers

3.0 ASSESSMENT FINDINGS

The findings of the assessment were highlighted and discussed during the on-site assessment. There was one major nonconformity report (NCR) being raised on the Sri Kamusan CU's compliance against the requirements of the RSPO MYNI. The details of the NCR and the corrective actions taken are as in **Attachment 4**. Evidences of the actions taken by the CU had been submitted to the assessment team. In addition, the assessment team had made twenty one opportunities for improvement, which the CU should improve upon in complying with the requirements of the RSPO MYNI (see **Attachment 5**).

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

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1
Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making

Indicators:
1.1.1 Records of requests and responses must be maintained.
Major compliance

Guidance:
Growers and millers should respond constructively and promptly to requests for information from stakeholders.

Findings:

PPB had established a Communication Policy on providing adequate information to interested stakeholders. It had written to all stakeholders informing them on the availability of documents for public review. A system of recording the requests for these documents had been established and maintained in each estate. A manager had been assigned to be in charge on communication and consultation in each estate.

The letters to stakeholders and the records of request were examined in the estate inspected. From the above records, it was evident that the company had committed to be transparent in its dealings with internal and external stakeholders.

Criterion 1.2
Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Documents that **must** be publicly available include, but are not necessarily limited to:-

1.2.1 Land titles / user rights (C 2.2)
1.2.2 Safety and health plan (C 4.7)
1.2.3 Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3)
1.2.4 Pollution prevention plans (C 5.6)
1.2.5 Details of complaints and grievances (C 6.3)
1.2.6 Negotiation procedures (C 6.4)
1.2.7 Continuous improvement plan (C 8.1)

Guidance:
Examples of commercially confidential information include financial data such as costs and income, and details relating to customers and/or suppliers. Data that affects personal privacy should also be confidential. Examples of information where disclosure could result in potential negative environmental or social outcomes include information on sites of rare species where disclosure could increase the risk of hunting or capture for trade, or sacred sites, which a community wishes to maintain as private.

Findings:

The relevant documents as required in this Criterion were made publicly available upon request. Each estate had maintained record of requests made by stakeholders and this record was presented during the assessment. In addition, all the policies of the company had been clearly displayed on notice boards (see **Figure 1**).

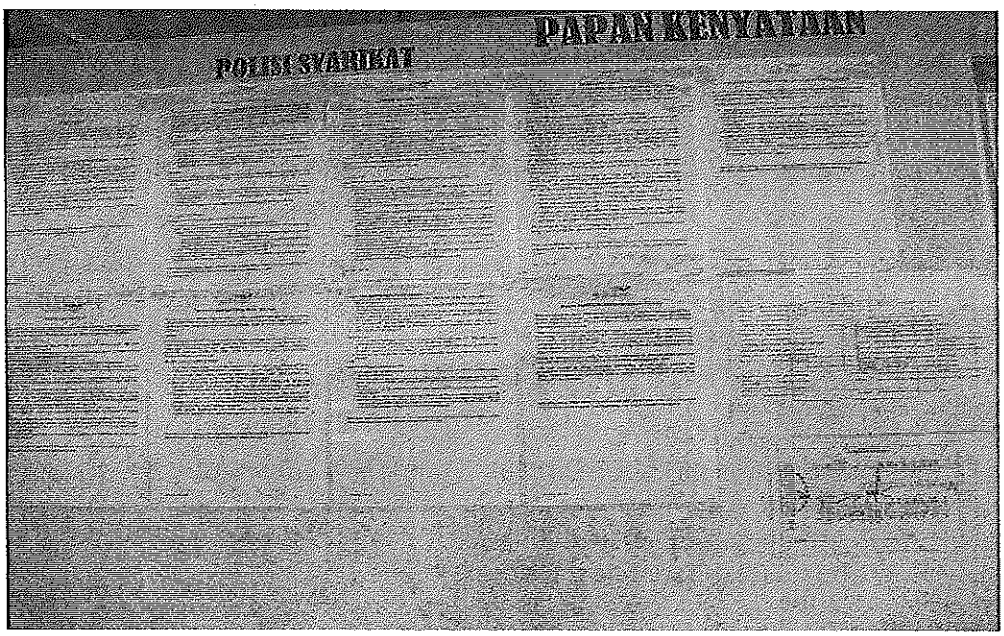


Figure 1: Company Policies on Display on Notice Board in the Estate

PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Criterion 2.1
There is compliance with all applicable local, national and ratified international laws and regulations

Indicators:

2.1.1 Evidence of compliance with legal requirements.
Major compliance

2.1.2 A documented system, which includes written information on legal requirements.
Minor compliance

2.1.3 A mechanism for ensuring that they are implemented.
Minor compliance

2.1.4 A system for tracking any changes in the law.
Minor compliance

Guidance:

1. Lists down all applicable laws including international laws and conventions ratified by the Malaysian government.
2. Identify the person(s) responsible to monitor this compliance.
3. Display applicable licenses and permits.
4. Unit responsible to monitor these will also be responsible to track and update changes.

Findings

Each estate of the Sri Kamusan CU had documented a list of all the applicable laws and regulations relevant to its operations. The identified laws applicable to the operations of Sri Kamusan CU had been recorded in a legal register. Among the laws which had been identified and recorded in the register were Environmental Quality Act and Regulations, 1974, Factories and Machinery Act and Regulations, 1967, Occupational Safety and Health Act 1994, Employment Act 1955 and Workers' Minimum Standards of Housing and Amenities Act, 1990.

As required by this criterion, copies of the relevant licenses and permits had been displayed appropriately in the offices of the mill and estates. Inspection by the assessors on 38 licenses had found that all of them were still valid. Among the licenses and permits which had been displayed were those issued by the MPOB, Energy Commission and permits to keep fertilizer and diesel oil.

The Sri Kamusan CU had established a documented procedure for tracking changes in the laws. The procedure had also addressed the means to monitor the status of compliance and identified the person-in-charge for monitoring the CU's compliance with all these relevant laws. The commitment to ensure the CU had complied with all the legal requirements was verified during the assessment.

The CU had adopted the policy of PAKSA (P for *Pematuhan kepada Undang-Undang;* A for *Amalan Pertanian Baik;* K for *Kesihatan dan Keselamatan;* S for *Social; and* A for *Alam Sekitar*), which had been prominently displayed at the mill clearly stating that all workers shall respect the laws on safety and health as well as the environment.

Evidences on the periodic inspection by the DOSH on the boilers, pressure vessels and hoisting machines were also made available and found to be satisfactory. Inspections were made on records on the issuance and acceptance of Personnel Protective Equipment (PPE), workplace inspection and minutes of the safety committee meetings.

During the on-site assessment, it was observed that appropriate PPE had been provided to the workers, and first aid boxes were placed at several strategic locations at the mills and provided

to each of the field mandores. It was also observed that machines which have moving parts had been well guarded and pollution control/monitoring equipment such as the boiler smoke emission recorder had been in good working condition.

It was found during the assessment that the boiler in the Sri Kamusan POM, which has a heating surface area of 11,833 ft^2 was operated by a non-competent person against the requirements of the Factory and Machinery (Person-In-Charge) Regulations 1970. The Mill Manager, who was in-charge of the boiler, was not a Grade 1 Steam Engineer. The assessment team had also found that the mill laboratory local exhaust ventilation (LEV) monthly inspection has not been conducted as required by Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000. A major nonconformity report (NCR) was therefore raised on this non-compliance.

The corrective action taken were presented to the assessor where notification letter from Department of Occupational Safety & Health (DOSH) dated 15th November 2010 had confirmed that the Mill Manager concerned would be sitting for the Grade 1 Steam Engineer examination on 14 December 2010 and an oral interview on 17 December 2010. For the time being, the Plantation Head has directed the General Manager of Sri Kamusan POM, who has a Grade 1 Steam Engineer Certificate to act as a visiting engineer twice a month starting from December 2010. For long term measure, the mill's management would continue to advertise in the local and national newspapers for a qualified candidate to fill up the position. The latest advertisement for the position was closed on 5th April 2010.

The mill laboratory LEV monthly inspection was conducted on 29th December 2010 by the Mill Engineer and verified by Mill Manager. The inspection report was presented to the assessor. Both of these corrective actions taken were found to have satisfactory addressed the major NCR, and therefore the assessor closed it out.

With respect to the terms and conditions of employment, it was confirmed that the Sri Kamusan CU was in compliance with the Employment Act 1955 related to the provisions of wages, paid public holidays, paid annual leave and sick leave.

Site visits made to the workers' housing in the five estates had confirmed that the housing specifications had been in accordance with the Minimum Standards of Housing and Amenities Act 1990. The number of houses was found to be sufficient to accommodate all the workers. It was also observed that new houses with better facilities were in the process of being completed.

Prescribed requirements/activities related to compliance to EIA/PMM conditions of approval (onto estates) had been monitored, evaluated and submitted every quarterly to the EPD, in compliance to the requirement. The assessment was conducted by an independent consultant. The report among other provides information about water quality monitoring, river protection, air and fire control. It was observed that actions had been taken on issues being raised to ensure compliance to the requirement. However, it was observed that the recent report had not highlighted the current compliance status and updated the actions being taken as required in the findings of the earlier report. This was raised as OFI 1.

At the mill, the assessor had sighted licence issued by the DOE (licence number 001232, validity period from 1 July 2010 to 30 June 2011), where it has specified the limit of parameters on effluent discharge. There were seven parameters to be monitored by the mill and among the parameters is biochemical-oxygen demand (BOD) of not more than 20mg/l, suspended solids (SS) not more than 200mg/l and oil & grease (OG) not more than 20mg/l. The result on effluent

monitoring had shown that the mill had complied with all the requirements as stipulated in the licence, except for one occasion where it had exceeded the limit on BOD.

The mill had informed this matter to the DOE and also presented corrective actions to ensure the effluent discharge would not exceed the limit specified in the licence. The mill has obtained an approval from the DOE allowing it to discharge the BOD of not more than 100mg/l (DOE reference letter ASSH (B) 31/152/000/158 Jld 5(48) dated 24 November 2010 was sighted) and was valid until 30 April 2011. During the site inspection, it was observed that all treated effluent had been channeled to the estate's irrigation system or composting plant. The assessment had also confirmed that there was no effluent being discharged to any water sources.

Criterion 2.2
The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.

Indicators:

2.2.1 Evidence of legal ownership of the land including history of land tenure.
Major compliance

2.2.2 Growers must show that they comply with the terms of the land title.
[This indicator is to be read with Guidance 2]
Major compliance

2.2.3 Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.
Minor compliance

Specific Guidance:
Growers should attempt to comply with the above indicator within 15 months from date of announcement of first audit. Refer to State Land Office for examples of other reserves.

2.2.4 Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. Cross ref. to 2.3.3, 6.4.1 and 6.4.2.
Minor compliance

Guidance:

1. For any conflict or dispute over the land, the extent of the disputed area should be mapped out in a participatory way.
2. Where there is a conflict to the condition of land use as per land title, growers must show evidence that necessary action has been taken to resolve the conflict with the relevant authorities.
3. Ensure a mechanism to solve the dispute (Refer to C 6.3 and C6.4)
4. Evidence must be demonstrated that the dispute has been resolved.
5. All operations shall cease on land planted beyond the legal boundary.

Findings:

Each estate was provided with legal use of the land through a Country Lease signed by the Director of Lands and Surveys of Sabah following the payment of premium. This document was made available by all the individual estates. The management of the individual estate had complied with the condition that the land shall be cultivated in accordance with good husbandry practice throughout the whole tenure of the title. The land titles were CL 085320402 for Sri Kamusan), CL85340110 for Hibumas, CL085333982 for Sekar Imej and CL085320672 for Jabawang.

All the estates had maps to indicate the locations of the boundary stones. During the site assessment, the boundary stones of Sri Kamusan Estate, Hibumas 2 and Sekat Imej were inspected (see **Figure 2**).

Figure 2: One of the boundary stones next to a marker painted red located in the Sri Kamusan Estate

In spite of the clear-cut rights of ownership by the estate management over the land (as per land title) there had been cases of infringement by the local communities. The villagers had planted oil palm and rubber trees as well as built houses. The management of the CU had not resorted to legal means to prevent trespassing by the villagers. A Joint Consultative Committee (comprising the management of the CU and relevant stakeholders) chaired by the Group Manager had been established to deal with both external and plantation-wide issues. The committee had met twice a year.

A MoU had been drafted spelling out terms of access of the villagers to the plantation land for agricultural/subsistence. Issues were resolved through the Joint Consultative Committee. Through negotiation two groups of villagers had expressed willingness to the term of the MoU. Continuous negotiation was going on with another group of communities to reach agreement to the terms of the MOU.

Criterion 2.3
Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

Indicators:

2.3.1 Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights.
Major compliance

2.3.2 Map of appropriate scale showing extent of claims under dispute.
Major compliance

2.3.3 Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6).
Minor compliance

Guidance:
Where lands are encumbered by legal or customary rights, the grower must demonstrate that these rights are understood and are not being threatened or reduced. This criterion should be considered in conjunction with Criteria 6.4, 7.5 and 7.6. Where customary rights areas are unclear these are best established through participatory mapping exercises involving affected and neighbouring communities. This criterion allows for sales and negotiated agreements to compensate other users for lost benefits and/or relinquished rights. Negotiated agreements should be non-coercive and entered into voluntarily, carried out prior to new investments or operations and based on an open sharing of all relevant information in appropriate forms and languages, including assessments of impacts, proposed benefit sharing and legal arrangements. Communities must be permitted to seek legal counsel if they so choose. Communities must be represented through institutions or representatives of their own choosing, operating transparently and in open communication with other community members. Adequate time must be given for customary decision-making and iterative negotiations allowed for, where requested. Negotiated agreements should be binding on all parties and enforceable in the courts. Establishing certainty in land negotiations is of long-term benefit for all parties.

Findings:

As mentioned above, the estate's management had been given the legal right to all the land for cultivation through the title provided by the State Department of Lands and Surveys. Although there was incidence of infringement (see map of Hibumas 2 Estate on encroached areas), the estate's management had allowed the villagers the continue using the land under the terms spelt out in the MOU. A series of consultations had been held with the local communities to seek their consent to sign the MOU. Copies of the signed MOUs had been sighted during this assessment.

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

Criterion 3.1
There is an implemented management plan that aims to achieve long-term economic and financial viability.

Indicators:

3.1.1 Annual budget with a minimum 2 years of projection
Major compliance

Specific Guidance:
Annual budget may include FFB yield/ha, OER, CPO yield/ha and cost of production that is not required to be publicly available.

3.1.2 Annual replanting programme projected for a minimum of 5 years with yearly review.
Minor compliance

Guidance:
Individual organization is to define its own management unit i.e. mill, estate or group as per definition on unit of certification explained in Item 4.2.3 and 4.2.4 in the RSPO Certification Systems document located at: http://www.rspo.org/RSPO_Certification_Systems.aspx

Findings:

An annual short-term budget had also been prepared for every coming year before the end of current year. Documented budget for Financial Year 2010 and 2011 was made available. The budget had generally covered the provisions of allocation for operations, maintenance, training, occupational safety and health and environmental upkeep. In addition, there was a five year crop projection which would be reviewed annually.

All the estates had been harvesting crops from the first generation planting. As the planting was from 1999 to 2009 in the estates, the Sri Kamusan CU had not expected to do replanting for the next 10 years.

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

Criterion 4.1
Operating procedures are appropriately documented and consistently implemented and monitored.

Indicators:

4.1.1 Documented Standard Operating Procedures (SOP) for estates and mills
Major compliance

4.1.2 Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months.
Minor compliance

Findings:

The CU had used the '*Wilmar International Limited The Agriculture Manual and Mill Operation Manual (2007)*' as a reference for all operations in the estates and Sri Kamusan POM. The CU had also established Standard Operating Procedures (SOPs) for managing both the estates and mill. Both of these documents had been revised to address the current practices for operating both the plantation and palm oil mill. In addition, a Safe Operating Procedure (SOP) had also been established in 2007.

The agriculture manual provides guidance on oil palm nursery, oil palm replanting, field upkeep, FFB harvesting and collection. As for the mill, the SOP covers aspects related to oil palm processing, boiler operation, effluent treatment plant, products analysis method, workshop activity and chemical and waste handling procedures. It was also observed that the SOP had been displayed at all workstations in the mill and work places for the employees to refer (see **Figure 2**). Through random interviews held with the staff and workers, it was observed that the level of their understanding on the contents of the SOP was found to be satisfactory.

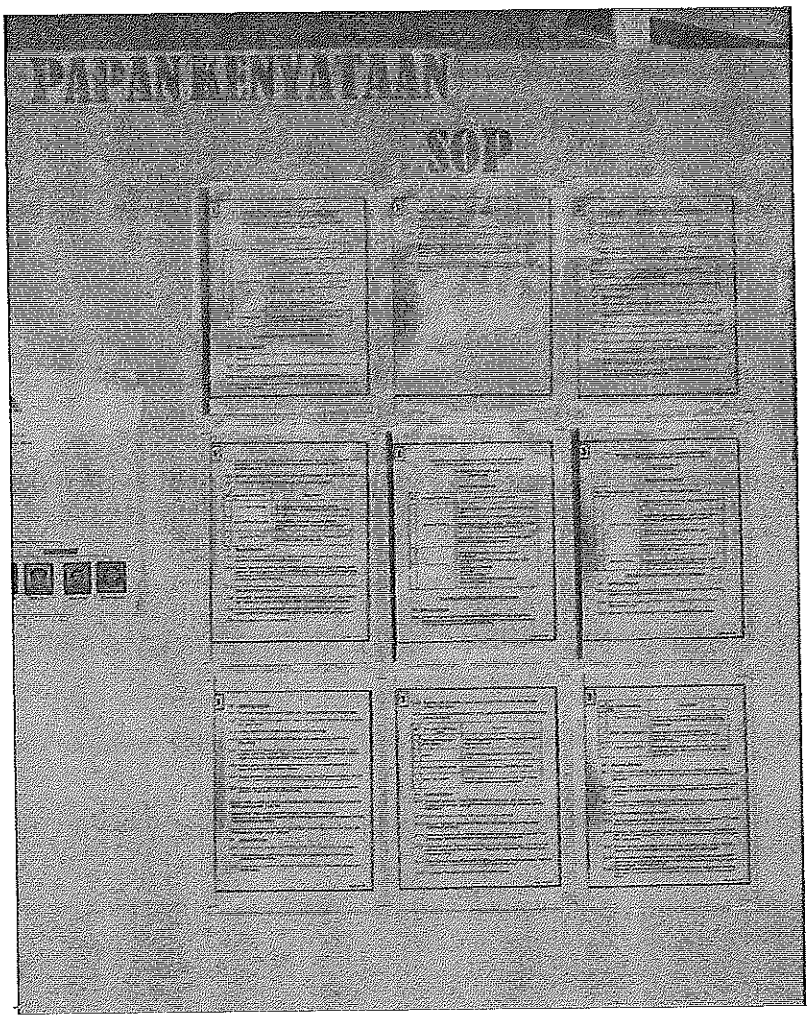


Figure.2: Example of SOPs Being Displayed on the Notice Board in Segar Imej Estate

The assessment team had confirmed during the on-site visit that the relevant records of monitoring on the implementation of the SOP for the estates and mill were made available. Records demonstrating the implementation of the work and safety procedures, were sighted which include those related to manuring and spraying programmes, agrochemicals usage and vehicle logbook. For the mill, operation records such as, oil and kernel losses, downtime, throughput, oil and kernel extraction rate, machine operation hours were made available and found to have been properly maintained.

Criterion 4.2
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.
MY-NIWG recommends that the indicators in criterion 4.2 and 4.3 are linked

4.2.1 Monitoring of fertilizer inputs through annual fertilizer recommendations.
Minor compliance

4.2.2 Evidence of periodic tissue and soil sampling to monitor changes in nutrient status.
Minor compliance

4.2.3	Monitor the area on which EFB, POME and zero-burn replanting is applied. Minor compliance

Guidance:
Long-term fertility depends on maintaining the structure, organic matter content, nutrient status and microbiological health of the soil. Managers should ensure that best agricultural practice is followed. Nutrient efficiency must take account of the age of plantations and soil conditions.

Findings:

The use of fertilizer had followed the recommendation made by the Internal Agronomist and planting advisory given by an Independent Consultant. The recommendation by the agronomist would be based on annual leaf analysis. The assessment team had referred the annual report prepared by the agronomist and bi-annual report by the Planting Advisory. The application of fertilizers had been done as recommended and scheduled.

All the estates had been keeping tracks on the fertilizer input. The assessors had sighted records on the movement of fertilizer and confirmed that they had been kept current. The fertilizer dosage varies from one estate and field to another estate and field in accordance with the recommendations of the agronomist.

Annual foliar analysis had been conducted in the estates. The latest soil analysis was done in December 2009 by Param Agriculture Soil Survey (M) Sdn. Bhd.

EFB application had been carried-out on road side and areas on steep slope had not been planted but left to natural vegetation.

Application of POME in the field had only been practised in the Sri Kamusan Estate. The POME was pumped up to a storage tank before being distributed in the field (see **Photo 2**).

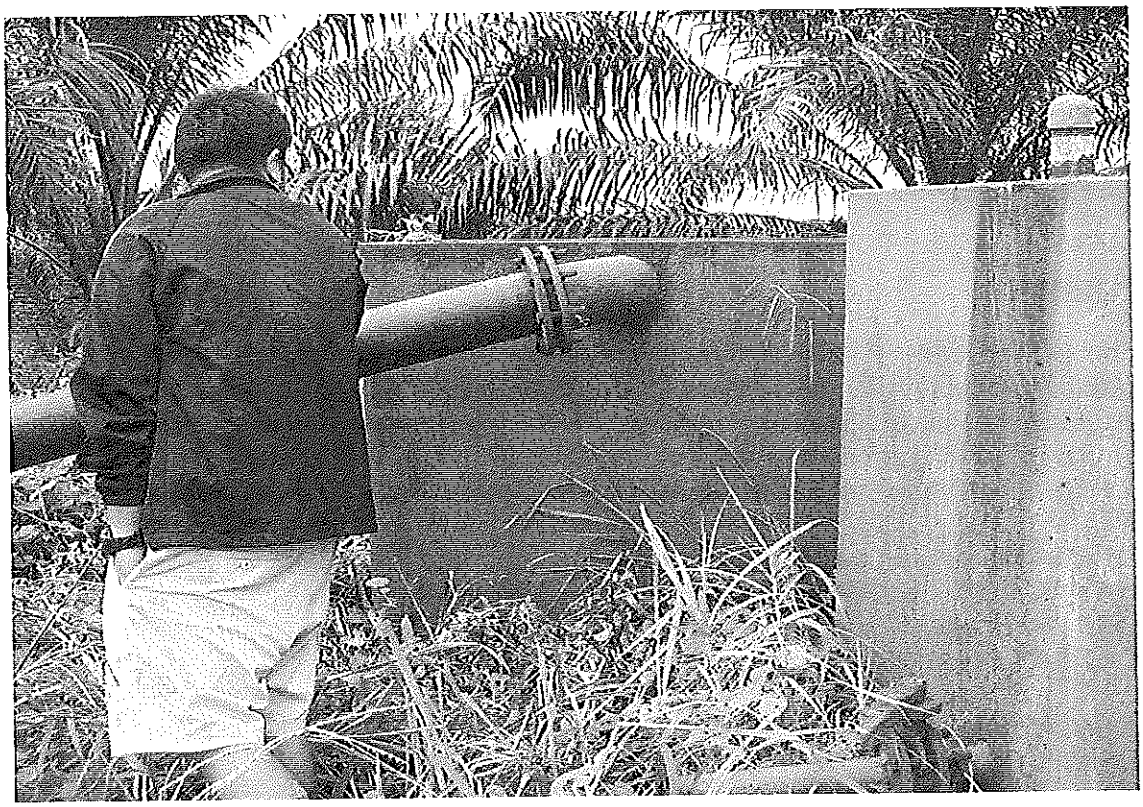


Photo 2: Storage tank with POME pumped up from the Sri Kamusan Palm Oil Mill for use in irrigating the field in Sri Kamusan Estate

Although it was observed that there was no replanting in all the estates when the assessment was conducted, the CU had been adopting and implementing a zero burning policy.

Criterion 4.3
Practices minimise and control erosion and degradation of soils.

Indicators:
4.3.1 Documented evidence of practices minimizing soil erosion and degradation (including maps).
Minor compliance

Specific Guidance:
Replanting on sloping land must be in compliance with MSGAP Part 2: OP (4.4.2.2)
For Sarawak, steep slopes are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report and approved by the Natural Resources and Environment Board (NREB).
For Sabah, slopes 25 degree and steeper are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Environment Protection (Prescribed Activities)(Environment Impact Assessment) Order 2005] and approved by the Environmental Protection Department (EPD).
Slope determination methodology (slope analysis) should be based on average slope using topographic maps or topographical surveys.

4.3.2 Avoid or minimize bare or exposed soil within estates.
Minor compliance

Specific Guidance:
Appropriate conservation practices should be adopted.

4.3.3 Presence of road maintenance programme.
Minor compliance

4.3.4 Subsidence of peat soils should be minimised through an effective and documented water management programme.
Minor compliance

Specific Guidance:
Maintaining water table at a mean of 60 cm (within a range of 50-75cm) below ground surface through a network of weirs, sandbags, etc. in fields and watergates at the discharge points of main drains.

4.3.5 Best management practices should be in place for other fragile and problem soils (e.g. sandy, low organic matter and acid sulphate soils).
Minor compliance

Guidance:
Techniques that minimise soil erosion are well-known and should be adopted, wherever appropriate. These may include practices such as:

1. Expediting establishment of ground cover upon completion of land preparation for new replant.
2. Maximizing palm biomass retention/ recycling.
3. Maintaining good non-competitive ground covers in mature areas.
4. Encouraging the establishment/regeneration of non-competitive vegetation to avoid bare ground.
5. Construction of conservation terraces for slopes >15o
6. Advocating proper frond heap stacking such as contour/L-shaped stacking. for straight line planting and stacking along the terrace edges for terrace planting.
7. Appropriate road design and regular maintenance.
8. Diversion of water runoff from the field roads into terraces or silt pits.
9. Construction of stop bunds to retain water within the terrace.
10. Maintaining and restoring riparian areas in order to minimize erosion of stream and river banks.

Findings:

Sri Kamusan CU had implemented various methods to minimize soil erosion and degradation. Site assessment and verification of records in the estates had indicated that these practices to minimize soil erosion had been implemented.

During the assessment, it was observed that 80% of the estates had terraces as the land is hilly. Stop bunds had been constructed at 20 meter interval to retain water within the terrace. There had been planting of leguminous cover plants and *Vettiver* grass on sloppy areas in the Sri Kamusan and Hibumas 2 Estates to minimize bare or exposed soil. The extensive use of *Mucuna bracteata* for ground cover was observed in the estates.

EFB mulching was observed on the road sides while all steep sites had been left unplanted but left with natural vegetation to prevent soil erosion. In addition, cut fronds had also been staked in the field to reduce surface erosion. Stacking was observed on the edges of all terrace areas while 'L' shape stacking was done on flat and undulating areas.

During the field inspection, it was observed that all estates had maintained soft vegetations such as grasses and ferns to avoid bare soil in the matured fields. Inter-row vegetation was slashed annually to maintain the growth of soft grass and *Nephrolepis biserrata* fern for soil conservation. Extensive areas were covered by *Mucuna bracteata.* Weed spraying activities had also been carefully limited to the base of the palm to avoid over-spray to other areas.

The CU should have changed regularly the types of herbicides used as this could encourage the growth of soft grass and *Nephrolepis* to further reduce erosion. This was raised as **OFI 2.**

Detailed map on slopes of different gradients of the estates in the CU was presented during the inspection. Areas with gradient above 25 degrees were demarcated on the map. In addition, soil maps with agro-management plan were also made available in the environmental management plans and annual agronomic reports.

All the estates have had their own structured road maintenance program which was made available during the assessment. Among the programs which had been implemented to keep the roads in good condition were re-surfacing, grading and compacting, construction and maintenance of road side drains.

A *Schedule of Heavy Machineries for Road Maintenance* for the period of January to December 2010 for the Hibumas 1 Estate was presented to the assessment team. Road Gravelling Policy and Road Maintenance Policy for the estates were also examined during the assessment. Records of jobs completed were maintained in the monthly progress report of each estate. Scrubble drains and underpass had been constructed mainly to drain off rainwater from roads. The implementation of these programs had been closely monitored. On-site inspection had confirmed that most of the roads had been satisfactorily maintained and passable.

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

Criterion 4.4
Practices maintain the quality and availability of surface and ground water.
Indicators:

4.4.1 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate.
Major compliance

Specific Guidance:
Riparian buffer zones: Reference to be made to relevant national regulations or guidelines from state authorities e.g. Department of Irrigation and Drainage (DID), whichever is more stringent.

4.4.2 No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate.
Major compliance

4.4.3 and Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates mills current activities which may have negative impacts (Cross reference to C 5.1 and 8.1).
Major compliance

4.4.4 Monitoring rainfall data for proper water management.
Minor compliance

4.4.5 Monitoring of water usage in mills (tonnage water use/tonne FFB processed).
Minor compliance

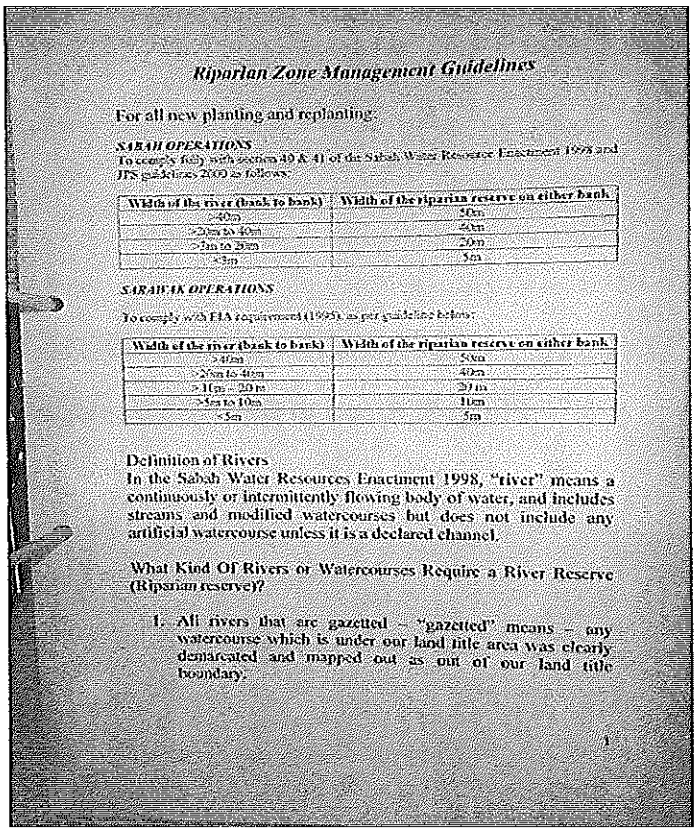
Specific Guidance:
Data trended where possible over 3 years to look into resource utilization

4.4.6 Water drainage into protected areas is avoided wherever possible.
Appropriate mitigating measures will be implemented following consultation with relevant stakeholders.
Minor compliance

4.4.7 Evidence of water management plans.
Minor compliance

Findings:

Sri Kemusan CU had established procedures on the maintenance and management of areas identified as riparian reserves (see Figure 3). Stagnant ponds had been created for water conservation and catchment areas. The CU should have extended this good practice to the ravines. This observation made was raised as OFI 3.



Riparian Zone Management Guidelines

For all new planting and replanting:

SABAH OPERATIONS

To comply fully with section 40 & 41 of the Sabah Water Resource Enactment 1998 and JPS guidelines 2000 as follows:

Width of the river (bank to bank)	Width of the riparian reserve on either bank
<40m	50m
>20m to 40m	40m
>3m to 20m	20m
<3m	5m

SARAWAK OPERATIONS

To comply with EIA requirement (1995), as per guidelines below:

Width of the river (bank to bank)	Width of the riparian reserve on either bank
>40m	50m
>20m to 40m	40m
>11m – 20 m	20 m
>5m to 10m	10m
<5m	5m

Definition of Rivers

In the Sabah Water Resources Enactment 1998, "river" means a continuously or intermittently flowing body of water, and includes streams and modified watercourses but does not include any artificial watercourse unless it is a declared channel.

What Kind Of Rivers or Watercourses Require a River Reserve (Ripsnian reserve)?

1. All rivers that are gazetted – "gazetted" means – any watercourse which is under our land title area was clearly demarcated and mapped out as out of our land title boundary.

1

Figure 3: Management Guidelines for Riparian Zones

All the six estates inspected had demarcated riparian buffers along the major water ways. A buffer of 5m width was maintained for small streams except where there were existing roads. The specifications of DID on riparian belt had generally been adhered to. It was observed that oil palm trunks marking the boundary of the buffers had been painted to alert the workers not to blanket spray along the buffer zones of streams.

However, the demarcation of the riparian buffer belts in the field could be improved with more distinctive markings especially on sites with lush vegetation. Therefore an OFI 04 was raised for this observation.

Photo 3: Riparian Belt with Signage

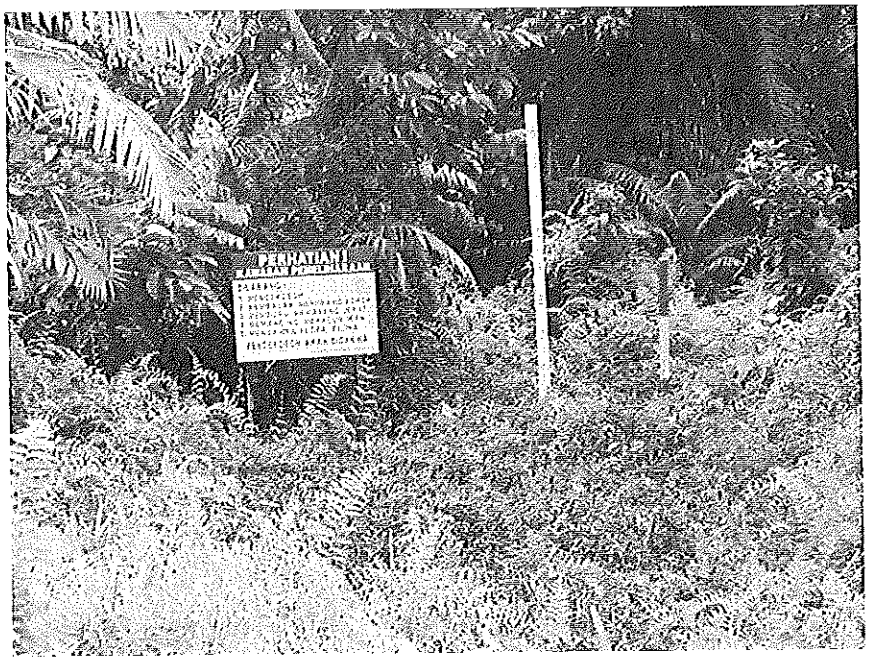


Photo 4: A Riparian Buffer with Regenerated Vegetation in Hibumas 2 Estate

During the assessment, it was observed that wetlands and many water bodies had been protected. The largest was the seasonal flood plain in Hibumas 1 Estate which had been demarcated as HCV site. No planting was conducted within this area (see **Photo 5**).

Photo 5: Large Tract of Protected Seasonal Flood Plain in Hibumas 1 Estate

In Hibumas 1 Estate, there was also a freshwater swamp forest which had been protected as a HCV site. During the on-site assessment, it was observed that there were no weirs/dams being constructed across the main rivers or waterways passing through the estates.

For every estate of the CU, the water quality index (WQI) for a selected stream was monitored at the point of entrance (or inlet) to the estate, mid stream and at the point where the streams flow out (outlet) of the estate. The water sampling process was done once every three months as specified in the EIA approval given by the Department of Environment Protection Sabah.

The parameters measured were pH, BOD, COD, Nitrate N, total nitrogen, and oil and grease. Three water sampling points had been inspected during the assessment (see **Photo 6**) and sample reports by the consultant on water sampling data were made available.

During the examination of these reports (*Laporan Pemautauan & Pematuhan Syarat-Syarat Alam Sekitar Julai 2010-Oktober 2010* and *Laporan Pemautauan & Pematuhan Syarat-Syarat Alam Sekitar Mac 2010-Jun 2010* for Sri Kamusan Estate; *Laporan Pemautauan & Pematuhan Syarat-Syarat Alam Sekitar Julai 2010-Oktober 2010* and for March to June 2010 for the Jebawang and Hibumas 2 Estates; *Laporan Pemautauan & Pematuhan Syarat-Syarat Alam Sekitar Julai 2010-Oktober 2010* for the Hibumas 1 Estate; *Laporan Pemautauan & Pematuhan Syarat-Syarat Alam Sekitar Julai 2010-Oktober 2010* Sekar Imej Estate) prepared by Ekohandal Sdn. Berhad on the water sampling from each estate, there was some discrepancies in these reports.

It was found that the summary of data presented in two of the reports had misquoted the results of the chemical tests. The sampling process could be further improved by a diligent checking of

the reports presented and that the report should have included the *E. coli* levels at the points of entry and exit of the waterways. Therefore an OFI 05 was raised.

The quality of the water samples taken from the selected rivers was within the acceptable level quality index of class III category in accordance to the interim national water quality standard 2006 (INWQS) of the DOE. The monitoring reports would have to be submitted to the Environmental Protection Department of Sabah as required under the EIA approval.

It was observed that all the estates had followed their action plans and continuous improvement programs to minimize pollutant to the protected areas as recommended in the Environmental Impact Assessment report for the individual estate.

Photo 6: Water Sampling Point at Sri Kamusan Estate with the Signage

Both the mill and estates had been monitoring the rainfall data as well as their water consumption as required by RSPO criteria & indicator. Daily records of rainfall data for each estate were made available for inspection. The data was then used in the management of water for the palm oil mill as well as for the workers in the estates.

Water for human consumption was tested three times a year. A Standard SOP for water treatment plan had been written. A summary of the domestic water consumption for the Sri Kamusan CU for the period from January to October 2010 was presented. It detailed the consumption of water per day and also per day per head.

It was observed that the water for the mill was sourced from a pond located next to it. The total available water from the pond had been estimated and a profile of it established. The volume of water consumed for the processing of FFB from January to October 2010 was documented. The total water consumption had varied from 1.51 to 1.91 m^3 per mt of FFB. All records were

checked and reviewed by the management. The discharge from the mill had been properly controlled from entering protective areas.

A water management plan had been established with improvement being made to include all sources of water. Stagnant ponds in Sri Kamusan Estate had been created for water conservation and catchment areas. The Water Management Plan for the Sekar Imej Estate was examined. The Plan had prescribed the objectives, water sources including catchment pond, rainfall records, water requirement, current water consumption, water quality and contingency plan. A Special SOP for water treatment plant had also been presented.

Criterion 4.5
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.

Indicators:
4.5.1 Documented IPM system.
Minor compliance
4.5.2 Monitoring extent of IPM implementation for major pests.
Minor compliance

Specific Guidance:
Major pests include leaf eating caterpillars, rhinoceros beetle and rats.

4.5.3 Recording areas where pesticides have been used.
Minor compliance
4.5.4 Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (a.i.) used/ tonne of oil.
Minor compliance

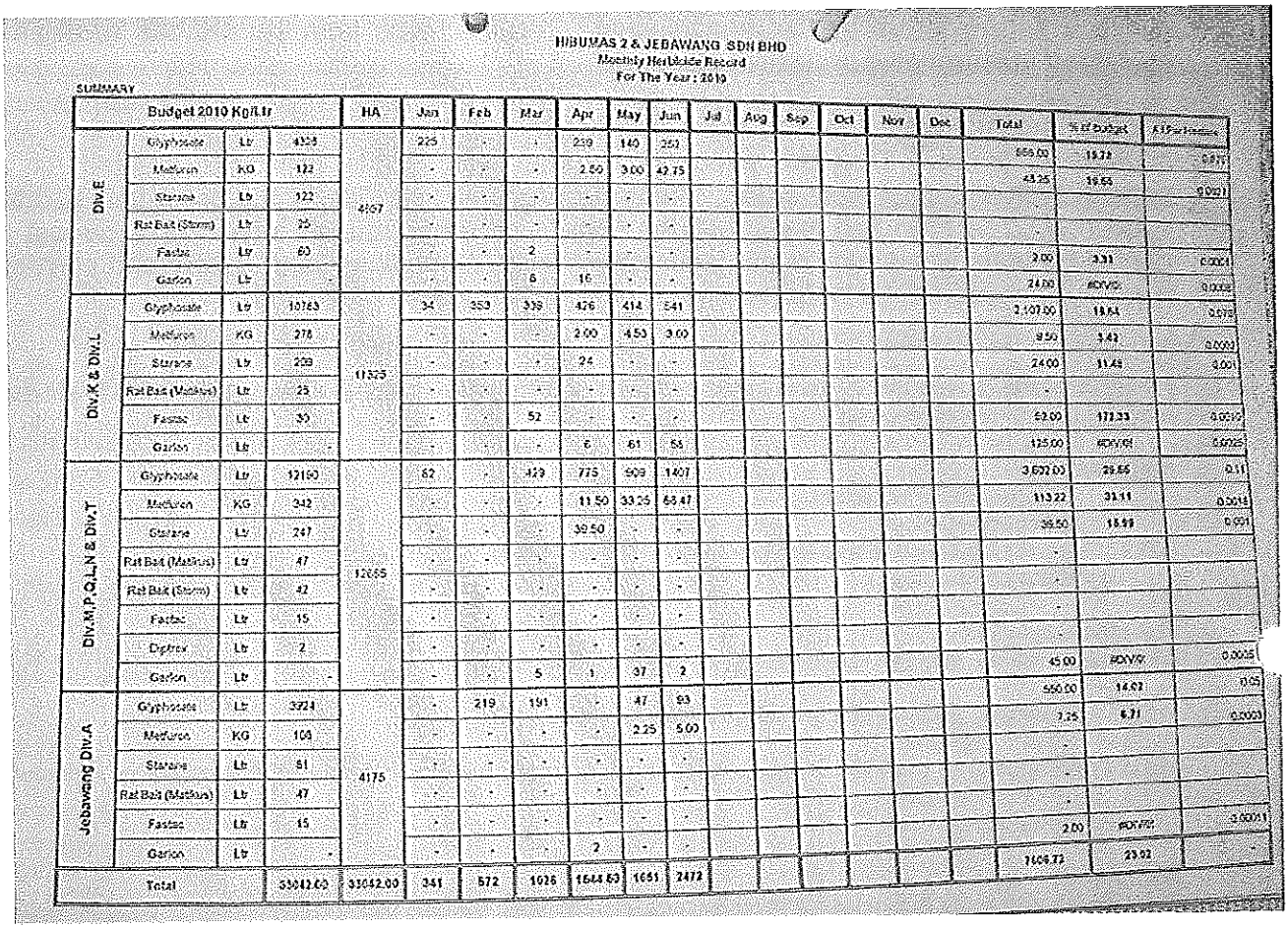
Guidance:
Growers should apply recognised IPM techniques, incorporating cultural, biological, mechanical or physical methods to minimise use of chemicals. Native species should be used in biological control wherever possible.

Findings:

No pesticide had been used during the last 24 months. The SOP had documented an integrated pest management (IPM) system. Among the documented pest control were on rats, bagworms and rhinoceros beetles. The IPM techniques being used include detection, census and treatment controls to be applied when pests population or crop damages has reached the threshold level. There was no prophylactic application made in the estate. The control on rat or other pest would only be implemented when census had shown a 20% and 5% damages respectively. Control would then be confined to only the affected areas.

In addition, the Sri Kamusan CU had encouraged the planting of beneficial plant such as *Turnera subulata, Cassia* and *Antipogon* as part of the IPM on the biological control over bagworms and nettle caterpillars. A beneficial plants map had been prepared for the estates. However, the planting of these beneficial plants should have been widely extended to vacant areas in the estate. An OFI 6 was therefore raised on this observation.

The assessment team had also examined the records of pesticide usage including active ingredients, areas treated, amount applied per hectare and the number of applications. These records were found to have been well maintained by the estate. A sample of the Monthly Herbicide Report for Jebawang Estate is presented in **Figure 4**.



HIBUMAS 2 & JEBAWANG SDN BHD
Monthly Herbicide Record
For The Year : 2019

SUMMARY

	Budget 2019 Kg/Ltr			HA	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of Budget	Kg/Ha
Div.E	Glyphosate	Ltr	4320	4167	225	-	-	239	140	260							864.00	19.72	0.21
	Metkem	KG	122		-	-	-	2.50	3.00	42.75							48.25	39.55	0.0116
	Starane	Ltr	322		-	-	-	-	-	-							-		
	Rat Bait (Storm)	Ltr	25		-	-	-	-	-	-							-		
	Fastac	Ltr	60		-	-	2	-	-	-							2.00	3.33	0.0005
	Gaston	Ltr	-		-	-	6	16	-	-							24.00	#DIV/0!	0.0058
Div.K & Div.L	Glyphosate	Ltr	10763	11305	34	353	339	426	414	541							2,107.00	19.64	0.19
	Metkem	KG	278		-	-	-	2.00	4.50	3.00							9.50	3.42	0.0008
	Starane	Ltr	209		-	-	-	24	-	-							24.00	11.48	0.002
	Rat Bait (Matkus)	Ltr	25		-	-	-	-	-	-							-		
	Fastac	Ltr	30		-	-	52	-	-	-							52.00	173.33	0.0046
	Gaston	Ltr	-		-	-	-	6	61	58							125.00	#DIV/0!	0.0325
Div.M,P,Q,LN & Div.T	Glyphosate	Ltr	12160	12655	62	-	429	775	909	1407							3,602.00	29.62	0.28
	Metkem	KG	342		-	-	-	11.50	33.25	68.47							113.22	33.11	0.0089
	Starane	Ltr	247		-	-	-	39.50	-	-							39.50	15.99	0.003
	Rat Bait (Matkus)	Ltr	47		-	-	-	-	-	-							-		
	Rat Bait (Storm)	Ltr	42		-	-	-	-	-	-							-		
	Fastac	Ltr	15		-	-	-	-	-	-							-		
	Diptrex	Ltr	2		-	-	-	-	-	-							-		
	Gaston	Ltr	-		-	-	5	1	37	2							45.00	#DIV/0!	0.0035
Jebawang Div.A	Glyphosate	Ltr	3724	4175	-	219	191	-	47	93							550.00	14.81	0.13
	Metkem	KG	108		-	-	-	-	2.25	5.00							7.25	6.71	0.0017
	Starane	Ltr	81		-	-	-	-	-	-							-		
	Rat Bait (Matkus)	Ltr	47		-	-	-	-	-	-							-		
	Fastac	Ltr	15		-	-	-	-	-	-							-		
	Gaston	Ltr	-		-	-	-	2	-	-							2.00	#DIV/0!	0.0005
Total			33042.00	33042.00	341	572	1026	1644.50	1651	2472							7706.73	23.32	-

Figure 4: Monthly Herbicide Record Sheet for Hibumas 2 and Jebawang Estates

Criterion 4.6
Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

Indicators:

4.6.1 Written justification in Standard Operating Procedures (SOP) of all agrochemicals use.
Major compliance

4.6.2 Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).
Major compliance

Specific Guidance:
Reference shall also be made to CHRA (Chemical Health Risk Assessment)

4.6.3 Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations.
Major compliance

Specific guidance:
Unless participating in established recycling programmes or with expressed permission from the authorities, triple rinsed containers shall be pierced to prevent misuse. Disposal or destruction of containers shall be in accordance with the Pesticide Act 1974 (Act 149) and Environmental Quality Act 1974 (Scheduled Wastes) Regulations 2005.

4.6.4	All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or explained carefully to them by a plantation management official at operating unit level. Major compliance
4.6.5	Annual medical surveillance as per CHRA for plantation pesticide operators. Major compliance
4.6.6	No work with pesticides for confirmed pregnant and breast-feeding women. Major compliance
4.6.7	Documentary evidence that use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM. Minor compliance
4.6.8	Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities. Major compliance
4.6.9	Evidence of chemical residues in CPO testing, as requested and conducted by the buyers. Minor compliance
4.6.10	Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) are maintained for either a minimum of 5 years or starting November 2007. Minor compliance

Findings:

Although no pesticides had been used for the last 24 months, Sri Kamusan CU had justified the usage of all agrochemicals in the SOP. This included the specific targets and the correct dosage of agrochemicals to be used.

The chemical stores were observed to be in compliance with the provisions of the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations (see **Photo 7**). References had been made to Chemical Health Risk Assessment (CHRA). All of the stores had been well ventilated and secured. Only authorized personnel were allowed to enter the chemical stores.

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

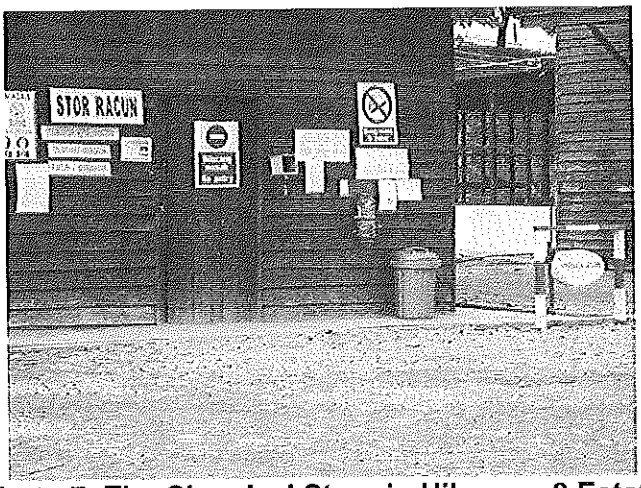


Photo 7: The Chemical Store in Hibumas 2 Estate

All information on the chemicals and its usage, hazards, trade and generic names had been made available in the store and explained carefully to the field workers by a staff from the plantation management. The staff and plantation workers such as the storekeepers, sprayers and fertilizer applicators had been properly trained and had understood on the hazards and the safety procedures on the use of these chemicals. The trade and generic names of the chemicals were made known to the workers through the MSDS training.

Training on spraying of chemical was done at quarterly intervals and follow-up discussion had been reported and documented. Record on training and reviews on training programmes were presented during the assessment. Based on interview held with the sprayers during the field inspection had indicated that they were knowledgeable with the chemical being used and on the required safety procedures.

It was observed that containers of chemicals were punctured and kept in a confined area (see **Photo 8**) until sufficient amount had been accumulated for disposal by licensed contractor.

Photo 8: Storage of Used Chemical Containers

The Sri Kamusan CU had implemented an annual medical surveillance as required by the CHRA to personnel being exposed to agrochemicals. The assessment team had confirmed that a medical surveillance had been conducted by an Occupational Health Doctor (OHD) and the Annual Medical Surveillance record, which the CU had maintained were presented during the assessment.

The Sri Kamusan CU had adopted a policy on restricting pregnant women to work with pesticide. Interviews held with the female spraying gang had confirmed that they had been aware of this policy. In addition to the annual medical surveillance, the Sri Kamusan CU had also monitored the female sprayers' health condition through a monthly medical check-up by the Medical Assistants. The records on medical check-ups had been updated in the sprayers' medical records. Female workers had to undergo pregnancy test to ensure that no pregnant or breast feeding females had been exposed to chemical hazards.

All agrochemicals that would be applied were those that had been registered under the Pesticides Act 1974 (Act 149). Paraquat usage had been totally banned in the estates and this was verified during the inspection on the chemical stores during the assessment.

Aerial application of agrochemicals was not practised in Sri Kamusan CU, and to-date, there has been no request from buyers to test for the presence of chemical residue in the CPO.

Criterion 4.7
An occupational health and safety plan is documented, effectively communicated and implemented.
Indicators:
4.7.1 Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Act139).
Major compliance

The safety and health (OSH) plan shall cover the following:
a. A safety and health policy, which is communicated and implemented.
b. All operations have been risk assessed and documented.
c. An awareness and training programme which includes the following specifics for pesticides:
   i. to ensure all workers involved have been adequately trained in a safe working practices (See also C 4.8)
   ii. all precautions attached to products should be properly observed and applied to the workers.
d. The appropriate personal protective equipment (PPE) are used for each risk assessed operation.
   i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning.
e. The responsible person (s) should be identified.
f. There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed.
g. Accident and emergency procedures should exist and instructions should be clearly understood by all workers.
h. Workers trained in First Aid should be present in both field and mill operations.
i. First Aid equipment should be available at worksites.

4.7.2 Records should be kept of all accidents and periodically reviewed at quarterly intervals.
Major compliance

Specific Guidance:
Record of safety performance is monitored through Lost Time Accident (LTA) rate.

4.7.3 Workers should be covered by accident insurance.
Major compliance

Findings

The Sri Kamusan CU had adopted the PPB's Occupational Safety and Health Policy, plan and programme. The documented OSH plan, including HIRAC assessment for each estate and mill was made available. This plan had been communicated and implemented at all levels of the organization. Hazard identification, risk assessment and risk control (HIRARC) and CHRA records were verified during the assessment. It was observed that the safety and health policy had been communicated to all employees through briefings and being displayed on the mill and estates notice boards. A sample of the SSOP for Sekar Imej Estate is shown in **Figure 5**.

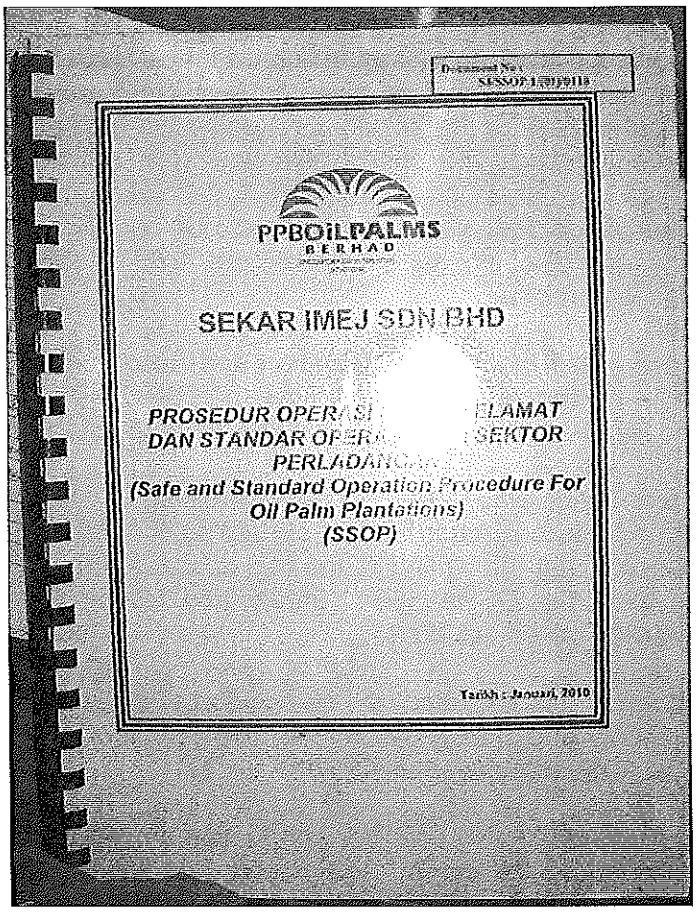


Figure 5: A copy of the SSOP for Sekar Imej Estate

The OSH plan had addressed issues related to emergency, treatment of illness/injury during the job, compliance with regulations such as Occupational Safety and Health (Safety and Health Committee) Regulations 1996, Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004, Factories and Machinery (Steam Boiler and Unfired Pressure Vessel) Regulations 1970 and Factories and Machinery (Noise Exposure) Regulations 1989.

The HIRARC covers activities in the estates and mill. Among the activities identified were chemical mixing and spraying, harvesting and FFB collection in the estates. As for the mill, the identified activities were FFB sterilization, kernel extraction and oil extraction and clarification and others. Appropriate risk control measures had been identified and a person had been assigned to monitor the implementation of the control measures.

The documented OSH plan including HIRARC assessment was made available to the assessment team. The Safety & Health Plan had highlighted issues which have been assessed in the HIRARC.

The field workers in the plantation had been equipped with PPE. Regular meetings on safety and health of workers were held every three months as shown by the schedule presented during the assessment. Each estate has a clinic manned by a Hospital Assistant. It was also documented in the training programme that workers had been trained in first aid procedures.

The assessment for each work activity as indicated in the HIRARC register could be improved where each hazard identified should be given its own likelihood and severity rating instead of placing all hazards identified for the activity as a collective hazard and be given a likelihood of occurrence and severity rating. This observation was raised as OFI 7.

A post training evaluation had yet to be carried out on SSOP training conducted for the spraying, manuring and slashing gangs, harvesters, ERT members and chemical handlers. Therefore, an OFI 8 was raised.

The assessment team had made an observation and raised an OFI 9 as the audiometric test conducted for the 14 personnel of the palm oil mill on 28/7/2010 should be extended to the rest of the workers who had been exposed to high noise so as to establish a baseline data.

The assessment team had verified the minutes of meeting of the Safety and Health Committee which was held quarterly to discuss issues pertaining to workers' safety and health at work place. It was observed that the writing of the minutes should have been done more timely so that it would be within the OSHA 1994 (Safety and Health Committee) Regulations 1996 requirements. This was raised as OFI 10.

The meeting convened on investigation of accidents could be further improved with the attendance of all Safety and Health Committee and a Worker's Representative not just a few selected individuals. This was raised as OFI 11.

The Sri Kamusan POM could also consider conducting a night Emergency Response Drill as it sometimes operates round the clock. The Safety and Health Manual / Plan could also be improved to be made available in Bahasa Malaysia. This was raised as OFI 12.

Evidence of implementation on the control measures was observed during the field and mill assessments. For example, at the mill, machines which have moving parts had been well guarded, emergency evacuation route marked and fire fighting facilities installed at strategic locations. In the estate, it was observed that eye wash and shower room were made available at the chemical mixing area.

PPE such as safety boots, helmets, goggles, ear plugs, rubber and cotton gloves, aprons and breathing masks had been supplied to the workers. PPE was kept in stock and issues were made to replace any wear and tear. Stock record was made available for inspection. Records of distribution and acknowledgement of receipt of PPE by workers were documented as shown in **Figure 6**.

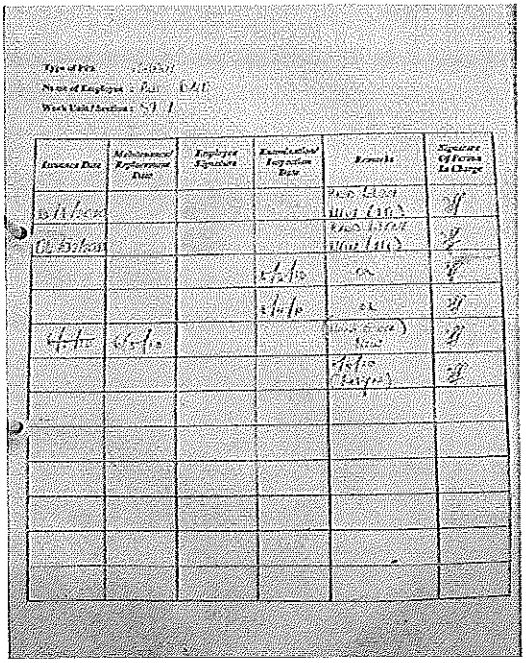


Figure 6: A sample of Record of Acknowledgement of Receipt of PPE by Workers

During the site assessment, it was observed that signage (to remind workers to wear appropriate PPE) was posted at the appropriate places.

Training on spraying was carried out at quarterly intervals and adequately documented. The sprayers who were interviewed were found to be knowledgeable with the chemical they had been using and on the safety practices. MSDS was made available in the store for reference. A MSDS Data Sheet had been prepared for each estate (see **Figure 7**).

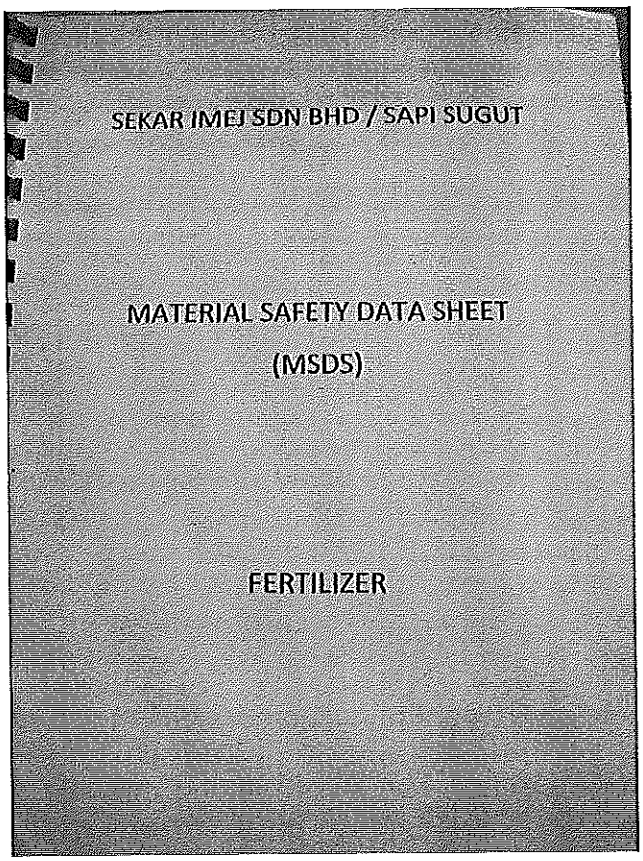


Figure 7: Example of a MSDS Data Sheet for Fertilizer

It was observed that first aid box was provided to the field supervisors as well as made available at several strategic locations at the mill and chemical mixing areas.

Emergency Response Plan and Personnel responsible were documented and appointed. Records of accidents according to the categories of workers were available in the clinics and offices of the estates. These records could be improved by classifying into Major or Minor cases and a review of these cases be conducted.

Cylinders of acetylene & oxygen were kept within iron cages in the estate workshops.

Accident cases had been monitored and reported to the Department of Occupational Safety and Health (DOSH) by the Safety Officer. Workers were covered by Workman Compensation for foreign workers and local workers are covered by SOCSO. Documents on insurance issued by Jerneh Insurance for foreign workers were presented.

Criteria 4.8
All staff, workers, smallholders and contractors are appropriately trained.

Indicator:
4.8.1 A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept.
Major compliance

Guidance:
Appropriate training should be given to all staff, workers and contractors by growers and millers to enable them to fulfill their jobs and responsibilities in accordance with documented procedures. All Estate Hospital Assistants (EHA) are trained on the chemicals used and related laws.

Findings

Training needs on safety and health aspects had been conducted. An annual training program and types of trainings had been prepared for each estate. Training records from May 2009 to September 2010 for the estates inspected had been sighted. There were 14 sessions conducted by in-house trainers. All medical assistants had been trained on chemical use and related laws.

Among the training programmes conducted were those related to chemical handling and spraying, PPE, accident investigation and working in confined space. Attendance list on training was kept and made available. Based on random interviews held with workers, it was confirmed that they had attended the training and had been aware on the safety and health issues related to their tasks.

OHS training for the staff and workers had been conducted according to the OSH plan and programmes developed by the SHO. Training records were being kept by mill and estates. Among the training being provided were on safe operating procedure, first-aid, proper handling of chemicals and the use of PPE. It was felt that the OSH training could be further enhanced with the use of pictograms to graphically display correct /acceptable and incorrect/unacceptable practices. This was raised as OFI 13.

It was observed that all training records had been properly filed. The records had included information on the title of the training, name and signature of the attendees, name of the trainer, time and venue. Based on interviews held with workers from the spraying, manuring, harvesting and mulching operations, it was revealed that generally the level of their understanding on these subjects and the training efficiency had been satisfactory.

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

Criterion 5.1
Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

Indicator:
5.1.1 Documented aspects and impacts risk assessment that is periodically reviewed and updated.
Major compliance
5.1.2 Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored.

Minor compliance

Guidance:
Non-restrictive format e.g. ISO 14001 EMS and/or EIA report incorporating elements spelt out in this criterion and raised through stakeholder consultation.

Findings

The Sri Kamusan CU had conducted an environmental aspects and impact risk assessment for each of its operating unit. A document on the Identification of Environmental Aspects and Evaluation of Impacts had also been written for all the estates. An EIA report for each estate was presented during the assessment. Records on environmental impact and mitigation measures relating to the operations of the mill, estate, workshop, nursery, effluent treatment plant, waste generation and consumption of natural resources were presented. The risk assessment would be reviewed annually.

Environmental improvement plans to mitigate the identified negative impacts had been implemented. Among the improvement plans include identifying buffer zones, segregation of recyclable waste, oil spill control and emergency preparedness. Each the estate had submitted an environment monitoring report to the Sabah Environmental Protection Department, as part of the requirements of the EIA approval,

Implementation of the improvement plan on oil spill control was observed at the workshop and lubricant store in Sri Kamusan Estate, where oil trap system had been constructed at the outlet of the drain from the workshop and oil storage as shown in **Figure 8**.

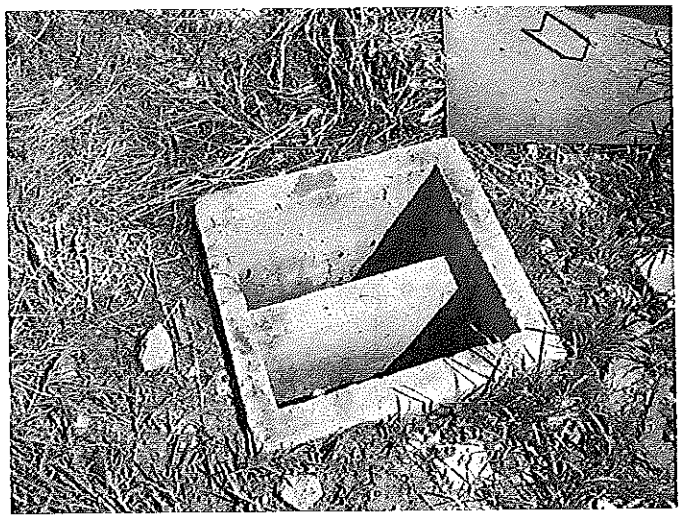


Figure 8: An Oil Trap System Constructed at the Outlet of the Drain

Criterion 5.2
The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exists in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

Indicators:
5.2.1 Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings.
Major compliance
5.2.2 Management plan for HCV habitats (including ERTs) and their conservation.

	Major compliance
5.2.3	Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts. Minor compliance

Specific Guidance:
Identify ERTs and establish their conservation status based on national and state conservation schedules; and should provide evidence of attempts to do likewise for immediate adjacent areas. In the event that the conservation status of a species has not been assessed locally, the IUCN list should be used to determine and report conservation status. Management plans to include areas for improvement. Where appropriate, the above activities to be conducted involving relevant stakeholders

Findings

A report on HCV sites within the CU had been prepared by a team of consultants. The High Conservation Value Assessment Report, which was completed in August 2010, had identified HCV sites for each of the six estates. A public consultation was also held on 29 June 2010 where 8 members of the local communities were represented in the meeting to discuss the findings in the report.

No critically endangered species were mentioned (identified?) in the report, while endangered and vulnerable species were documented to have their distribution range in the estates. The report had also listed endemic mammals and birds whose range had overlapped within the estates in the CU.

Specific sites had been identified in each of the estate for protection of their high conservation values. Sites with HCV 3, HCV 4.1, HCV 4.2, HCV 4.3, HCV 5 and HCV 6 had been identified. External HCV sites classified as HCV 1 were recorded in Hibumas1 Estate. Maps demarcating these HCV sites had also been prepared. The audit team had inspected the sites protected in the Sri Kamusan Estate, Hibumas 1 Estate, Hibumas 2 Estate and Sekar Imej Estate. It was observed that signage had been erected in all these HCV sites indicating the classes and that no activity was permitted in these areas (see **Photo 8**).

For HCV 3, the various ecosystems had been protected in the estates. The Sri Kamusan HCV site was located in secondary forest next to the Bonggaya Forest Reserve. The flood plain that had been demarcated as HCV site in the Hibumas 1 and Hibumas 2 Estates had also been inspected and found to be marked on maps and demarcated on ground (see **Photo 9**). This flood plain was part of the larger ox-bow lake system of the Sungai Sugut.

The most common were sites classified under HCV 4.2 for soil erosion control and water protection owing to the hilly terrain of all the estates. It was observed that all the steep areas had been left protected with no planting activities allowed. The CU had the catchment area placed under HCV 4.1.

Areas which provide employment and cash income had been included as HCV 5 such as part of Hibumas 2 Estate, which had been planted by the local communities. For HCV 6, areas with religious sites and rituals as well as cultural events were identified as in the Hibumas 1 Estate where a site with a dead tree that was believed to be a "keramat" had been marked as HCV 6. Six villages had been identified to be having attributes of these two categories of HCVs.

On the landscape level, the Hibumas 1 Estate has the Class V Bonggaya-Labuk Mangrove Forest on its eastern boundary which formed the protective belt for the coast line. The identified

HCV site formed by seasonal Perupok Swamp Forest in Hibumas 1 Estate is also part of the surrounding freshwater swamp forest.

Photo 8: Signage Indicating HCV site in Sri Kamusan Estate and Pole Demarcating the Site

Photo 9: The Flood Plain in Hibumas 1 Estate Retained as HCV site

A summary of management actions had been proposed in the HCV Assessment Report. In addition, a HCV Monitoring Management Action Plan had been written for each estate. Both documents were examined during the assessment. However, the sites which had been identified as having HCV had not been confirmed and a training programme has yet to be organized for the staff involved on monitoring HCV sites. This was raised as OFI 14.

It was observed that signage had been erected at each estate to ban hunting. The entrances to each estate had gates and manned by guards. Regular patrols had been conducted and

reported on the protection of these HCV sites. However, the protection of these HCV sites could be further improved if the illegal felling of trees is reported to the relevant authority. This was raised as OFI 15.

Criterion 5.3
Waste is reduced, recycled, re-used and disposed off in an environmentally and socially responsible manner.

Indicators:

5.3.1 Documented identification of all waste products and sources of pollution.
Major compliance

5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.
Minor compliance

Specific Guidance:
Schedule waste to be disposed as per EQA 1974 (Scheduled Wastes) Regulations, 2005. Reference to be made to the national programme on recycling of used HDPE pesticide containers. Municipal waste disposal as per local authority or district council in accordance to the Ministry of Health guidelines (i.e. specifications on landfills, licensed contractors, etc) or Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).

5.3.3 Evidence that crop residues / biomass are recycled (Cross ref. C 4.2).
Minor compliance

Specific Guidance:
POME should be discharged in compliance with the Environmental Quality Act 1974 (Act 127) and Regulations. For Sabah and Sarawak, POME should be discharged according to the respective state policies.

Findings

The management had established a waste management system on the identification of wastes and plans to reduce and dispose them in an environmentally and socially responsible manner. There was a program to encourage recycling of solid wastes with recycle bins provided in the workshops and offices. The Domestic Waste Records 2010 for the Sri Kamusan Estate was examined and found in good order.

Among the wastes which had been identified were general/domestic waste, scheduled waste, scrap metal, crop residue/biomass from the estates and mill and fibre, shell, EFB and POME from the mill. The general domestic wastes were collected from the labour lines and disposed by burying them at designated landfill areas.

Specific guidelines had been established for the construction of land fill sites. The domestic waste landfill constructed at the Sri Kamusan Estate was inspected. It is located away from any river, streams and forest reserves. Proper signage had been erected at the landfill site (see **Photo 10).**

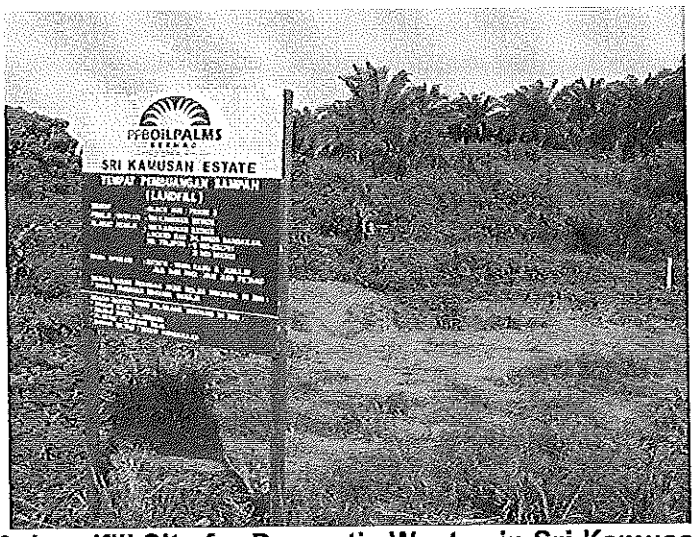


Photo 10: Landfill Site for Domestic Wastes in Sri Kamusan Estate

Other than general wastes, plastic containers/bags from manuring and spraying activities were also collected, washed and reused. Chemical containers that could no longer be reused were disposed in accordance with legal requirement.

Wastes from the palm oil milling process had been disposed as follows: EFB and decanter cake were sent for mulching in the field, while crop residue/biomass i.e. fibre and shell were used as fuel in the boiler. Palm oil mill effluent (POME) was treated in the effluent treatment plant and finally discharged into the waterways. Although wastes and pollutants had been identified and mitigated through the use of oil trap at mill, this system could be further improved to prevent water containing oil from flowing out from the mill. This was raised as OFI 16.

Composting plant had been constructed in the mill to produce compose for the field (see **Photo 11**).

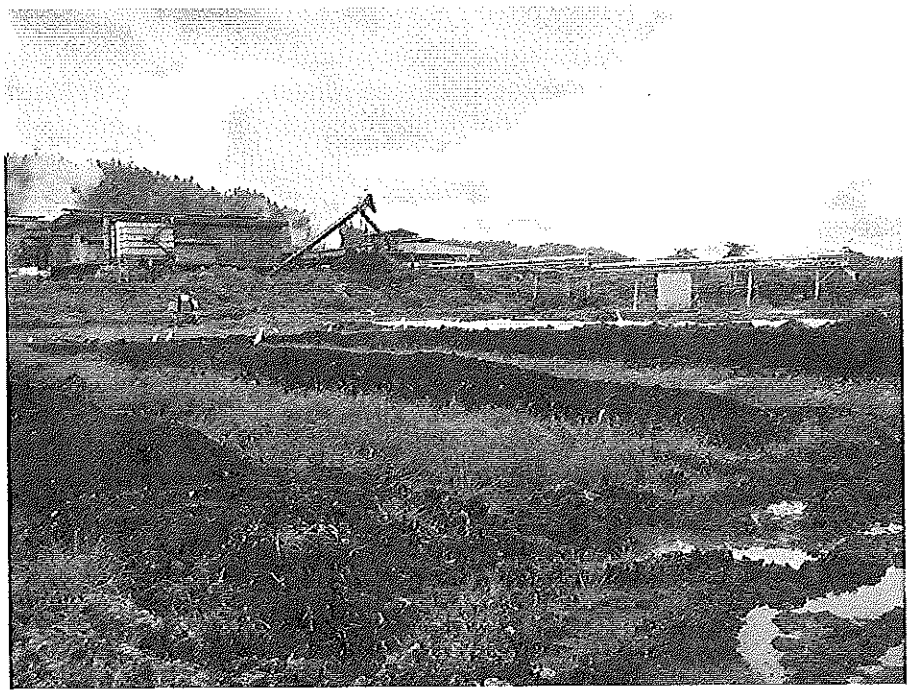


Photo 11: The Composting Plant at Sri Kamusan POM

Recycling programme for paper, glass, plastic and aluminium was implemented. It was observed that recyclable wastes had been collected and stored at designated areas. However, this could be further improved be segregating the plastic from other solid wastes. This observation by the assessment team was raised as OFI 17.

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

Scheduled wastes had been managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. The audit team had verified that the scheduled wastes had been segregated and labelled accordingly. In addition, a scheduled waste inventory record and waste disposal note were maintained.

Criterion 5.4
Efficiency of energy use and use of renewable energy is maximized.

Indicators:

5.4.1 Monitoring of renewable energy use per tonne of CPO or palm product in the mill.
Minor compliance

5.4.2 Monitoring of direct fossil fuel use per tonne of CPO or kW per tonne palm product in the mill (or FFB where the grower has no mill
Minor compliance

Guidance:
To establish baseline values and observe trends within appropriate time-frame. Growers and millers should assess the energy use including fuel and electricity, and energy efficiency of their operations. The feasibility of collecting and using biogas, biodiesel and biofuels should be studied if possible.

Findings

The Sri Kamusan CU had been committed to use renewable energy in the mill. As such, fibre and nutshell had been used as boiler fuel to generate steam for the mill operations. The usage of fibre and nut shell had been monitored and records maintained.

The monitoring of fossil fuel usage as per tonne of CPO on a monthly basis had also been done in the estates.

Criterion 5.5
Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN Guidance or other regional best practice.

Indicators:

5.5.1 No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003.
Major compliance

5.5.2 Previous crop should be felled/mowed down, chipped/shredded, windrowed or pulverized/ ploughed and mulched.
Minor compliance

Specific Guidance:
A special dispensation from the relevant authorities should be sought in areas where the previous crop or stand is highly diseased and there is a significant risk of disease spread or continuation into the next crop.

5.5.3 No evidence of burning waste (including domestic waste).
Minor compliance

Findings

It was verified during the assessment through site visits, interviews and records that no open burning had been carried out in line with the CU's policy on zero burning.

There was no replanting program being scheduled as the estates had been established with young palms.

Criterion 5.6
Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

Indicators:

5.6.1 Documented plans to mitigate all polluting activities (Cross ref to C 5.1).
Major compliance

5.6.2 Plans are reviewed annually.
Minor compliance

Specific Guidance:
Pollutants and emissions are identified and plans to reduce them are developed in conformance to national regulations and guidance.

5.6.3 Monitor and reduce peat subsidence rate through water table management. (Within ranges specified in C 4.3).
Minor compliance

Findings

The CU had developed and documented plans to reduce pollution and emissions. Among the planned actions were on the reduction and improvement on the quality of effluent being discharged.

Another improvement plan was aimed at reducing of emission and fuel and chemical consumption.

Records of the plans and evidence of implementation had been sighted. The action plans had also been reviewed during regular operations meetings.

There was no peat soil area in the Sri Kamusan CU. Therefore, Indicator 5.6.3 is not applicable.

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

Criterion 6.1
Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

Indicators:
6.1.1 A documented social impact assessment including records of meetings.
Major compliance

Specific Guidance:
Non-restrictive format incorporating elements spelt out in this criterion and raised through stakeholder consultation including local expertise.

6.1.2 Evidence that the assessment has been done with the participation of affected parties.
Minor compliance

Specific Guidance:
Participation in this context means that affected parties or their official representatives or freely chosen spokespersons are able to express their views during the identification of impacts, reviewing findings and plans for mitigation, and monitoring the success of implemented plans.

6.1.3 A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.
Minor compliance

Guidance:
Identification of social impacts may be carried out by the grower in consultation with other affected parties, including women and migrant workers as appropriate to the situation. The involvement of independent experts should be sought where this is considered necessary to ensure that all impacts (both positive and negative) are identified.

Particular attention should be paid to the impacts of outgrower schemes (where the plantation includes such a scheme).

Plantation and mill management may have social impacts on factors such as:
1. Access and use rights.
2. Economic livelihoods (e.g. paid employment) and working conditions.
3. Subsistence activities.
4. Cultural and religious values.
5. Health and education facilities.
6. Other community values, resulting from changes such as improved transport /communication or arrival of substantial migrant labour force.

Findings

A documented social impact assessment (SIA) had been conducted in August 2010 by a consultant assisted by the CU's management. This assessment was conducted with full consultation with all the 6 communities living within the vicinity of the estates.

A Management Plan addressing/mitigating the issues identified in the social impact assessment had been prepared. Various measures had been completed while some was still on-going and these were time-bound, scheduled-implementation, and been monitored.

Meetings had been held to discuss the findings of the SIA and management plan to overcome the negative impacts. The records of meetings were made available. The guidance as specified in Criterion 6.1 was considered in the conduct of the study.

The assessment team had held separate meetings with the representatives of the affected villages, NGOs, and government agencies. Records of these meetings including photographs of attendees and minutes were examined. The CU had created employment opportunities and economic spin-offs in the local economy. In addition, it had given back to the local people 4,000 acres of land planted with oil palm (Milik Penuh Estate) owned by the state government as custodian.

The CU had provided opportunities for employment to the locals (villagers within the vicinity of the estates), which formed an important source of cash income as job opportunities would be rather limited in the area around the estates. Workers and staff had been provided with free furnished accommodation, free water supply and electricity, and free basic medical care. Other amenities provided were Humana schools for children of foreign workers, regulated transportation to place of work and town and transportation of children to school.

Criterion 6.2
There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

Indicators:

6.2.1 Documented consultation and communication procedures.
Major compliance

6.2.2 A nominated plantation management official at the operating unit responsible for these issues.
Minor compliance

6.2.3 Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.
Minor compliance

Specific Guidance:
Decisions that the growers or mills are planning to make should be made clear, so that local communities and other interested parties understand the purpose of the communication and/or consultation.

Communication and consultation mechanisms should be designed in collaboration with local communities and other affected or interested parties. These should consider the use of existing local mechanisms and languages. Consideration should be given to the existence/ formation of a multi-stakeholder forum.

Communications should take into account differential access to information of women as compared to men, village leaders as compared to day workers, new versus established community groups, and different ethnic groups.

Consideration should be given to involving third parties, such as disinterested community groups, NGOs, or government (or a combination of these), to facilitate smallholder schemes and communities, and others as appropriate, in these communications.

Findings

The management of the estates had established procedures to address communication with stakeholders both internal (top-down & bottom-up) and external. Various committees for this communication avenue had been established.

There was a Joint Consultative Committee comprising of management and relevant stakeholders) being formed to deal with both external and plantation-wide issues. This committee would meet twice a year. The Joint Consultative Group Meeting with external stakeholders would be convened as and when there were needs or issues to be resolved. These committees also serve as a two-way communication channel between the management of the CU and the local communities.

Internal communication with the staff would formally through the 'Jawatankuasa Kebajikan Pengurusan-Pekerja' (Management-Staff-Workers Committee). This committee dealt with estate- and mill- wide issues. It had a meeting once every three months.

On a less formal basis there would be consultation between management and staff through:
Management to staff

- Daily assembly
- Internal circulars/memos
- Notice board and posters
- Environmental and social campaigns
- Management by walk-about

Staff/worker to Management:

- Suggestion boxes
- Daily informal communication
- Through Staff/workers representative
- Through written complain form

The language of communications had been Malay or English where appropriate.

It was observed that the method of communication could be further improved by increasing the inclusiveness and scheduled meetings of parties involved: e.g. quarterly meeting of management and a wider representation of staff (could be organized on a plantation-wide or just estate basis). This was therefore raised as OFI 18.

There were documents, produced by the estates and the oil mill to show the existence of documented consultations and communication procedures. They were in the form of records of meetings and discussions involving the CU's management and community leaders and workers' representatives.

Community leaders, workers' representatives, and suppliers whom were met during the assessment had confirmed that consultations had been held. (Consultations were held with randomly selected workers of the estates and the oil mill involved in the assessment as well as contractors and suppliers. Issues related to Principle 6 and other related criteria were discussed.

A management official at the operating unit level had been nominated to be responsible on issues related to consultations and communication between growers and/or millers with local communities and affected or interested parties.

Each estate had identified and maintained a list of stakeholders consisting of, suppliers, community institutions, local community heads and workers' representatives. The list of stakeholders was examined.

Criterion 6.3
There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

Indicators:
6.3.1 Documentation of the process by which a dispute was resolved and the outcome.
Major compliance

Specific Guidance:
Records are to be kept for 3 years.

6.3.2 The system resolves disputes in an effective, timely and appropriate manner.
Minor compliance
6.3.3 The system is open to any affected parties.
Minor compliance

Guidance:
Dispute resolution mechanisms should be established through open and consensual agreements with relevant affected parties.

Complaints may be dealt with by mechanisms such as Joint Consultative Committees (JCC) with gender representation. Grievances may be internal (employees) or external.

Findings

There was a documentation on the process for dispute resolution as well as the on the outcome. A 'complaint and grievance form' had been made available for registering complaints and a procedure for resolving disputes had been established. There was also a suggestion box placed at each office (see **Photo 12**).

The aggrieved parties could either fill in the complaint form or write a letter or submit the complaint verbally to anyone in the main office or to the responsible official on social issues or to the workers' representatives or gender representatives. The complaints and their outcomes were recorded and filed. It was observed that the existing 'complaint and grievance form' could be further improved by having more space to write the details on the nature of the complaint. In addition, to enhance the transparency on the record of complaints and grievances, this should be reviewed as a permanent agenda of the meeting of the '*Jawatankuasa Kebajikan dan Sosial*'. These combined observations were raised as OFI 19.

Photo 12: Suggestion box put up at the office

Samples of complaints had been examined and no serious issues were observed. It was noted that grievances and complaints had been resolved in an effective, timely and appropriate manner. This was evident from the records being kept.

Criterion 6.4
Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.
Indicators:

6.4.1 Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation.
Major compliance

6.4.2 A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land.
Minor compliance

6.4.3 The process and outcome of any compensation claims is documented and made publicly available.
Minor compliance

Specific Guidance:
This criterion should be considered in conjunction with Criterion 2.3.

Findings

There was a specific procedure in place for identifying legal and customary rights and for identifying people entitled to compensation.

There was a procedure for calculating and distributing fair compensation although this would not be carried out at the estate/mill level.

A MoU had been drafted which spelt out the terms of access to the plantation land for agricultural/subsistence purposes by these villagers. It was observed that the terms of the MoU had assured the villagers a long-term access to the CU's land for subsistence agriculture but prevented the erection of permanent structure. The MoU was signed with two villages (Pls

provide name of 2 villages??) while another was still in negotiation. Negotiations with 14 villagers of Kampong Tampat were being done through the Joint Consultative Committee comprising of the representatives of the CU's management and the villagers involved.

In spite of the clear-cut rights of ownership by Sri Kamusan POM over the land (as per land title), the management had not resorted to legal means to prevent trespassing by the villagers. This had helped to develop a workable and participatory mechanism to resolve customary rights claim and illegal encroachment by the local indigenous people.

Therefore it would be more appropriate to engage the district authority and other relevant state agencies to develop a workable and participatory mechanism to resolve customary right claims and illegal encroachment by the local indigenous people. This would also broaden responsibility to include decision makers who had contributed to the situation (issuing land title and approving "government housing for the poor program" to be built on the estate's land. Therefore this observation was raised as OFI 20.

Criterion 6.5
Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Indicators:

6.5.1 Documentation of pay and conditions.
Major compliance

6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.
Minor compliance

6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).
Minor compliance

Guidance:
Where temporary or migrant workers are employed, a special labour policy should be established. This labour policy would state the non discriminatory practices; no contract substitution of original contract, post arrival orientation program to focus especially on language, safety, labour laws, cultural practices etc; decent living conditions to be provided. Migrant workers are legalised, and a separate employment agreement should be drawn up to meet immigration requirements for foreign workers, and international standards, if ratified.

Findings

Pay and conditions for the staff were made according to legal and industry standard. The contracts of employment detailing payments and conditions of employment (e.g. working hours, overtime, deductions, sickness, holiday entitlement and maternity leave) were provided in accordance to the Sabah Labour Ordinance. The employment contracts given to the employees, was stated in appropriate language and samples of these contracts were sighted.

Most of the field workers such as sprayers, workers for manuring and harvesters were paid on a piece-rated basis according to their work performances. Their pay scheme was on par with industry standard following the scheme of service currently adopted.

Adequate housing, water supplies, medical, educational and welfare amenities in accordance to the Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) had been provided by the estates and mill. This was confirmed through consultations held with the workers as well as visits to the estates. The management of the CU had financial committed to upgrade and build more workers' accommodation. The upgrading and building of new workers accommodation have started and was expected to be completed in 5 years. During the site inspection, it was observed that new housing was been constructed to replace those temporary houses.

A study of job satisfaction would provide useful data and insight into the issue of employees' satisfaction in general. The findings of such study could be used as guide in human resource development & human resource management enhancement programs and decision making. This was therefore raised as OFI 21.

Criterion 6.6
The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.
Indicators:
6.6.1 Documented minutes of meetings with main trade unions or workers representatives.
Major compliance
6.6.2 A published statement in local languages recognizing freedom of association.
Minor compliance

Guidance:
The right of employees and contractors to form associations and bargain collectively with their employer should be respected. Documented company policy recognizing freedom of association.

Labour laws and union agreements or in their absence, direct contracts of employment detailing payments and other conditions are available in the languages understood by the workers or explained carefully to them by a plantation management official in the operating unit.

Findings

An official published statement in Bahasa Melayu and languages understood by the workers recognizing freedom of association was made available and being exhibited in public places (see **Figure 8**). The workers whom were consulted had confirmed that they were aware of their rights to join a union.

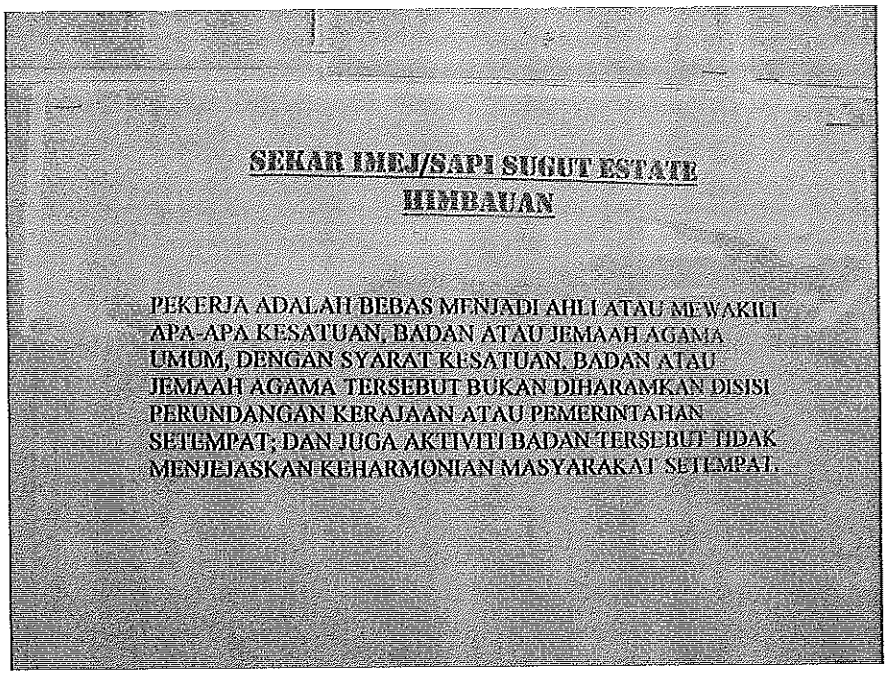


Figure 8: Notice Allowing Freedom to Joint any Legal Union in the Country.

Documented minutes of meetings between the management with workers' representatives were also made available. Based on random interviews held with employees and workers' representatives, it was revealed that they had clearly understood the requirements of Criterion 6.6.

Criterion 6.7
Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes.
Children are not exposed to hazardous working conditions.
Indicator:
6.7.1 Documented evidence that minimum age requirement is met.
Major compliance
Guidance:
Growers and millers should clearly define the minimum working age, together with working hours. Only workers 16 years and older may be employed, with the stated exception of family farms. Smallholders should allow work by children only if permitted by national regulations.

The minimum age of workers should be not less than 16 years, or the minimum school leaving age, or the minimum age permitted under national regulations, where higher.

Findings

The company had a child labor policy prohibiting employment of children as defined by the ILO Convention, not withstanding any national law or local regulations. There was no record of persons under the age of eighteen, the minimum working age under Malaysian Labor Laws (Act A1238) being employed by the company.

Criterion 6.8
Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.

Indicators:
6.8.1 A publicly available equal opportunities policy.
Major compliance
6.8.2 Evidence that employees and groups including migrant workers have not been discriminated against.
Minor compliance

Guidance:
The grievance procedures detailed in 6.3 apply. Positive discrimination to provide employment and benefits to specific communities is acceptable as part of negotiated agreements.

Findings

An equal opportunities policy was publicly made available in languages understood by the workers. This policy had been posted in the estates.

Job openings were made available to any qualified person regardless of his/her socio-cultural, political or gender background. It was observed that the staff composition was highly diverse by ethnic background (Sungai, Dusun, Kadazan, Bugis, Javanese, Chinese, Indian, and Malays), religion, regional origin, and nationality.

All workers (local or migrant, male or female) had been covered by the same payments and conditions of employment associated with the jobs they were hired for. This was confirmed by checking on the letter of offer to the employees and through consultations held with the workers.

Criterion 6.9
A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

Indicator:
6.9.1 A policy on sexual harassment and violence and records of implementation.
Major compliance
6.9.2 A specific grievance mechanism is established.
Major compliance

Guidance:
There should be a clear policy developed in consultation with employees, contractors and other relevant stakeholders, which should be publicly available. The policy is applicable within the boundaries of the plantation/mills or while on duty outside the premises. Progress in implementing the policy should be regularly monitored and the results of monitoring activities should be recorded.

A committee specifically to address concerns of women may be required to comply with the criterion. This committee will consider matters such as; training on women's rights, counselling for women affected by violence and child care facilities to be provided by the growers and millers. The activities of the committee should be documented.

Findings

There was a published policy on sexual harassment and violence which had been publicly displayed and made available to all employees in languages they understand. Forms for registering complaints about sexual harassment were made available and being sighted. The procedure was guided by the Sexual Harassment in the Workplace Act.

There was a specific grievance mechanism to handle on issues related to sexual harassment and violence. A Gender Committee, whose responsibilities among others is to look into gender issues had been established in each estate/mill being assessed. This Committee, the '*Jawatankuasa Kebajikan Wanita dan Kanak-Kanak*' comprised representatives of female staff and workers, and the CU's management. This Committee had met once every three months. In addition, the CU had organised awareness programmes on the crime of sexual harassment in work places. This was confirmed by information gathered during consultations held with the female employees as well as members of the Gender Committee.

Criterion 6.10
Growers and mills deal fairly and transparently with smallholders and other local businesses.

Indicators:

6.10.1 Pricing mechanisms for FFB and inputs/services shall be documented.
Major compliance

6.10.2 Current and past prices paid for FFB shall be publicly available.
Minor compliance

6.10.3 Evidence that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.
Minor compliance

6.10.4 Agreed payments shall be made in a timely manner.
Minor compliance

Guidance:
Transactions with smallholders should consider issues such as the role of middlemen, transport and storage of FFB, quality and grading.

Smallholders must have access to the grievance procedure under Criterion 6.3, if they consider that they are not receiving a fair price for FFB, whether or not middlemen are involved.

The need for a fair and transparent pricing mechanism is particularly important for outgrowers, who are contractually obliged to sell all FFB to a particular mill. If mills require smallholders to change practices to meet the RSPO criteria, consideration must be given to the costs of such changes, and the possibility of advance payments for FFB could be considered.

Findings

Sri Kamusan POM had received a small percentage of its FFB requirement from two smallholders. There was a Joint Consultative Committee being established to discuss issues on pricing and contracts which was chaired by the Mill Manager. This Committee held its meeting once every three months. Members of this Committee were made up of representatives from the mill's management, purchasers and suppliers of FFBs. Issues related to FFB transaction were also raised and discussed in this Committee.

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

The outcome of the interview revealed that generally, they had been happy on their FFB trading with the mill. Among the comments received were that the prices offered by the CU had followed the MPOB's guidelines and payments were promptly made.

Criterion 6.11
Growers and millers contribute to local sustainable development wherever appropriate.

Indicator:
6.11.1 Demonstrable contributions to local development that are based on the results of consultation with local communities.
Minor compliance

Guidance:
Contributions to local development should be based on the results of consultation with local communities. See also Criterion 6.2. Such consultation should be based on the principles of transparency, openness and participation and should encourage communities to identify their own priorities and needs, including the different needs of men and women.

Where candidates for employment are of equal merit, preference should always be given to members of local communities in accordance to national policy. Positive discrimination should not be recognized as conflicting with Criterion 6.8.

Findings

Sri Kamusan CU had initiated consultations with the neighboring external communities related to contribution to local development. This was evident from the records being kept. The Sri Kamusan POM had assisted the surrounding villages in minor road maintenance and repairs. The plantation road had provided the villagers access to the main public road from 6.00 a.m. to 10.00 p.m. In emergency cases, the estate gate could be opened at any time. This alternative to the public road was a better as the distance was shorter from the villages.

Regular consultations with the local internal and external communities had assisted the company in its efforts to contribute to local development such as providing more jobs and improved amenities.

PRINCIPLE 8: COMMITMENT TO CONTINOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY

Criterion 8.1
Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations. MY NIWG commits to demonstrate progressive improvement to the following but not limited to:
8.1.1 Minimise use of certain pesticides (C4.6)
Major compliance
8.1.2 Environmental impacts (C5.1)
Major compliance
8.1.3 Maximizing recycling and minimizing waste or by-products generation.
Major compliance

Specific Guidance:
To work towards zero-waste (C5.3)

8.1.4 Pollution prevention plans (C5.6)
Major compliance
8.1.5 Social impacts (C6.1)
Major compliance
8.1.6 A mechanism to capture the performance and expenditure in social and environmental aspects.
Minor compliance

Guidance:
Specific minimum performance thresholds for key indicators should be established. (See also C 4.2, 4.3, 4.4, and 4.5).

Growers should have a system to improve practices in line with new information and techniques and a mechanism for disseminating this information throughout the workforce.

For smallholders, there should be systematic guidance and training for continuous improvement.

Findings

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

Evidence which had been sighted on action taken to allow for continuous improvement included the commitment to minimize the use of certain pesticides by implementing IPM. For the last 24 months, other improvement plans include the commitment to zero waste and using the by-products such as EFB and POME in the fields.

SIA had been carried out with participation of the affected communities. A management plan had been established although it was noted that certain social factors such as economic livelihood, working condition and facilities on health and education had not been fully addressed.

Initiatives on training of the local people for plantation work had been initiated and this could be intensified. The training programmes (conducted at SAPI) and the Joint Adaptation Program had produced some qualified and trained locals to fill the supervisory and other field positions. This program could be further developed to cover other forms of educational and skill enhancement activities such as oil palm agronomy, IT-literacy, plantation-related skill and competencies. Some of these programs may be tailored for the surrounding communities to fulfill the estates' training needs and CSR objectives. However, it was observed that the training related to environmental impact could be further enhanced by structuring it into different levels for the different groups of workers. This observation was raised as OFI 22.

A mechanism to capture the performance and expenditure on environmental and social aspects had been well established. It was not limited to social and environmental aspects but being extended to occupational safety and health matters. There was provision for changing and shower rooms for sprayers to ensure no contamination to their family. The well organized documentation system allowed efficient monitoring of the implemented systems on the ground.

4.0 Assessment Recommendation

Based on the evidences gathered during the on-site visits, the assessment team has raised one major NCR on the Sri Kamusan CU against the requirements of the RSPO MYNI. The Sri Kamusan CU had taken the appropriate corrective actions to address the major nonconformity. The assessment team had verified and was satisfied with the corrective actions taken by the CU and had subsequently closed out this major NCR. In addition the assessment team had made twenty one opportunities for improvement (see **Attachment 5**) which the CU should improve upon in complying with the requirements of the RSPO MYNI. The corrective actions taken by the CU to address these opportunities for improvement would be verified during the surveillance assessment.

As the major NCR had been satisfactorily closed out, the assessment team therefore recommends Sri Kamusan Certification Unit for certification against the RSPO MYNI.

5.0 Organization's Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

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

Name : Dr. Yap Son Kheong

Signature: 

Designation: Assessment Team Leader

Date : 8th February 2011

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

Name: Simon Siburat

Signature:

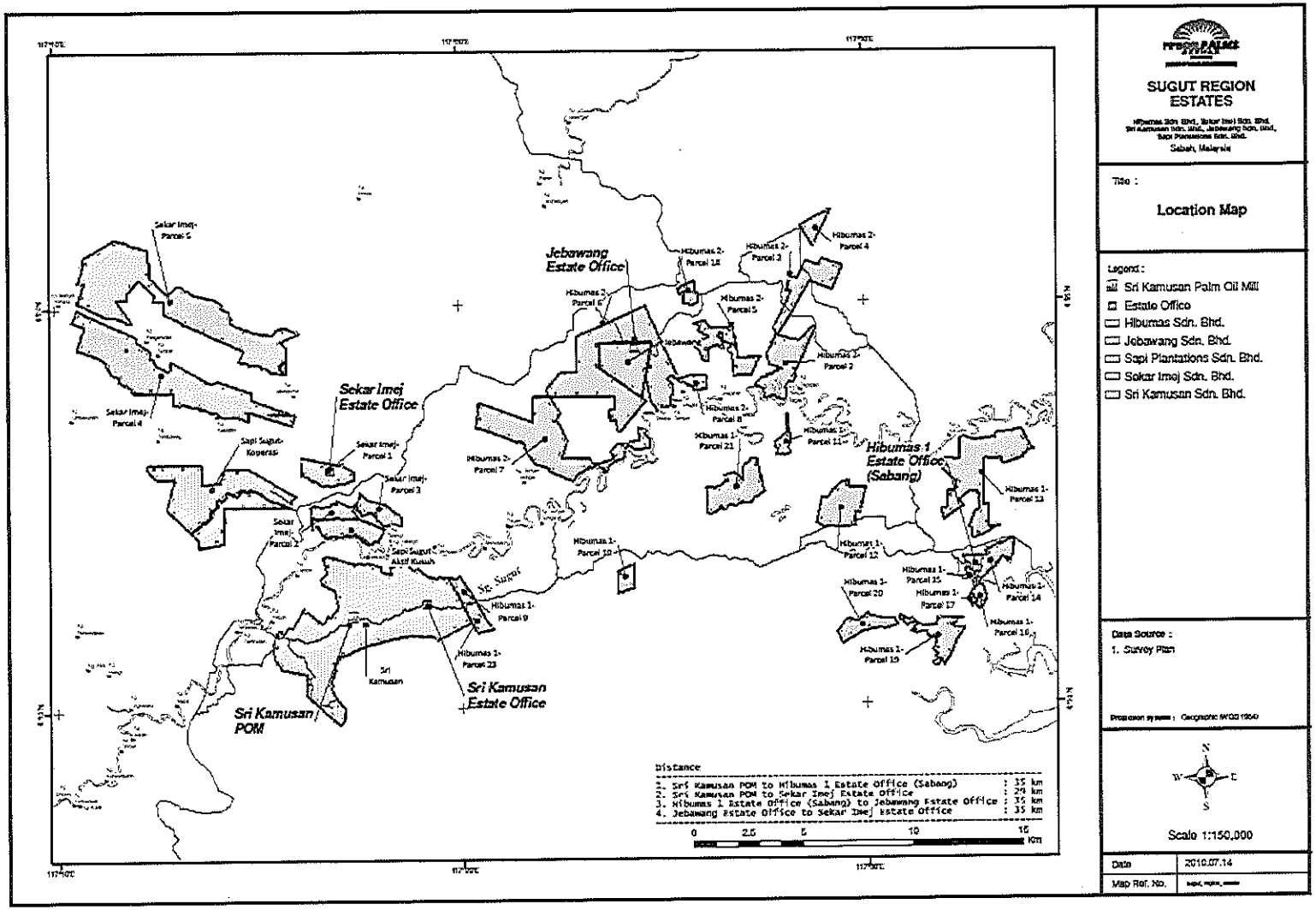
Designation:

Date:

Location Map for Sri Kamusan Certification Unit in Sabah, Malaysia

(pls provide map – Sabah map which indicate where is the Sri Kamusan Certification Unit)

Location Map for Sri Kamusan Certification Unit



SIRIM QAS INTERNATIONAL SDN. BHD.

RSPO STAGE 2 ASSESSMENT PLAN

1. **Objectives**

The objectives of the assessment are as follows:

(i) To evaluate PPB Oil Palms Berhad (PPBOPB) conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI)

(ii) To make appropriate recommendations based on the assessment findings

2. **Date of assessment** : 29th November 2010 to 3rd December 2010

3. **Site of assessment** : PPB Oil Palms Berhad
Sri Kamusan Certification Unit
- Sri Kamusan Palm Oil Mill
- Sri Kamusan Estate
- Hibumas 1 Estate
- Hibumas 2 Estate
- Jebawang Estate
- Sekar Imej Estate
- Sapi Sugut Estate

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

5 **Assessment Team**

a. Lead Assessor : Dr. Yap Son Kheong

b. Assessor : Professor Datuk Abdul Rashid Abdullah
Raymond Yap Nyoke Yong
Mahzan Munap
Hazani Othman

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

6. **Audit Method**

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

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

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

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

9. **Reporting**

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

10. **Facilities Required**
a. Room for discussion
b. Relevant document and record
c. Personnel protective equipment if required
d. Photocopy facilities
e. A guide for each assessor

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

Day one: 29th November 2010 (Monday)

Time	Activities / areas to be visited				Auditee
8.15 am-11.45 am	Travel from Kuala Lumpur to Sandakan				
3.30 pm-5.30 pm	Opening Meeting by team leader; Audit team introduction and briefing on assessment objectives, scope, methodology, criteria and programmes by audit team leader at Sri Kamusan estate office Briefing on the organization background and implementation of RSPO (including actions taken to address Stage I assessment findings)				Management Representative
	Dr. Yap Son Kheong	**Raymond**	**Prof. Datuk Abdul Rashid**	**Mahzan**	
	Documentation review at Sri Kamusan Estate (including verification on action taken to address Stage 1 assessment findings)		Documentation review at Sri Kamusan Palm Oil Mill (including verification on action taken to address Stage 1 assessment findings)		Guide for each assessor
7.30 pm–8.30 pm	Assessment team discussion and verification on any outstanding issues Note : Assessor to inform auditee on the required document / records				

Day two: 30th November 2010 (Tuesday)

Time	Activities / areas to be visited				Auditee
	Dr. Yap Son Kheong	**Raymond**	**Prof. Datuk Abdul Rashid**	**Mahzan**	
7.00 am-12.00 pm	Site visit and assessment at Sri Kamusan Estate On environmentally area of concern: • Area of more than 25° • Inspection of protected sites with HCV attributes • Boundary and land use of the different estates • Riparian zone • River system including POME discharge • Forested area • Plantation boundary • Water bodies • Source of water supply • general waste disposal area Other area identified during the assessment	Site visit and assessment at Sri Kamusan Estate: • Good Agricultural Practice- witness activities at site (weeding/ spraying/other maintenance activities/ harvesting) • Nursery (if any) • chemical store/fertilizer • EFB mulching • Plantation on hilly/swampy area • IPM Other area identified during the assessment	Site visit at Sri Kamusan Estate and mill - Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA, assessment and management plans. • Interview with workers & Union representatives • Facilities at workplace (rest area, etc) • Living quarters • Facilities provided at living quarters (i.e. humana, surau, community center, provision shop & etc)	Site visit at Sri Kamusan Palm Oil Mill: • Safety & Health practice – witness mill activities such as operation, boiler, water treatment & workshop • Chemical management • Interview with workers & safety committee • Interview with FFB suppliers and other contractors	Guide for each assessor

12.00 pm-1.00pm	Break				All
1.00 pm-5.30 pm	P2 (I2.2.3), C4.1, C4.4, C4.8, C5.1, C5.2, C5.3, P8	C2.1, C2.2, C3.1, C4.1, C4.2. C4.3, C4.4, C4.5, C4.7, C4.8, C5.1, C5.3, C5..5, C5.6, P8	P1, P2, P6, P8	P1 (C1.1-1..2), C2.1. C4.1, C4.6, C4.7, C4.8,	Guide for each assessor
7.30 pm – 8.30 pm	Assessment team discussion and verification on any outstanding issues Note : Assessor to inform auditee on the required document / records				

Day three: 1st December 2010 (Wednesday)

Time	Activities / areas to be visited					Auditee
	Dr. Yap Son Kheong	**Raymond**	**Prof. Datuk Abdul Rashid**	**Mahzan**	**Hazani**	
7.00 am–12.00 pm	Site visit and assessment at Hibumas Estate On environmentally area of concern: • Area of more than 25° • Inspection of protected sites with HCV attributes • Boundary and land use of the different estates • Riparian zone • River system • Forested area • Plantation boundary • Source of water supply Other area identified during the assessment	Site visit and assessment at Hibumas Estate: • Good Agricultural Practice- witness activities at site (weeding/ spraying/other maintenance activities/ harvesting) • Nursery (if any) • chemical store/fertilizer • EFB mulching • Plantation on hilly/swampy area Other area identified during the assessment	Site visit at Hibumas Estate - Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA, assessment and management plans. • Interview with workers & Union Representative • Facilities at workplace (rest area, etc) • Living quarters Facilities provided at living quarters (i.e. humana, surau, community center, provision shop & etc)	Site visit and assessment at Hibumas Estate: • • Safety & health practice – witness activities at site • Facilities at workplace (water treatment plant, clinic & etc) • Chemical store/fertilizer • Workshop Other area identified during the assessment	Site visit at Sri Kamusan palm oil mill • Production area • Effluent treatment plant • Boiler house • Waste management Site visit at Sri Kamusan estate • Waste management including disposal site • Recycling activities • Diesel generator set (if any) Other area identified during the assessment	Guide for each assessor

			Other area identified during the assessment			
12.00 am– 1.00 pm	Break					
1.00 pm- 5.30pm	P2 (I2.2.3), C4.1, C4.4, C4.8, C5.1, C5.2, C5.3, P8	C2.1, C2.2, C3.1, C4.1, C4.2. C4.3, C4.4, C4.5, C4.8, C5.1, C5.3, C5..5, C5.6, P8	P1, P2, P6, C8.1	P1 (C1.1-1..2), C2.1. C4.1, C4.6, C4.7, C4.8,P8	C2.1, C3.1, C4.1, C4.4, C4.6. C4.7, C4.8, C5.1, C5.3, C5.4, C.5.5, C5.6	Guide for each assessor
7.30 pm - 8.30 pm	Assessment team discussion and verification on any outstanding issues Note : Assessor to inform auditee on the required document / records					

Day four: 2nd December 2010 (Thursday)

Time	Activities / areas to be visited					Auditee
	Dr. Yap Son Kheong	**Raymond**	**Prof. Datuk Abdul Rashid**	**Mahzan**	**Hazani**	
7.00am – 12.00pm	Assessment at Segar Imej Estate on environmentally area of concern: • Area of more than 25° • Inspection of protected sites with HCV attributes	Site visit and assessment at Segar Imej Estate: Good Agricultural Practice- witness activities at site (weeding/ spraying/ maintenance activities/ harvesting)	Site visit at Segar Imej Estate and mill - Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples	Site visit and assessment at Segar Imej Estate: • Safety & health practice – witness activities at site • Facilities at workplace (water treatment plant,	Site visit at Sri Segar Imej Estate • Waste management • Recycling activities • generator set (if any) • Interview with contractors and contract workers	Guide for each assessor

	• Boundary and land use of the different estates • Riparian zone • River system • Forested area • Plantation boundary Other area identified during the assessment	• Nursery (if any) • chemical store/fertilizer • EFB mulching • Plantation on hilly/swampy area • IPM	issues such as EIA, SIA, assessment and management plans. • Interview with workers & their dependent • Facilities at workplace (rest area, etc) • Living quarters Facilities provided at living quarters (i.e. humana, surau, community center, provision shop & etc)	• clinic • Chemical store/fertilizer • Workshop	• Source of water supply • general waste disposal area	Guide for each assessor
12.00 – 1.00 pm	Break					
1.00 pm-5.30pm	P2 (I2.2.3), C4.1, C4.4, C4.8, C5.1, C5.2, C5.3, P8	C2.1, C2.2, C3.1, C4.1, C4.2. C4.3, C4.4, C4.5, C4.8, C5.1, C5.3, C5..5, C5.6, P8	P1, P2, P6, P8	P1 (C1.1-1..2), C2.1. C4.1, C4.6, C4.7, C4.8, P8	C2.1, C3.1, C4.1, C4.4, C4.6. C4.7, C4.8, C5.1, C5.3, C5.4, C.5.5, C5.6	Guide for each assessor
7.30 pm - 8.30 pm	Assessment team discussion and verification on any outstanding issues Note : Assessor to inform auditee on the required document / records					

Day five: 3rd December 2010 (Friday)

Time	Activities / areas to be visited					Auditee
	Dr. Yap Son Kheong	**Raymond**	**Prof. Datuk Abdul Rashid**	**Mahzan**	**Hazani**	
7.00am-10.00 am	Verification on outstanding issues for Sri Kamusan Certification Unit Assessor to inform auditee on the required document / records					Guide for each assessor
10.00am-12.00pm	Audit Team Discussion and preparation on assessment findings					
12.00pm-2.00 pm	Break & Friday Prayer					All

2.00 pm- 3.30 pm	Discussion and acceptance on assessment findings	All
3.30 pm- 4.30 pm	Closing meeting at Segar Imej Estate Office – presentation of Sri Kamusan Certification unit assessment findings	All
4.30 pm	End of assessment & Travel to Sandakan	

LIST AND COMMENTS FROM STAKEHOLDER

List of Stakeholders	Comment highlighted*	Verification
A : Government Agencies/Service Provider		
Department of Occupational Safety & Health (DOSH), Sabah, Malaysia.	No issue	None
Department of Environment (DOE), (Kota Kinabalu Branch and Sandakan Branch), Sabah, Malaysia.	No issue	None
Labour Department, Sandakan, Sabah, Malaysia.	No comment	None
Agriculture Department (DOA), Kota Kinabalu & Sandakan Branch	No comment	None
Environment Protection Department, Sandakan and Kota Kinabalu, Sabah, Malaysia.	No comment	
Sabah Forestry Department, Sandakan, Malaysia.	Generally it was confirmed Sri Kamusan CU has no conflict with the Forestry Department related with forest reserve area	None
Sabah Wildlife Department, Sandakan, Sabah, Malaysia.	No comment	None
Malaysian Palm Oil Board (MPOB), (Kota Kinabalu and Sandakan Branch), Sabah, Malaysia.	No issue	None
Immigration Department (Sandakan Branch), Sabah, Malaysia.	No issue	None
District Office, Beluran, Sabah, Malaysia.	No issue	None
Employee Providence Fund, Sandakan Branch, Sabah, Malaysia.	No issue	None
Social Security Organizations (PERKESO), Sabah, Malaysia.	No issue	None
Fire Fighting and Rescue Department, Sandakan, Sabah, Malaysia.	No issue	None
Department of Health, Sandakan	No issue	None
Police Department (PDRM) – Sandakan Branch	No issue	None
B : Non-Governmental Organizations		
Bornoe Child Aid/Humana Child Aid Society Sabah	No issue	None
World Wildlife Fund (WWF), Malaysia	No issue	None

Malaysian Nature Society (MNS), Kuala Lumpur	No issue	None
Sahabat Alam Malaysia	No issue	None
Malaysian Palm Oil Association (MPOA), Sandakan, Sabah, Malaysia.	No comment	None
The East Malaysian Planters Association (EMPA)	No comment	None
C : Local Communities		
Kampung Kuala Lingkabau	No issue	None
Kampung Melapi	No issue	None
Kampung Tampat	No issue	None
D : Other interested parties		
Hibumas Estate – workers representatives	No issue	None
Hibumas Estate – office staff representatives	No issue	None
Hibumas Estate – chemical store operator	No issue	None
Hibumas Estate – general workers	No issue	None
Sri Kamusan Estate – workers representatives	No issue	None
Sri Kamusan Estate – female representatives		
Sri Kamusan Estate – chemical handler	No issue	None
Segar Imej Estate – workers representatives	No issue	None
Segar Imej Estate – sprayer	No issue	None
Segar Imej Estate – FFB harvesters	No issue	None
Sri Kamusan POM – safety & health committee member	No issue	None
Sri Kamusan POM – production operator	No issue	None
Sri Kamusan POM – female representative	No issue	None
FFB suppliers	No issue	None

* No issues means that no response received to the letters sent. Upon following up, there was still no response

* No comment means that no response received to the letters sent. Upon following up, the stakeholder informed that they did not have any comment.

DETAIL OF NON CONFORMITY AND CORRECTIVE ACTIONS TAKEN

P & C, Indicators	Classification Major / Minor	Detail Non conformance	Corrective Action Taken	Verification by Assessor
Criterion 2.1 Indicator 2.1.1	Major	The boiler (heating surface area = 11,833 ft^3) at Sri Kamusan Palm Oil Millis currently operated by non-competent person against the requirements of Factory and Machinery (Person – In-Charge) Regulations 1970.	The Plantation has directed General Manager who has Grade 1 Steam Engineer act as mill visiting engineer twice a month starting from December 2010. Notification letter from Department of Occupational Safety & Health (DOSH) has confirmed that the existing Mill Manager to sit for examination for the Grade 1 Steam Engineer on 14th December 2010 and oral interview on 17th December 2010. For long term measure, the management will continue to advertise in local and national news papers search for suitable candidates to fill the post.	Sighted the following evidences: • letter issued by Plantation Director to General Manager dated 13th December 2010 • Visiting Engineer Report dated 16th December 2010 on boiler operation and condition • Letter from DOSH dated 15th November 2010 • Copy of latest advertisement dated 5th April 2010
		The laboratory Local Exhaust Ventilation (LEV) monthly inspection has not been conducted as required by Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000.	To conduct LEV monthly inspection	Record of LEV monthly inspection was presented to the assessor **Status of Non conformance : Closed**

OPPORTUNITIES FOR IMPROVEMENT	
Principle and Criteria	**Details**
P2	**Compliance with applicable laws and regulations**
C2.1	There is compliance with all applicable local, national and ratified international laws and regulations During the inspection of the environmental compliance monitoring reports prepared by consultant for each estate it was observed that some actions that had been taken by Sri Kamusan CU in responding to earlier findings were not highlighted and updated. The reports could be improved with Sri Kamusan CU reviewing them with the consultant.
P4	**Use of appropriate best practices by growers and millers**
C 4.3	Practices minimize and control erosion and degradation of soils Regular changes of the types of herbicides used could encourage soft grass and *N*ephrolepis fern that would further reduce erosion.
C 4.4	Practices maintain the quality and availability of surface and ground water Stagnant ponds were created for water conservation and catchment areas. This could be improved by extending this practice to all vacant ravines areas. 4.4.1 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate. The demarcation of riparian buffer belts in the field could be improved with more distinctive markings especially in sites with lush vegetation. 4.4.3 Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts Water samplings had been conducted and records were presented. The process could be improved with an inclusion of the *E. coli* levels at the points of entry and exit.
C4.5	Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques Beneficial plants like Cassia, Turneara, and Antigonon could be more extensively planted in vacant areas in the estate.

C4.7	An occupational health and safety plan is documented, effectively communicated and implemented. The assessment for each work activity as found in the HIRARC register could be improved by having each hazard identified be given its own likelihood and severity rating instead of lumping all hazards identified for the activity as a collective hazard and be given one likelihood and one severity rating. Training could be improved with post training evaluation for SSOP training course for Spraying Gang, Manuring gang, Slashing Gang, Harvesters, ERT members, Chemical handlers, etc to determine the training effectiveness. Pictograms training could be more effective for those illiterate workers as opposed to "text book wordy" training. The audiometric test conducted for the 14 SKPOM personnel on 28/7/2010 could be extended to the rest of the workers who were exposed to high noise so to establish better baseline data. The Safety and Health Committee meeting could be enhanced by issuing its minutes timely following the meeting so that it would not lapsed past the OSHA 1994 (Safety and Health Committee) Regulations 1996 requirements. The meeting to convene incident investigation could be improved by having all Safety and Health Committee members and not just by selected few individuals. Additionally, the investigators could include a Worker's Representative. The SKPOM to consider conducting a night Emergency Response Drill as an improved coverage of emergencies. The Safety and Health Manual / Plan could also be improved by having available a Bahasa Malaysia version.
P 5	**Environmental responsibility and conservation of natural resources and biodiversity**
C5.2	5.2.1 Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings The presence of potential HCV sites had been identified and their attributes documented. Monitoring and Management Action Plan had been developed for each estate. These sites would have to be confirmed and a training program for the staff involved with monitoring be organized 5.2.3 Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts. To enhance the protection of these sites regular patrols had been reported. Reports on illegal felling of trees to the relevant agencies would further improve this protection.

C5.3	Indicator 5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution Wastes and pollutant had been identified and mitigated through the use of oil trap at mill. This system could be improved to prevent contamination of the water flowing out with oil. Indicator 5.3.3 Evidence that crop residues / biomass are recycled (Cross ref. C 4.2) Recycling program for paper, glass and, plastic and aluminium was implemented. The recyclable wastes were collected and stored at designated area. This system would be improved by segregating the plastic from other solid wastes (e.g. used tyre's tubes).
P6	**Responsible consideration of employees and of individuals and communities by growers and millers**
C6.2	There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties The communication and consultation could be improved by increasing inclusiveness and scheduled meetings of parties involved: e.g quarterly meeting of management and a wider representation of staff (could be organized plantation-wide or just Estate basis)
C6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties The existing complaint form could be improved by having more space for detailing the nature of a complaint. The record of complaint and grievance was generated from these complaint forms. To enhance transparency the record of complaints and grievances may be reviewed as a permanent agenda in the Jawatankuasa Kebajikan dan Sosial meeting.
C6.4	Any negotiations concerning compensation for loss of legal or customary rights are dealt through a documented system that enables indigenous people to express their views through their own representative institutions It would be more appropriate to engage the district authority and other relevant State agencies to develop a workable and participatory mechanism to resolve customary rights claim and illegal encroachment by local indigenous people. This would also broaden responsibility to include decision makers who had contributed to the situation (issuing land title and approving "government housing for the poor program" to be built on the Estate's land).
C 6.5	Pay and conditions and for employees of contractors always meet at least legal or industry minimum standards… A study of job satisfaction would further provide useful data and insight into the issue of employees' satisfaction in general. The finding could be used as guide in HRD & HRM enhancement programs and decision making.

P 8	**Commitment to continuous improvement in key areas of activity**
C8.1	Commitment to continuous improvement in key areas of activity This program of training of workers could be further developed to cover other forms of educational and skill enhancement activities such as oil palm agronomy, IT-literacy, plantation-related skill and competencies. Some of these programs may be tailored for the surrounding communities thus further improve training needs and CSR objectives. 8.1.2 Environmental impacts (C5.1) The training of staff on environmental impacts could be further enhanced by structuring it into different levels for the different groups of workers. A review of their understanding of the training provided would assist in the improvement of the training modules.

FARAH HANAN BINTI ROSLAN

From: RADZIAH BINTI MOHD DAUD
Sent: Wednesday, February 09, 2011 6:05 PM
To: FARAH HANAN BINTI ROSLAN
Subject: FW: Sri Kamusan Report for review

From: RADZIAH BINTI MOHD DAUD
Sent: Wednesday, February 09, 2011 6:05 PM
To: 'simonsiburat@wilmar.com.my'
Cc: ISMAIL BIN IBRAHIM; Ruzita Abdul Ghani; Dr Yap -SIRIM
Subject: RE: Sri Kamusan Report for review

Dear Mr Simon
Noted and will wait for your feedback. Have a good trip to Medan!

Radziah

From: simonsiburat@wilmar.com.my [mailto:simonsiburat@wilmar.com.my]
Sent: Wednesday, February 09, 2011 5:40 PM
To: RADZIAH BINTI MOHD DAUD
Cc: ISMAIL BIN IBRAHIM; Ruzita Abdul Ghani; Dr Yap -SIRIM
Subject: Re: Sri Kamusan Report for review

Dear Puan Radziah

Thank you for this report. Coincidentally I was with Rspo Second Gen for lunch in KL and he did ask me about the progress of Sri Kamusan audit. I told him that it should be finalised this week and Bang! You sent it this evening.

I am off to Medan tomorrow for another meeting and I will look through the report and get back to you on Sat.

Sincerely,
Simon Siburat,

Sent via BlackBerry from Maxis

From: "RADZIAH BINTI MOHD DAUD" <radziah@sirim.my>
Date: Wed, 9 Feb 2011 17:23:33 +0800
To: <simonsiburat@wilmar.com.my>
Cc: ISMAIL BIN IBRAHIM<ismaili@sirim.my>; Ruzita Abdul Ghani<ruzitaag@gmail.com>; Yap SK<sonkheong@hotmail.com>
Subject: Sri Kamusan Report for review

Dear Mr Simon
So sorry for the delay. Please find attached the report which has been reviewed by SIRIM QAS Int. for your review and if you are agreeable, pls sign the front page and send to me so that the report can be sent to RSPO for peer review. However, if you go through the report, there are areas in red which we appreciate if