



SIRIM QAS INTERNATIONAL SDN. BHD.
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri,
Section 2, 40700 Shah Alam, Selangor, Malaysia.

File Ref. : EP09760002

RSPO PUBLIC SUMMARY REPORT

CLIENT : PPB OIL PALMS BERHAD. – TERUSAN CERTIFICATION UNIT

PARENT COMPANY : PPB OIL PALMS BERHAD

RSPO MEMBERSHIP No.: 1-0011-04-000-00

LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):
(In the case of multisite certification, list additional sites in attachments) :

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
Terusan Certification Unit	Terusan Palm Oil Mill	5°49' 54.687"N	117° 20' 30.315"E	Batu 65, Jalan Telupid Labuk/Sugut, Sandakan, Sabah.
	Terusan 1 Estate	5°47' 23.104"N	117° 23' 37.202"E	Batu 65, Jalan Telupid Labuk/Sugut, Sandakan, Sabah.
	Terusan 2 Estate	5°49' 57.944"N	117° 20' 22.743"E	Batu 65, Jalan Telupid Labuk/Sugut, Sandakan, Sabah.
	Rumidi Estate	5°55' 59.804"N	117° 18' 43.466"E	Batu 65, Jalan Telupid Labuk/Sugut, Sandakan, Sabah.

MAP : See Attachment 1

AUDIT DATE : 1 - 5 August 2016

DURATION : 15 auditor days

TYPE OF AUDIT : ☒ Annual Surveillance Audit No. 01

☐ Recertification Audit

STANDARD : RSPO PRINCIPLE & CRITERIA MYNI 2014, AND RSPO SUPPLY CHAIN CERTIFICATION STANDARD 2014

SCOPE OF CERTIFICATION: Production of Crude Palm Oil and Palm Kernel Using Mass Balance Model

VALIDITY OF RSPO CERTIFICATE : 7/09/2015 – 6/09/2020

The following attachments form part of this report:

Non-conformity Report(s) ☒

List of additional site(s) ☐

Report by Audit Team Leader

Acknowledgement by Client's Representative

Name : MOHD ZULFAKAR KAMARUZAMAN

Name : Edrin Moss

Signature : *Mohd Zulfakar*

Signature : *Edrin Moss*

Date : 21 November 2016

Date : 23rd November 2016

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SUMMARY OF AUDITS

Recertification audit				
On-site audit date :		No. of auditor days :		
Audit team :				
No. of major NCR :		Indicator:	Closing date :	
No. of minor NCR :		Indicator :		
Indicate the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled :				

Annual Surveillance Audit 1				
On-site audit date :	1-5 August 2016	No. of auditor days :	15 Auditor Days	
Audit team :	Mohd Zulfakar Kamaruzaman (LA), Mohd Norddin Abd Jalil, Jagathesan A/I Suppiah			
No. of major NCR :	-	Indicator: -	Closing date : -	
No. of minor NCR :	3	Indicator : 2.1.3, 4.5.2, and 4.7.6		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	X		X	X
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
	X			
Supply base sampled :	Terusan 2 Estate and Rumidi Estate			
Changes since the last audit :	Contact Person change from Mustapha Habe to Edward Jude effective date 15/1/16			

Annual Surveillance Audit 2				
On-site audit date :		No. of auditor days :		
Audit team :				
No. of major NCR :		Indicator:	Closing date :	
No. of minor NCR :		Indicator :		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled :				
Changes since the last audit :				

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SUMMARY OF INFORMATION

TYPE OF AUDIT	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period		August 2016 to July 2017			
Certified Area (Ha)		7,596.13			
Production Area(Ha)		6,740.84			
HCV Area (Ha)		311.77			
Certified FFB Processed (MT)		89,245.00			
Production of Certified CPO (MT)		18,741.45			
Production of Certified PK (MT)		4,462.25			
REMARKS		-			

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1.0 AUDIT PROCESS

1.1 Certification Body

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

SIRIM QAS International has vast experience in conducting audits related to RSPO certification. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. SIRIM QAS International has also conducted many audits for sustainable production of palm oil products against the requirements of the RSPO P&C. SIRIM QAS International was approved by the RSPO as a RSPO certification body on 21 March 2008 and accredited by ASI on 27 September 2014.

1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Mohd Zulfakar Kamaruzaman	Lead Auditor / Environmental, Health and Safety and Supply Chain	<ul style="list-style-type: none"> Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation.
Mohd Norddin Abd Jalil	Auditor / Good Agricultural Practices	<ul style="list-style-type: none"> Holds a B.Sc.in Agriculture from Universiti Pertanian Malaysia. He has over 35 years working experience in the oil palm plantation operation.
Jagathesan a/l Suppiah	Auditor / Occupational Health & Safety, environmental related to mill and plantation	<ul style="list-style-type: none"> Possess a Bachelor in Chemical Science & Minor in Management (Hons). He has carried out audits for various scheme such as ISO 9001, ISO 13485, ISO 14001 and OHSAS 18001 for the past 15 years.

1.3 Audit methodology

The audit covered the one palm oil mill and Three of its supply base, i.e. the Terusan 1 Estate, Terusan 2 Estate and Rumidi Estate. The audit included an on-site audit to the estates and mill and to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees, contractors and other relevant stakeholders were also conducted during the audit.

1.4 Stakeholder Consultation

SIRIM QAS International had initiated the stakeholder consultation by announcing the invitation in the the SIRIM QAS International's websites. There was no comment received for this Certification Unit.

1.5 Audit plan : Refer to Attachment 2

1.6 Date of next audit : The next surveillance audit will be conducted within 12 months but not sooner than 9 months from this audit.

2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

The Terusan Certification Unit (CU) is one of the certification unit under the PPB Oil Palms Berhad. The CU consisted of the Terusan Palm Oil Mill (hereafter referred to as TPOM), Terusan 1 Estate, Terusan 2 Estate and Rumidi Estate. TPOM commenced its operations in 1995 with a processing capacity of 60 metric tonnes of (FFB) per hour. The total combined land area of the three estates is 7,596.13 hectares (Ha) of which 6,788.46 Ha had been planted with oil palm. As Terusan 1, 2 and Rumidi Estate had been fully developed before the year of 2005, Principle 7 of the RSPO P&C is therefore not applicable.

Located in Sandakan District, Sabah, Malaysia, the CU is accessible via the Sandakan – Telupid Road. The CU is about 160 km from the town of Sandakan. There are few villages and other oil palm plantations at the vicinity of the CU. Along the northern boundary, there are Kg. Rumidi, Kg. Tendu Batu and Kg. Nangoh. In the west are Kg. Perenchangan, Kg. Bakong-Bakong, Kg. Sualog, Kg. Panimbanan and Kg. Lidong. Kg. Toniting lies at the southern side while the Andamy Plantation is on the west separated by a public road from Terusan 1 and 2 Estate. Adjacent to the Rumidi Estate at the southern boundary is the Bidu-Bidu Forest Reserve.

2.2 Description of the Supply Base (including the planting profile)

The FFB is sourced from company owned estate that is certified and third party. Details of the FFB contribution from each source to the Terusan Palm Oil Mill are shown in the following tables:

Table 1: Actual FFB production by the supply base for the last reporting period (August 2015 to July 2016)

Estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Terusan 1	45,619.67	20.96	SIRIM
Terusan 2	43,861.84	20.15	SIRIM
Rumidi	17,489.75	8.03	SIRIM
Sekar Imej	1,807.09	0.83	SIRIM
Sapi Sugut	1,277.27	0.59	SIRIM
Jebawang	1,248.92	0.57	SIRIM
Hibumas 2	6,473.54	2.97	SIRIM
Kiabau	156.29	0.07	Control Union
Wild Asia Group Scheme	1,388.56	0.64	SGS
Other third parties	98,371.9	45.19	Not certified
Total	217,964.83	100	

Table 2: Projected FFB production by the supply base for the next reporting period (August 2016 to July 2017)

Estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Terusan 1	41,011	19.81	SIRIM
Terusan 2 and Rumidi	48,234	23.29	SIRIM
Other third parties	117,820	56.90	Not certified
Total	207,065	100.00	

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Table 3: Actual FFB received and CPO & PK dispatch by the Mill for the last reporting period
(August 2015 to July 2016)

	Total (MT)
FFB Received	217,964.83
FFB Processed	218,221.81
Certified FFB	119,322.93
Non Certified FFB	98,371.90
CPO Production	44,349.87
PK Production	9,773.98
CPO delivered as Mass Balance (as RSPO)	8,052.59
CPO delivered as non-RSPO certified (sold as ISCC and non-certified)	36,710.82
PK delivered as Mass Balance	5,378.86
PK delivered as non-RSPO certified	4,200.81

Table 4: Projected FFB received and CPO & PK dispatch by the Mill of the next reporting period
(August 2016 to July 2017)

	Total (MT)
FFB Received	207,065
FFB Processed	207,065
Certified FFB	89,245
Non Certified FFB	117,820
CPO Production	43,483.65
PK Production	10,353.25
CPO delivered as Mass Balance	18,741.45
CPO delivered as non-RSPO certified	24,742.20
PK delivered as Mass Balance	4,462.25
PK delivered as non-RSPO certified	5,891.00

Table 5: Planted and certified area of the Terusan CU

Estate	Planted (ha)	Certified (ha)
Terusan 1 Estate	2,462.18	2,868.90
Terusan 2 Estate	3,199.09	3,485.90
Rumidi Estate	1,079.57	1,241.33
Total	6,740.84	7,596.13

Table 6: Planting profile for Terusan CU

<u>Estate</u>	<u>Year of establishment</u>	<u>Mature (Ha)</u>	<u>Immature (Ha)</u>	<u>Planted area</u>	<u>% of planted area mature</u>	<u>% of planted area immature</u>
Terusan 1 Estate	1989	2,168.58	293.60	2,462.18	88.00	12.00
Terusan 2 Estate	1990	1,711.22	1,487.87	3,199.09	53.50	46.50
Rumidi Estate	1991	987.78	91.79	1,079.57	91.50	8.50
Total		4,753.34	1,841.02	6,740.84	100.00	100.00

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2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Sandakan Office

Name	:	Mr. Kiaw Che Weng
Position	:	General Manager
Address	:	PPB Oil Palms Berhad, Sabah Operations, Lot 1A, KM 15, Jalan Labuk, 90009 Sandakan, Sabah, Malaysia.
Phone no.	:	+6089 671546 / +6089 670208
Fax no.	:	+6089 670260
Email	:	cheweng.kiaw@my.wilmar-intl.com

Terusan CU

Name	:	Mr. Edward Jude
Position	:	Mill Manager
Address	:	Terusan POM, Batu 65, Jalan Telupid Labuk/Sugut, Sandakan, Sabah, Malaysia
Phone no.	:	+6089-253 126
Fax no.	:	+6089-253 128
Email	:	edward.jude@my.wilmar-intl.com

3.0 AUDIT FINDINGS

3.1 Changes to certified products in accordance to the production of the previous year

There was no changes to the certified products since last assessment.

3.2 Time bound plans including changes and reasons for the changes see below

	Yes	No	If yes, state reasons/justifications
- acquisitions/disposals	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- emergence/re-emergence of land disputes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- labour conflicts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

3.3 Overall comment in terms of acceptance or non-acceptance on the changes in the time-bound plan (including details of non-adherence or the conditions justifying a time-bound plan have changed)

There is no changes to the time-bound plan.

3.4 All associated smallholders (including scheme smallholders) where their fruit supply is included , by the mill, are audited within 3 years from when their fruit was first included in the mill certification.

If no, please state reasons ☐ Yes ☐ No
N/A as there is no associated smallholders supplying FFB to the CU.

3.5 Any new acquisition which has replaced primary forests or HCV areas

☐ Yes ☒ No

3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)

There is no changes since last year.

3.7 Status of previous non-conformities *

Closed ☒ Not closed ☐

* If not closed, minor non conformity will be upgraded to major non conformity

3.8. Complaint received from stakeholder (if any)

There were various stakeholders interviewed during the conduct of this audit. These include workers, surrounding villagers, contractors and suppliers. In general, all the interviewed stakeholders had given positive feedback on the CU.

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4.0 DETAILS OF NON-CONFORMITY REPORT

4.1 For P&C (Details checklist refer to Attachment 3) :

Total no. of minor NCR(s)
(details refer to Attachment 4) List : 3 **MN 01 2016, JS01 – 2016, JS02 – 2016.**

Total no. of major NCR(s)
(details refer to Attachment 4) List : 0

4.2 For SC (Details checklist refer to Attachment 5) :

Total no. of minor NCR(s) List : 0 NA

Total no. of major NCR(s) List : 0 NA

5.0 AUDIT CONCLUSION

The audit team concludes that the organisation has established and maintained its management system in line with the RSPO P&C requirements of the standard and demonstrated the ability of the system to systematically achieve agreed criterion & requirements.

6.0 RECOMMENDATION

☐

No NCR recorded. Recommended to continue certification.

☒

Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next audit.

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

☐

Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out.

☒

Recommended to continue certification.

☐

Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s)..... have not been satisfactorily closed out within 60 days of the audit. Recommended for suspension of the certificate.

Note: Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.

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

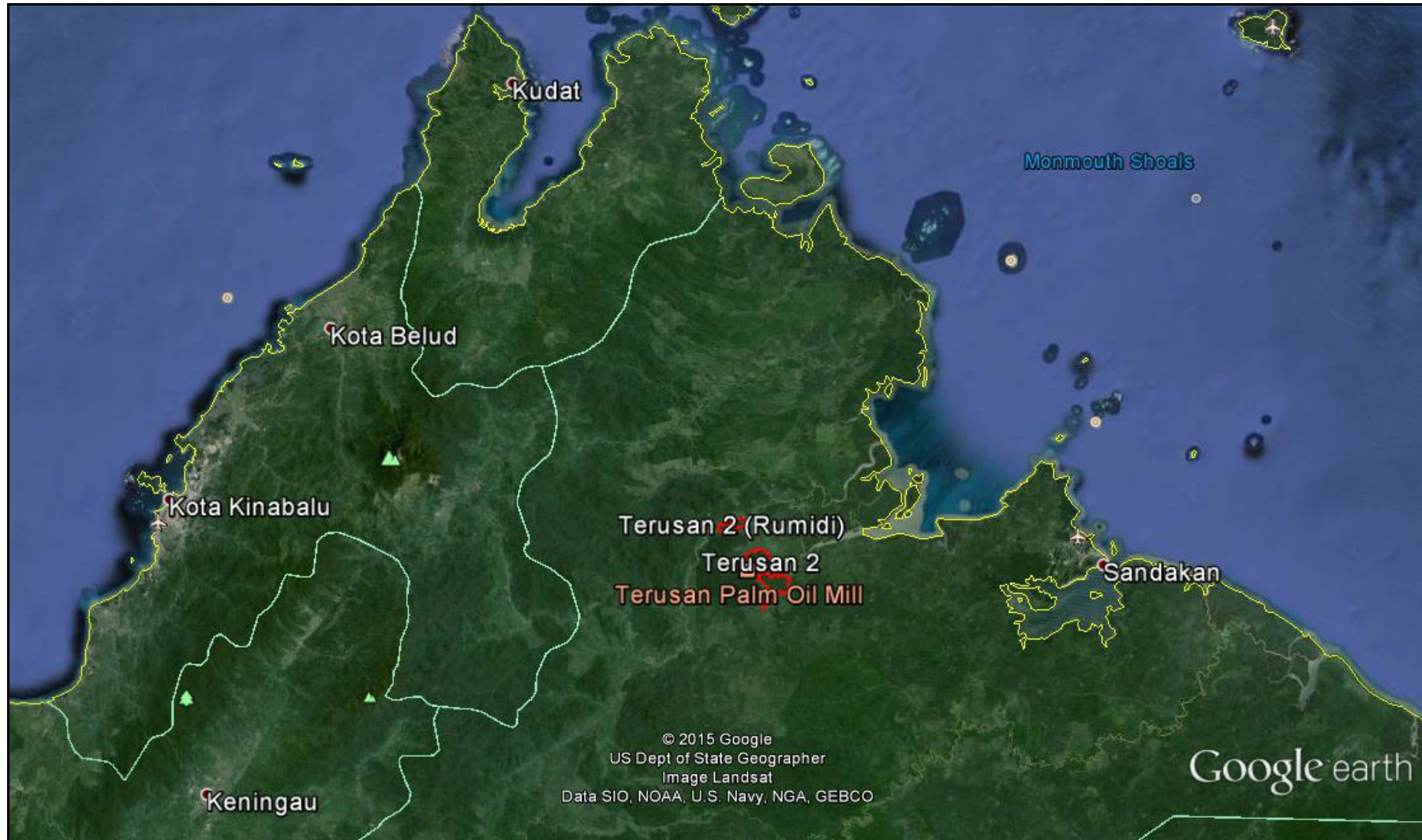
Audit Team Leader :

MOHD ZULFAKAR
KAMARUZAMAN
(Name)

Mohd Zulfakar
(Signature)

18/10/2016
(Date)

Location map of Terusan Certification Unit



Location map of Terusan Certification Unit



RSPO P&C AUDIT REPORT

RSPO SURVEILLANCE AUDIT PLAN

Day 1: 1 August 2016 (Monday)			
Time	Activities / areas to be visited		
9.00 – 9.30 am	Opening meeting at Terusan Palm Oil Mill Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes		
	Zulfakar	Norddin	Jagathesan
9:30 – 5:00 pm	Terusan POM Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Continuous improvement 	Terusan 2 Estate Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Interview with workers and contractors • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	Terusan POM Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with FFB supplies and other supplies • Interviews with mill's workers • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors • Training and skill development programmes • Continuous improvement
Day 2: 2 August 2016 (Tuesday)			
9.00 – 5.00 pm	Terusan POM Site visit and assessment on Supply Chain Implementation including the Model used General Chain of Custody System Requirements for the supply chain, Documented procedures, Purchasing and goods in, Outsourcing activity Sales and goods out, Processing, Records keeping Registration, Training, Claims	Terusan POM Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with FFB supplies and other supplies • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors • Training and skill development programmes • Continuous improvement 	Terusan 2 Estate Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Interview with workers and contractors • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement

RSPO P&C AUDIT REPORT

Day 3 : 3 August 2016 (Wednesday)			
	Zulfakar	Jagathesan	Norddin
9.00 – 5.00 pm	<u>Rumidi Estate</u> Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Continuous improvement 	<u>Terusan 2 Estate</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement 	<u>Rumidi Estate</u> Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Environmental management – witness activities at site • Interview with workers and contractors • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement
Day 4 : 4 August 2016 (Thursday)			
	<u>Rumidi Estate</u> Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant stakeholders • Interview workers, gender committee, local communities and stakeholders • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Continuous improvement 	<u>Terusan 2 Estate</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Environmental management Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement 	<u>Rumidi Estate</u> Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Environmental management – witness activities at site • Interview with workers and contractors • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement
1.00 – 2.00 pm	Break		
2.00 – 5.00 pm	<u>Going to Terusan 2 Estate</u> <ul style="list-style-type: none"> • HCV and Social element 	<u>Going to Rumidi Estate</u> - OSH and Environmental element	Continue assessment

RSPO P&C AUDIT REPORT

Day 5 : 5 August 2016 (Friday)				
Activities /areas to be visited	Zulfakar	Jagathesan	Norddin	
9.00 – 1.00 pm	<u>Terusan 2 Estate</u> Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Continuous improvement 	<u>Rumidi Estate</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement 	<u>Rumidi Estate</u> Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Environmental management – witness activities at site • Interview with workers and contractors • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	
12.00-1.30pm	Break			
1.30 – 4.00 pm	<ul style="list-style-type: none"> • Continue assessment on unfinished area • Verification on outstanding issues • Audit Team discussion, preparation on audit findings and issuance of NCR (if any) 			Guide(s) for each assessor
4.00 – 5.00 pm	<ul style="list-style-type: none"> • Closing meeting 			Top management & Committee member

RSPO P&C AUDIT REPORT

Attachment 3

RSPO P&C AUDIT CHECKLIST AND FINDINGS

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators	Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision-making.	1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Major Compliance	YES	<p>The CU had continued to maintain a comprehensive system with respect to this criterion. Request Form is available for their stakeholders or other interested party who intended to obtain document related to RSPO. Record of Visitation by the Government agencies such as DOE and DOSH were also maintained.</p> <p>As previously reported in the audit report, the estates had maintained management documents relating to environmental, social and legal issues that were relevant to compliance with RSPO Criteria as specified in the Criterion. Records on requests for information or for these documents were maintained. There was a written SOP for stakeholders' consultation and a Public Information Request (PIR) Form was made available to any interested parties.</p> <p>Result of stakeholders meeting conducted on 24 May 2016, as well the record books on requests for information on environmental, social and legal issues relevant to RSPO requirements were reviewed. Review of the records has confirmed that the Terusan CU has not received any request for such information from external stakeholders.</p>
	1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	YES	<p>There was no request of information from stakeholder. Only visits from the Government agencies were noted. Record of complaints and grievances were made available. Details of complaints, request and grievances for were recorded in the Complaint Form, Request Form and Public Information Request (PIR) Form.</p> <p>The following were verified :</p> <p><u>Terusan POM</u></p> <ul style="list-style-type: none"> i) DOSH visit monitoring log - No comments were recorded; ii) DOE visit monitoring log – There were recommendations made, and the mill had taken actions on the recommendation; iii) Fire Department - The visit was to check the compliance on 'Notis Pemberitahuan'.The mitigating steps have been taken based on the recommendation <p><u>Terusan 2 & Rumidi Estate</u></p> <ul style="list-style-type: none"> i) DOSH visit monitoring log – to carry out annual inspection for air compressor. Recommendation which has been acted satisfactory. ii) DOE – No visit 2014.
C 1.2 Management documents are publicly available, except	1.2.1 Land titles/user rights (Criterion 2.2);	YES	Evidence of legal ownership of the land including history of land tenure was verified during this audit. Each estate has 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.

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where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	Occupational health and safety plans (Criterion 4.7);	YES	<p>Terusan Mill Safety & Health Manual prepared by the Sustainability Department of PPB was verified. The Environmental Safety & Health Plan for 2016 has been established on December 2015. The plan was approved by the Mill Manager. The audit team had verified the monitoring of the identified programs.</p> <p>Terusan 2 and Rumidi Estate- Indicators specified in the 2016 Environmental safety & Health Plan have been carried out. Some of the records sighted included the training, emergency response plan (ERP), Health Check, etc.</p>
	Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	YES	<p><u>Terusan Mill</u> EAI and Mitigation Action Plan has been established and reviewed on 28th July 2016. The Action plan included the continual improvement actions which included assessing the GHG and developing the mitigation such as construction of biogas plant to capture the methane emission,</p> <p><u>Terusan 2 & Rumidi Estate</u> Environmental Impact Assessment Report dated August, 2012 has been established and reviewed on a Quarterly basis verified the latest report Feb, 2016 – May, 2016 – the concerned requirements are in compliance. Significant Environmental Aspects and Impacts Mitigation Methods have been carried out for 2016 and the control measures have been proposed and implemented.</p> <p>Identification Environmental Aspects and Impacts and Evaluation of Significance for Terusan Estate prepared EHS Manager, latest review includes GHG emission in EIA.</p>
	HCV documentation summary (Criteria 5.2 and 7.3);	YES	HCV documentation summary entitled 'HCV Documentation Summary for Labuk Region' was publicly available at the estates and mill offices (cross refer to Criteria 5.2)
	Pollution prevention and reduction plans (Criterion 5.6);	YES	<p><u>Terusan POM</u> Pollution Prevention Plan 2016 has been established and reviewed on 13th July 2016 by the Mill Manager. The following new pollution sources were identified: i) Lab – Pollution from empty Containers. ii) Office – Pollution from disposal of paper, printer cartridge and domestic waste.</p> <p><u>Terusan 2 & Rumidi Estate</u> Wastes and Pollution Identification, Assessment, Prevention, Mitigation and Improvement Plan has been established and reviewed on a yearly basis. The latest review for 2016 was carried out by EHS Manager, with the inclusion of construction of culvert activities</p>
	Details of complaints and grievances (Criterion 6.3);	YES	The details of complaints and grievances can be accessed by the public/stakeholders at estates and mill offices (cross refer to Criterion 6.3).
	Negotiation procedures (Criterion 6.4);	YES	Negotiation procedures such as 'Consultation and communication procedure – RSPO 6.2' and 'Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation' were publicly available at estates and mill offices (cross refer to Criterion 6.4).
	Continual improvement plans (Criterion 8.1);	YES	Continual improvement plans were publicly available (cross refer to Criterion 8.1).

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		Public summary of certification assessment report;	YES	The public certification summary report of Terusan CU can be assessed through this link: http://www.sirim-qas.com.my/attachments/article/442/PS_RA%202015 - Terusan%20-Amended.pdf
		Human Rights Policy (Criterion 6.13).	YES	Human rights policy was made available at the visited estates and mill. Copies of the policy were displayed at the offices' notice boards (cross refer to Criterion 6.13).
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	A written policy committing to a code of ethical conduct and integrity in all operations and transactions, has been documented and communicated to all levels of the workforce. The policy is made available at Rumidi Estate, Terusan 2 Estate and Terusan POM. The memorandum to management and staff dated 13 May 2015 was verified during the audit.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	YES	<p>Generally, Terusan CU continues to comply with most of the applicable local, national and ratified international laws and regulations. Relevant licenses and permits were verified at Rumidi and Terusan 2 Estate. Among the license or permit sighted were:</p> <ul style="list-style-type: none"> MPOB License for Terusan 2 and Rumidi Estate: #502016902000, <i>Menjual dan Mengalih FFB</i> valid until 31/5/2017. MPOB License for nursery in Terusan 2 and Rumidi Estate: #575075011000, <i>Menghasilkan, Menjual dan Mengalih, Menyimpan SLGBIJ#</i>, valid until 31/7/2017. Permit from the Domestic Trade Ministry (permit no. S004786) for diesel storage and petrol storage, valid until 26/10/16 for 36,000 litres of diesel and 1000 litres of petrol Jabatan Tenaga Kerja Sabah - Lesen untuk menggaji pekerja bukan permastautin: 13/3/16 to 12/3/17 Permit Potongan dari gaji pekerja (Section 113(4), Ordinan Buruh Sabah bab 67- no siri 11(0878)SDK valid until 6/7/17 DOSH Certificate of fitness for the air compressor; Permit No: PMT-SB 52301, valid until 24/07/2017 License from Energy Commission License No: 2016/00764, valid until 27/06/2017 <p>As for the Terusan POM the following were verified:</p> <ol style="list-style-type: none"> Factories and Machinery Act 1967 (Notification, Certificate of Fitness and Inspection Regulation 1970, Steam Boiler & Unfired Pressure Vessel Regulation 1970, Safety Health and Welfare 1970, Noise Exposure Regulation 1989, Person In Charge Regulation 1970 etc.

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				<p>b) Occupational Safety and Health Act 1994 (NADOOPOD Regulation 2004, Safety Health Committee Regulation 1996, USECHH Regulation 2004) etc.</p> <p>c) Environment Quality Act 1974 (Prescribed Premise (CPO) Regulations 1977, Clean Air Regulation 1978, Scheduled Waste Regulation 2005 etc.</p> <p>d) Fire Services (Fire Service Act 1984 & Fire Certificate Regulation 2001)</p> <p>TPOM has obtained and renewed license and permits as required by the law. Amongst the licenses or permit viewed were :</p> <p>a) MPOB License for TPOM: #500259404000 Menjual dan Mengalih, Membeli dan Mengalih, Menyimpan, Mengilang, Mengeksport valid until 30/6/2017.</p> <p>b) Permit Potongan dari gaji pekerja (Section 113(4), Ordinan Buruh Sabah bab 67- no siri 11(0819)SDK valid until 20/10/16</p> <p>c) License from Suruhanjaya Tenaga, License No: 00138421, Expiry on 3/12/2016</p> <p>d) Lesen untuk menggaji pekerja bukan permastautin: 13/3/16 to 12/3/17</p> <p>e) Permit from the Ministry of Domestic Trade (Permit no. S 004845) for diesel storage – valid until 19/10/16 for 26,000 litres of diesel</p> <p>f) Lesen Berniaga- valid until 31/12/16</p> <p>g) Fire Certificate from the Fire Department, valid until 21 Jan 2017</p> <p>h) License from the DOE / <i>Jadual Pematuhan</i> : JPKKS/12/003467 valid until 30th June 2017. The license indicated that the mill has a capacity of 60 Mt/hr and method of effluent discharge is via 'Land Irrigation'</p> <p>Submission of Quarterly Reports to DOE – the reports dated 13th July, 2016, 11th April, 2016, 14th Jan, 2016, 8th October, 2015 were verified during the audit. Among the parameters monitored include the pH, BOD, COD, total suspended solid, oil and grease, ammonical nitrogen & total nitrogen. From the reports it can be concluded that all the monitored parameters were within the regulatory limits.</p> <p>The mill has also conducted monitoring of the upstream and downstream of 'Sungai Bangau-Bangau'. This was evident in the reports submitted to DOE dated 1st July 2016, 3rd June 2016 & 10th May 2016.</p> <p>Continuous stack monitoring for the boilers was conducted through the installation of the smoke density meters. Calibration of the smoke density meter was carried out. Reports of calibration for smoke density meter with serial No: V97140102232 (for boiler 1) dated 27th May 2016 and V97130821152 (for boiler 2) dated 27th May 2016 were reviewed.</p> <p>Permits from DOSH were also checked. The following were verified:</p> <p>i) Permit for steam boiler no 1, PMD 10226 valid until 4th January 2017.</p> <p>ii) Permit for steam boiler no 2, PMD 10268 valid until 4th August 2016.</p> <p>iii) Permit for air receiver tank, PMT 105192 valid until 4th January 2017.</p> <p>iv) Permit for vacuum deaerator, PMT 89324 valid until 4th January 2017.</p>
2.1.2	A documented system, which	YES	Legal register has been established at each of the visited site. Evaluation of compliance against	

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		includes written information on legal requirements shall be maintained Minor Compliance		the identified legal has been periodically carried out at all the site. Through this exercise, the CU had the information about the status of legal compliance. Appropriate action shall be taken should there be any non-compliance found.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	NO	<p>Legal register has been established at each of the visited site. Evaluation of compliance against the identified legal has been periodically carried out at all the site. Through this exercise, the CU had the information about the status of legal compliance. Appropriate action shall be taken should there be any non-compliance found. Records for legal update were sighted:</p> <p><u>Terusan 2 & Rumidi Estate</u> Legal Register has been updated on 5th April 2016. The evaluation of compliance was carried out by the Sustainability Department. Results indicated that both estates were in compliance with the identified legal. Relevant monitoring was carried out as per the requirement of the law.</p> <p><u>Terusan - POM</u> Legal Register has been updated on 18th December 2015 and evaluation of compliance was carried out by the Sustainability Department. Status of compliance has been reflected accordingly. During the audit on the legal compliance, the following were observed:</p> <ul style="list-style-type: none"> a) For requirements which were marked as 'non-compliance', the justification and explanation to justify the status was not clear. b) For requirements which were noted as 'non-complying', the follow-up mitigation plan and corresponding actions were not clearly established <p>Thus, Minor NCR JS01 – 2016 was raised during this audit.</p> <p>Self-compliance check was also carried out at each of the units within the CU. A statutory compliance report was prepared and submitted to HQ. The reports were reviewed.</p>
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	Changes to law and regulation were monitored by the Sustainability Department of PPB. Various sources were referred to in obtaining information about the updates of legal requirements. Among the methods included consultation with the industrial association (e.g. MPOA, EMPA, SECA, etc.), attending seminar/conference, buying law books, checking the government agencies websites, etc. Any changes/updates were then disseminated to the estates by the Sustainability Manager. Both estates had the SOP (SOP/Legal/RSPO2.1.4/3 02/(00)/1206) for tracking changes in law.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal,customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available.	YES	Evidence of legal ownership of the land including history of land tenure was verified during this audit. Each estate has provided the Country Lease signed by the Director of Lands and Surveys of Sabah which indicated the legal use of the land.

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		Major Compliance		
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	During the site inspection to the Rumidi Estate and Terusan 2 Estate, it was observed that there were distinct red coloured wooden boundary markers and boundary stones. The boundary stones map had indicated and labelled the positions of the boundary stones. During the site visits, boundary stones were maintained between Rumidi Estate and Kg Nangoh, Kg. Gana Jati and Kg Bakong-Bakong. The boundary stones also were maintained between Terusan 2 Estate with Kg. Sualok, Kg. Lubuk Dungun and Kg. Lidong
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	YES	There was no evidence of conflict and disputes on land during this Surveillance Audit at Rumidi Estate and Terusan 2 Estate. This was confirmed through interviews with villagers of Kg. Nangoh, Kg. Gana Jati, Kg Sualok and Kg. Lubuk Dungun.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	YES	As stated in 2.2.3 above, there was no evidence of conflict and disputes on land during this audit. Hence, this criteria is not applicable.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). Minor Compliance	YES	As stated in 2.2.3 above, there was no evidence of conflict and disputes on land during this audit. Hence, this criteria is not applicable.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in	YES	As stated in 2.2.3 above, there was no evidence of conflict and disputes on land during this audit. Hence, this criteria is not applicable.

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		maintaining peace and order in their current and planned operations. Major Compliance		
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	YES	As stated in 2.2.3 above, there was no evidence of conflict and disputes on land during this audit. Hence, this criteria is not applicable.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted	YES	As stated in 2.2.3 above, there was no evidence of conflict and disputes on land during this audit. Hence, this criteria is not applicable.

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

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

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	The CU continued to achieve long term economic and financial viability through documented management plan projected to year 2025. A Management Plan including crop forecast, profit and loss, infra-structure development (roads and houses) covering the period of 2016 to 2025 had been prepared for all the estates and made available to the audit team. This plan had also included mature area and also for the expected FFB production per hectare for the period from 2016 to 2025

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	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	YES	The replanting programmes for both Terusan 2 and Rumidi Estate were still in progress. These programmes were reviewed once a year and were incorporated in their annual budget. The programmes is being implemented as scheduled until 2020.
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Principle 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	<p>As for all PPB Oil Palm Berhad estates, both Rumidi and Terusan 2 Estate continued to use the following documented SOPs:</p> <ul style="list-style-type: none"> i. Wilmar International Limited, Agriculture Manual & SOP for Oil Palm 3/2011. <ul style="list-style-type: none"> - New SOP established "Plan to reduce the use of Pesticide" dated 15 February 2016 ii. Safe Standard Operating Procedure for Oil Palm Plantations (SSOP) iii. Safety and Health Manual (updated in April 2015) and iv. Financial Manual - Wilmar International Plantation Malaysian Operations Standard Operating Procedures Checklist 2013 (updated July 2014). <p>The agriculture manual provided guidance on Pre-Development Survey, assessment and planting, oil palm nursery, oil palm replanting practices, land clearing, establishment and maintenance of legume covers, oil palm planting, upkeep, FFB harvesting and etc.</p> <p>New SOPs were introduced and some policies and SOPs were updated. Among others included the following:</p> <ul style="list-style-type: none"> i. New SOPs on Recruitment of Workers and Recruitment, Selection, Hiring & Promotion ii. Updated the SOP on Legal & Other Applicable Requirement iii. Updated Policies on Code of Ethical Conduct & Integrity and the Wilmar Group Policy on the Whistle Blowing Resolution <p>At the mill, new SOP on Heavy Machinery was established and the procedure for boiler operation and the Supply Chain was updated accordingly.</p>
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	YES	<p>Various mechanisms of checking the implementation of procedures have been established. Among the records verified were:</p> <ul style="list-style-type: none"> i. Qualitative (ripeness of FFB) and quantitative (losses) checking records. Records for May, June and July 2016 were reviewed. ii. Fertiliser application field assessment by EMU iii. Chemical used for weeding through Store Issue Chit iv. Plantation Advisor visit v. Visiting Engineer visit

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				vi. Head of Wilmar's R&D visit vii. Safety and health meeting and routine workplace inspection viii. Internal Audit for Terusan POM on 25 April & 4 May 2016. ix. Internal Audits for Terusan 2 and Rumidi estate on 21 & 22 April 2016
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Records on monthly rainfall, pest and diseases monthly return, agrochemical monthly consumption and monthly production cost were maintained and available to the auditors in Terusan CU. Work schedules on fertilizer application, circle and path spraying, selective spraying, harvesting interval and empty fruit bunches (EFB) mulching were also available during the inspection. All the above records were kept for a minimum period of 12 months.
	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	YES	TPOM received its third party crops from various sources including the surrounding independent estate and the smallholders. The third parties have consistently contributed about 47% of the mill input. The mill has established a mechanism to record the origin and quantity of the entire crop from third parties starting from FFB chits until the production report.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Terusan CU continued to manage and improve soil fertility to a level that ensures optimal and sustained yield by monitoring the fertilizer inputs through annual fertilizer recommendations as per the SOP. The used of the fertilizers followed recommendations made by the Eco-Management Unit (EMU) of PPB. The recommendations by EMU reviewed during this audit. The application of fertilizers had been done as recommended and scheduled.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Terusan CU continued to maintain the records of the fertilizers input as per the Monthly Summary of Fertilizer Application Records 2016. Fertilizer application for 2016 programme was in progress as sighted in Block 031 (in Terusan 2 Estate) and Block 108 in Rumidi Estate.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	Periodic foliar sampling were carried out in both the estates with the latest carried out in March 2015. The sampling was carried out by the EMU of PPB. The results formed part of the basis for the fertilizers input recommendation. Soil maps were made available to the auditors. The soil analysis was conducted in early 2009 by Param Agricultural Soil Survey (M) Sdn. Bhd. and the analysis of soil organic and carbon was carried out every 6 years as per International Sustainable Carbon Certification (ISCC) body and was last done in February 2015.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance	YES	The auditor observed that the application of EFB had been carried out in Block 031. The application was in accordance with the Agriculture Circular No.24. Empty Fruit Bunch (EFB) will help to supplement the inorganic fertilizer thus improving the nutrient status. The CU had been adopting and implementing a zero burning policy.
C 4.3 Practices minimise and	4.3.1	Maps of any fragile/marginal soils shall be available.	YES	There were no fragile/marginal soils in both the estates visited. In Terusan 2 and Rumidi Estate the major soil series are Bergosong, Kumansi and Nobusu. Bergosong series consist of silty clay

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control erosion and degradation of soils.		Major Compliance		with presence of thin layer of decomposed organic top soil , Kumansi consist of fine sandy clay to silty sandy clay and Nobusu consist of sandy clay to clay.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	YES	The soil erosion control in the CU is guided by its Agriculture Manual (Chapter 3). This was done through constructing terraces in all sloping areas with bund at regular interval of 20 meters to retain water and cover crop establishment. Majority of the areas in the CU is flat to undulating. A very small hilly area in Terusan 2 Estate having the highest slope of 9 and a slope of 12-18 degrees in Rumidi Estate.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	During the field visit, it was observed that the main and field roads within the CU were in satisfactory condition and accessibility were made possible by regular maintenance. There was evidence of road maintenance programmes which consist of road resurfacing with grading & compaction and culvert maintenance. Road Maintenance Progress is reported in the Monthly Executive Summary which includes the information of work done in chain unit.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	YES	There were no peat soils in both the visited estates.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	YES	There were no peat soils in both the visited estates.
	4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	YES	There were no peat soils in both the visited estates.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	The CU continued to use water judiciously. A Water Management Plan for 2012 to 2017 had been established with improvement being made to include all sources of water. In the Water Management Plan, the CU has also identified actions to be taken in the event of water supply shortage (e.g. drought season). Programs to minimize water usage had been conducted in the estates as evidence through immediate repair on leaks detection, water efficient landscape and ULV (ultra low volume) toilet. The facilities for harvesting rain water had been constructed in the line sites and estate complexes. Gutters, down comers and rain water collection tank had been sighted at line sites. All water supplied were treated prior to usage and fit for human consumption. Rainfall records based on rain gauge reading were available on site. Records of

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				rainfall data, for the last 10 years, to assist in the water management plans were sighted.																					
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated Major Compliance	YES	During visits to Rumidi Estate and Terusan 2 Estate, it was observed that the boundaries of these riparian belt along Sg. Bangau-Bangau was clearly demarcated with red paint around the palm stems. Natural vegetation has colonized these riparian buffer belts as no weeding or fertilizer application was allowed. This buffer belt was also shown in the maps of the estates and being conserved.																					
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance	YES	<p>The monitoring of the treated effluent from the mill effluent treatment plant was reported to DOE through the '<i>Borang Penyata Suku Tahunan</i>'. The audit team had reviewed the 2016 1st Quarter report & 2nd Quarter reports. It was noted that the DOE license stated that the treated effluent is to be used for 'land Irrigation' and no discharge into 'water course'. It was observed that the 'land Irrigation' in Terusan2 Estate was carried out via gravity flow through pipes.</p> <p>Water sampling analysis on quarterly basis as stipulated in the procedure. Parameters include pH, BOD,COD, Suspended Solids(SS), Ammonical Nitrogen (AN), Total Nitrogen and Oil & Grease. The latest quarterly report from April – June 2016 dated 13th July 2016 was reviewed. It was noted that the all parameters were within the regulatory limit. Monitoring of the river water was also carried out at both the upstream and downstream of the Sungai Bangau-Bangau. Following were the results:</p> <table><tr><td></td><td>BOD mg/L</td><td>TSS mg/ L</td><td>O & G mg/L</td><td>Ammonical Nitrogen</td><td>Total Nitrogen</td><td>Status</td></tr><tr><td>Upstream</td><td>< 1.00</td><td>< 5.00</td><td>< 1.50</td><td>< 0.05</td><td>1.88</td><td>Complying</td></tr><tr><td>Downstream</td><td>< 1.00</td><td>< 5.00</td><td>< 1.50</td><td>< 0.05</td><td>2.51</td><td>Complying</td></tr></table>		BOD mg/L	TSS mg/ L	O & G mg/L	Ammonical Nitrogen	Total Nitrogen	Status	Upstream	< 1.00	< 5.00	< 1.50	< 0.05	1.88	Complying	Downstream	< 1.00	< 5.00	< 1.50	< 0.05	2.51	Complying
	BOD mg/L	TSS mg/ L	O & G mg/L	Ammonical Nitrogen	Total Nitrogen	Status																			
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Downstream	< 1.00	< 5.00	< 1.50	< 0.05	2.51	Complying																			
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	YES	<p>Monitoring of water usage in the mill was carried out as follow:</p> <table><tr><td>Month</td><td>Average 2015</td><td>Jan 2016</td><td>Feb 2016</td><td>March 2016</td><td>April 2016</td><td>May 2016</td><td>June 2016</td></tr><tr><td>Consumption Water (Lit) / mt FFB Processed</td><td>1.61</td><td>1.9</td><td>1.8</td><td>1.8</td><td>1.7</td><td>1.5</td><td>1.3</td></tr></table>	Month	Average 2015	Jan 2016	Feb 2016	March 2016	April 2016	May 2016	June 2016	Consumption Water (Lit) / mt FFB Processed	1.61	1.9	1.8	1.8	1.7	1.5	1.3					
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Consumption Water (Lit) / mt FFB Processed	1.61	1.9	1.8	1.8	1.7	1.5	1.3																		
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	YES	The CU continue to implement Integrated Pest Management (IPM) in Terusan 2 and Rumidi Estates as per Agricultural Manual and Standard Operating Procedure for Oil Palm (Chapter 8: Plant Protection-Pest and Disease Management). In order to minimize the use of pesticides, the estates had planted beneficial plants mainly Tunera subulata, Cassia cobanensis and Antigonus leptopus with maps indicating areas planted.																					
	4.5.2	Training of those involved in IPM implementation shall be demonstrated.	NO	Training related to IPM implementation was done only on rat baiting. Training was conducted on 24 th April 2015 and 19 th July 2016 at Terusan 2 Estate and Rumidi Estate respectively. However, training for the other pest such as Nettle caterpillar and Bagworms, Beneficial plant and other																					

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		Minor Compliance		IPM methods were not conducted. Hence, a Minor NCR # MN 01/2016 was raised.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	YES	The CU continued to use agrochemicals for various fields operations. The use and application of these chemicals were based on the Agricultural Manual and Standard Operating Procedure for Oil Palm(Chapter 8: Plant Protection- Pest and Disease Management). The Manual has included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names as well as the specific targets and the correct dosage of agrochemicals to be used. All chemicals usage were based on the "need to do basis" to enhance field operations. It was found that no Class I & II chemicals had been used in the CU.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	YES	Records of pesticides used were available for verification. The latest records were as at June 2016, which included the information about area treated, active ingredients (ai) per Ha, LD50 and number of application.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	It had also been the practice in the CU that pesticides were only used after a threshold level of 5% damage on the Fresh Fruit Bunches (FFB). This was in accordance with the Integrated Pest Management (IPM) plans. No prophylactic use of such pesticides would be permitted.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances.	YES	All pesticides used were those officially registered under the Pesticide Act 1974. The CU had only used pesticides under Class II, Class III & Class IV.. No illegal agrochemicals (stated by local and international laws) in particular paraquat used or found in the CU.

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		Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance		
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance	YES	Training on chemical handling was last conducted on 13 th May 2016 and 21 st June 2016 by Field Officer and Staff at both the estates. The training was attended by 24 workers. From the interviews with the workers who handle the chemical (sprayers), they were found to be aware of safety standards and SOPs.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance	YES	During the audit it was observed, that the storage of chemicals used by the estates were stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Only authorised personnel can access to the chemical store.
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	In Terusan 2 and Rumidi Estate, the chemical spraying method was based on risk assessment result (HIRARC). Workers are required to wear PPE to minimise risk and impacts. These control were mentioned in the " <i>Pengenalpastian Hazard, Penaksiran Risiko & Kawalan Risiko</i> " which was updated on 26 th June 2015. The Agricultural Manual & Standard Operating Procedure: Chapter 8-Plant Protection: Pest and Disease Management, had also described the methods used for the applications of pesticides.

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	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	Aerial application of agrochemicals was not practiced in Terusan CU.
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance	YES	To enhance the knowledge and skills of employees handling pesticides, training related to the handling of pesticides was conducted by the management of the CU. Review of the records confirmed that the following trainings have been conducted: i. “Pengurusan Perosak Tikus” - on 24/4/2015 by EMU R&D Division ii. “Training for Sprayers”- on 13/5/2016 in Rumidi Estate - for all sprayers iii. Training for Sprayers”- on 21/6/2016 in Terusan 2 Estate- conducted by Staff in-charge for all sprayers
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	YES	The empty chemical containers at the CU were rinsed three times before storage and disposal. The rinsing of the containers is supervised by the field supervisor and carried out by workers as per Safe and Standard Operating Procedure: Chapter 14-Triple Rinsing. The rinsed containers were then was collected by New Gates. The following SOP and procedure were as follow: i) Handling, Storage and Disposal of Common Wastes – ISCC / 4.2.10.6 / (01) / 0712 Rev 1 dated 18 th July, 2012. This procedure described the disposal of organic waste. ii) Labelling, Handling, Storage, Transfer and Disposal of Scheduled Waste procedure – SOP/ EST02 / (00) 0311. This procedure described the handling and disposal of scheduled waste. iii) Waste Management Plan – KB / WMPOI (03) /0614. This procedure described the Operational Activities, Type of waste and the waste handling method.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	As per the Occupational Safety & Health (Use and Standard of Exposure of Chemical Hazardous to Health) Schedule II (sub regulation 27(3)) – only workers exposed to pesticides containing Organophosphates need to be subjected to Annual Medical Surveillance. Through the review of the CSDS, it was confirmed that there were no pesticides containing Organophosphate. Hence the pesticide operators are not subjected to Annual Medical Surveillance. This is also in accordance with the CHRA recommendation.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	Pregnant and breast-feeding women were not allowed to work with Pesticides & Hazardous Chemicals. Sprayers interviewed at Terusan 2 Estate and Rumidi Estate were aware that pregnant and breast-feeding women should not work with pesticides. Medical Assistant (MA) had conducted monthly medical checks to determine whether the female workers were pregnant or not. MA has transferred a pregnant women who work as sprayer to other section in order to prevent any contact with pesticides.

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				<p>The statistics for female sprayers are as follows :</p> <p>1) Terusan 2 Estate - 36 sprayers, 3 Mandores</p> <p>2) Rumidi Estate – 10 Sprayers</p> <p>The status of the following female sprayers is being monitored.</p>
<p>C 4.7</p> <p>An occupational health and safety plan is documented, effectively communicated and implemented.</p> <p>The occupational health and safety plan shall cover the following:</p>	4.7.1	<p>An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.</p> <p>Major Compliance</p>	YES	<p>Occupational health and safety Policy endorsed by the Group Plantation Head & Group CSR Head has been established and updated in September 2010. The policy had been communicated to all levels within the organization through briefings and also displayed prominently at the notice boards at the mill, estate offices and the muster ground. The policy was written in both Bahasa Malaysia and English. Random interviewed with employees showed that they generally understood the basic requirements of the policy.</p> <p>At TPOM, the Occupational health and safety (OHS) management plan dated December 2015 had been established. The OHS management plan addressed issues related to hazards and risks, legal register and its requirements for compliance, OSH awareness and training program, accident and emergency procedures, treatment of illness/injury during the job, use of PPE, OSH Committee meetings, etc. Generally, the OSH plans were acceptable.</p> <p>At the Terusan 2 & Rumidi Estate, the OHS management plan dated December 2015 had also been established. The OHS management plan sighted addressed issues related to hazards and risks, legal register and its requirements for compliance, OSH awareness and training program, accident and emergency procedures, treatment of illness/injury during the job, use of PPE, OSH Committee meetings, Monitoring the Chemical Health Risk Assessment verified by ESHS coordinator. Generally, the OSH plans were acceptable.</p>
	4.7.2	<p>All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.</p> <p>Major Compliance</p>	YES	<p><u>Terusan – POM</u></p> <p>HIRARC has been established and latest reviewed on 21st May 2016 by the Mill Assistant. Hazard and risk associated with the operation activities have been identified. The HIRARC was updated to include the hazard at the boiler which was resulted from an accident. Mitigating actions have been put in place.</p> <p>CHRA was conducted on 26th September 2012 by OSHE Global Solutions Sdn. Bhd. The recommendations at the CHRA Report were reviewed on yearly basis taking into consideration the progress made in implementing the recommendation. Last reviewed was carried out on 10th May 2016. Chemical Exposure is carried out every two years. The monitoring was carried out by DAB OH Sdn. Bhd. The following reports were reviewed :</p> <p>i) Assessment date: 7th May 2016, report ref : EC/0516/6916 dated 23rd May 2016. Recommendation are being mitigated.</p> <p>ii) Assessment date: 14th September 2014, report ref : EC/ 0914/5177 dated 6th October 2014. Recommendation have been mitigated.</p> <p>Recommendation in the Chemical Exposure monitoring report was reviewed on yearly basis taking into consideration the progress made in implementing the recommendation. Last update was on 23rd May 2016.</p>

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Medical Surveillance Report inclusive of USECHH 1, USECHH 2, USECHH 3, USECHH 4, USECHH 5i and 5ii, NADOPOOD 7 was reviewed. The report dated 10th Sept 2015 was carried out by DAB OH SDN. Bhd (Occupational Safety and Health Clinic). It was noted that there were 34 workers examined and all were concluded fit to work. 5 Lab operators exposed to n – Hexane were checked 5-Hexanedion and Urine Creatine. The results were found to be < 0.1 mg/l. The recommendation in the Medical Surveillance Report was reviewed accordingly.

The medical surveillance reports for the following workers were reviewed :

No	Name	Station	Medical Status
1	Dari Sabang	Boiler Man	Normal – fit for work
2	George bin Sarail	Lab Assistant	Normal – fit for work
3	Samri bin Ahmad	Maintenance - Fitter	Normal – fit for work
4	Roy bin Joni	Kernel Plant	Normal – fit for work
5	Edryend Kuan	Store Keeper	Normal – fit for Work

Audiometry Test – once a year

Audiometry testing programme (under Factories and Machinery (Noise Exposure) Regulation) was carried out on 8th May 2015. The next test will be carried out in August 2016. The text was carried out by DAB OH Sdn. Bhd. A total of 84 workers were tested. From the results, it was indicated that 59 workers having normal hearing and 26 workers have mild hearing Impairment. Workers with hearing impairment was recommended to go for annually audiometry test. Verified the JKPP 7 raised for the concerned workers dated 20th June, 2015.

The records of the following workers were checked :

No	Name	Status	Protection/ Remedial Action Initiated
1	Micheal Onteh	Severe Hearing Impairment	Driver – minimal noise impact – JKPP 7 has been issued.
2	Azhar Sulaiman	Mild Hearing Impairment	Loading Ramp – using appropriate PPE – JKPP 7 has been issued.
3	Akhtar b. Tahir	Mild Hearing Impairment	Press – using appropriate PPE – JKPP 7 has been issued
4	Alexmon Limon	Mild Hearing Impairment	Sterilizer – using appropriate PPE – JKPP 7 has been issued

Terusan 2 & Rumidi Estate

HIRARC has been established and reviewed on 14th June 2016 by the ESH Manager. Hazard and risk associated with the operation activities have been identified. The HIRARC was updated to include the following:

- i) Use buffalo in field operation
- ii) Slashing operation
- iii) Usage of motorcycle
- iv) Harvesting process updated.

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				<p>v) Rat baiting process new inclusion</p> <p>The following were reviewed :</p> <ul style="list-style-type: none">- CHRA conducted on 29th January 2015 by Synergy Consultant. Recommendations in the CHRA report were reviewed on yearly basis taking into consideration the progress made in implementing the recommendation. Last update was on 2nd February 2016.- Chemical exposure monitoring was carried out by Alphine Consultant on 28th June 2016. The report has yet to be provided to the CU.- Medical Surveillance inclusive of USECHH 1, USECHH 2, USECHH 3, USECHH 4, USECHH 5i and 5ii, NADOPOOD 7 was conducted on 3rd June 2016 by DAB OH SDN. Bhd. 4 workers were examined. The report indicated that all of the examined workers were fit to work. Additional 4 workshop and store workers exposed to welding fumes were checked for manganese and lead. The results indicated that the level of manganese and lead was not detected. <p>The records for the following workers were reviewed:</p> <table><tr><th>No</th><th>Name</th><th>Station</th><th>Medical Status</th></tr><tr><td>1</td><td>Aldi Jumakasa</td><td>Welder</td><td>Normal – fit for work Hypertension Under controlled</td></tr><tr><td>2</td><td>Pinzontine Palimin</td><td>Welder</td><td>Normal – fit for work</td></tr><tr><td>3</td><td>Mohd Norfizul Arifin Nordin</td><td>Store Keeper</td><td>Normal – fit for work</td></tr><tr><td>4</td><td>Fennyleya Richard</td><td>Store Keeper</td><td>Normal – fit for Work</td></tr></table> <ul style="list-style-type: none">- Audiometry testing programme (under the Factories and Machinery (Noise Exposure) Regulation) was carried out on 3rd June 2016 by DAB OH Sdn. Bhd. The following were among the records sighted during the audit : <table><tr><th>No</th><th>Name</th><th>Status</th><th>Mitigation</th></tr><tr><td>1</td><td>Herman Suliman</td><td>Normal Hearing</td><td>Grass Cutter</td></tr><tr><td>2</td><td>Jamrah Jikra</td><td>Mild to Moderate Hearing Impairment</td><td>Grass Cutter – using appropriate PPE – JKPP 7 has been issued.</td></tr></table>	No	Name	Station	Medical Status	1	Aldi Jumakasa	Welder	Normal – fit for work Hypertension Under controlled	2	Pinzontine Palimin	Welder	Normal – fit for work	3	Mohd Norfizul Arifin Nordin	Store Keeper	Normal – fit for work	4	Fennyleya Richard	Store Keeper	Normal – fit for Work	No	Name	Status	Mitigation	1	Herman Suliman	Normal Hearing	Grass Cutter	2	Jamrah Jikra	Mild to Moderate Hearing Impairment	Grass Cutter – using appropriate PPE – JKPP 7 has been issued.
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4.7.3	All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.	YES	<p>Training and briefing on the operations and safe working practices were continuously provided to all workers. This was among the actions taken to educate the workers on the safety aspect and applicable precautions to be taken during the conduct of their work.</p> <p><u>Terusan – POM</u></p> <p>In the HIRARC, types of Personal Protective Equipment (PPE) to be given to specific work activities have been identified in the “PPE usage form”. The following were verified:</p> <ul style="list-style-type: none">i) Sterilizer station – Safety helmet, semi leather hand glove, cotton gloves, safety shoes, safety vest and ear muff.i) Lab – respirator (double cartridge), nitrile glove (chemical penetration), safety boots and ear plug. <p><u>Terusan 2 & Rumidi Estate</u></p> <p>Based on the HIRARC carried out, the PPE types for the various station were identified using the</p>																																	

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		Major Compliance		PPE Distribution Records'. Latest distribution /inspection was carried out. The following PPE verified: i) Harvester - Safety helmet, sickle cover, hand glove and wellington boots ii) Sprayers - Respirator, nitrile glove, goggles, wellington boots and apron. iii) Manuring - Apron, wellington boots and dust mask.																			
4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	YES	<u>Terusan - POM</u> Safety and Health Committee chart dated 15 th Jan 2016 has been established. The members included the representatives of the workers and management. The committee is chaired by the Mill Manager, and the Assistant Mill Engineer as the secretary. The Safety & Health Committee meeting were held on quarterly basis. The following agenda were discussed: i) Confirmation of previous minutes and matters arising; ii) Hospital Assistant Report (Monthly Accident statistics); iii) Mill Health & Safety Inspection Report iv) Training on HSE related activities Minutes of the Health & Safety Committee meeting carried out on the following dates were reviewed and found to be satisfactory : <table border="1"><tr><td>Meeting</td><td>2/4</td><td>1/4</td><td>4/4</td><td>3/4</td></tr><tr><td>Date</td><td>24th June 2016</td><td>17th Feb 2016</td><td>16th Dec 2015</td><td>27th Aug 2015</td></tr></table> <u>Terusan 2 & Rumidi Estate</u> Safety and Health committee chart dated 15 th Jan 2016 has been established The members included the representatives of the workers and management. The committee is chaired by the Estate Manager and the Senior Field Officer as the secretary. The Safety & Health Committee meeting were held on quarterly basis. The following agenda were discussed: i) Confirmation of previous minutes and matters arising; ii) Hospital Assistant Report (Monthly Accident statistics); iii) Health & Safety Inspection Report iv) Training on HSE related activities Minutes of the Health & Safety Committee meeting carried out on the following dates were reviewed and found to be satisfactory : <table border="1"><tr><td>Meeting</td><td>2/4</td><td>1/4</td><td>4/4</td><td>3/4</td></tr><tr><td>Date</td><td>27th May 2016</td><td>26th Feb 2016</td><td>17th Nov 2015</td><td>12th Aug 2015</td></tr></table>	Meeting	2/4	1/4	4/4	3/4	Date	24 th June 2016	17 th Feb 2016	16 th Dec 2015	27 th Aug 2015	Meeting	2/4	1/4	4/4	3/4	Date	27 th May 2016	26 th Feb 2016	17 th Nov 2015	12 th Aug 2015
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Date	27 th May 2016	26 th Feb 2016	17 th Nov 2015	12 th Aug 2015																			
4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce.	YES	<u>Terusan 2 & Rumidi Estate</u> Accident and Emergency procedures have been established. The following were reviewed : i) Accident Internal inquiry procedure – rev. 2 dated 10 th October 2012 ii) Emergency Response Plan – rev. 6, dated 12 th July 2016. The procedure included responding to the following emergency: Fire Breakout, flood and chemical spillage. Emergency response during earthquake was included effective 13 th Dec, 2015 First Aid Box training was carried out on 10 th March 2016. The following workers have attended																				

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Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.
Minor Compliance

the training:

No.	Participant & Custodian for First Aid Kit	Station
1	Douglas Calingasion	Store Keeper
2	Marba Tola	Mandore Harvester
3	Siti Aminah	Mannuring Operator
4	Nirwa Tahudalin	Mannuring Operator
5	Mohd. Sharol Shafiq	Trainee Field Assistant

The First Aid Kit was checked on monthly basis and replenished when required. Accident statistics are maintained in the CU. Provision to record accidents, investigation and initiating mitigation action were in place.

The following were reviewed :

Activities	Date	Supervised by	Status
Training on usage of fire fighting equipment	3 rd June, 2015	Delter Jumin (Field Staff)	Objectives met

The practice of using of JKPP 6, 7 & 9 Forms are in place. Submission of JKPP 8 form is carried out in a timely manner.

Terusan - POM

Accident and Emergency procedures have been established,. The following were reviewed :

- iii) Accident Internal inquiry procedure – rev: 2 dated 10th October 2012
- iv) Emergency Response Plan – dated 15th Jan 2009. The plan included the necessary actions to be taken for emergency associated with bund break, fire breakout, CPO pipe burst & fire, flood and chemical spill. Emergency response during earthquake has also been included.

First Aid Training was conducted on 30 December 2016 to the staffs and workers. The First Aid Kit are checked on a monthly basis and replenished accordingly.

Accident statistics are maintained in the CU – Provision to record accidents, carry out root cause investigation and initiating corresponding mitigation action taken are in place. The following emergencies preparedness activities were reviewed :

Activities	Date	Supervised by	Status
Fire Drill (Day)	3 rd May, 2016	Jaiman Limin (Engineer)	Evacuation time of 5 minutes (satisfactory) Night Drill is being planned for 2 nd Half
Emergency Training for responses during Emergency	1 st Sept, 2016	Jaiman Limin (Engineer)	Objective Met. Awareness training carried out.

The use of Permit to Work in Confined space (PTW CS) to inform external Contractors & Internal workers of the Safe practices and precautions to be adhered. The following were verified.

PTW No	Date	Issuance to	Status
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				<table><tr><td>External 2016/10</td><td>29th July, 2016</td><td>North West – repair FFB Cages – Approval by Engineer</td><td>Continuous – expected to complete at 5/8/2016</td></tr><tr><td>External 2016/09</td><td>20th July, 2016</td><td>Installation of Machinery and Structure for dewatering system – Approval by Engineer</td><td>Continuous –</td></tr><tr><td>Internal 2016/06</td><td>13th July, 2016</td><td>Replace Frame Chancel Decanter – approved by Mill Engineer</td><td>Work completed and handed over – 14th July, 2016</td></tr><tr><td>Internal 2016/05</td><td>13th July, 2016</td><td>Repair Digester Shaft – approved by Mill Engineer</td><td>Work completed and handed over – 14th July, 2016</td></tr><tr><td>Internal 2016/01</td><td>1st June, 2016</td><td>To replace power cable Line 1 – approved by Mill Engineer</td><td>Work completed and handed over – 1st June, 2016</td></tr></table> <p>The use of Permit to Work (PTW) to inform external Contractors of the Safe practices and precautions to be adhered, the following verified. The practice of using of JKKP 6, 7 & 9 Forms are in place. Submission of JKKP 8 form is carried out in a timely manner.</p>	External 2016/10	29 th July, 2016	North West – repair FFB Cages – Approval by Engineer	Continuous – expected to complete at 5/8/2016	External 2016/09	20 th July, 2016	Installation of Machinery and Structure for dewatering system – Approval by Engineer	Continuous –	Internal 2016/06	13 th July, 2016	Replace Frame Chancel Decanter – approved by Mill Engineer	Work completed and handed over – 14 th July, 2016	Internal 2016/05	13 th July, 2016	Repair Digester Shaft – approved by Mill Engineer	Work completed and handed over – 14 th July, 2016	Internal 2016/01	1 st June, 2016	To replace power cable Line 1 – approved by Mill Engineer	Work completed and handed over – 1 st June, 2016
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Internal 2016/06	13 th July, 2016	Replace Frame Chancel Decanter – approved by Mill Engineer	Work completed and handed over – 14 th July, 2016																					
Internal 2016/05	13 th July, 2016	Repair Digester Shaft – approved by Mill Engineer	Work completed and handed over – 14 th July, 2016																					
Internal 2016/01	1 st June, 2016	To replace power cable Line 1 – approved by Mill Engineer	Work completed and handed over – 1 st June, 2016																					
4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	NO	<p>Terusan Mill workers were provided with Medical Care and covered by accident insurance. The following health facilities were available to all the mill workers:</p> <ul style="list-style-type: none">i) Terusan 2 Clinic situated about 2km from the mill. Managed by a Hospital Assistant and assisted by 2 assistants.ii) A vehicle is provided by the management to act as ambulance to transport patients to hospital.iii) District Hospital Beluran – approx. 80 km from the mill. <p>It was noted that the clinic at Rumidi Estate has ceased operation. This has resulted in inconsistent monthly medical check for female sprayers with respect to their 'pregnancy and breast feeding' status. Hence, a Minor NCR JS02 – 2016 was raised. HA visit log of mill line site was reviewed. Noted that the visit was carried out on weekly basis.</p> <p>VMO visit log of Mill line site reviewed. VMO. Records showed that the doctor had visited the site on 30th July 2016, 28th May 2016 and 26th March 2016</p> <p>Local workers are covered by SOCSO. Verified through 'Jadual Caruman Bulanan' June, May & April for the following workers:</p> <table><tr><td></td><td>Name</td><td>I/C No</td></tr><tr><td>a)</td><td>Russel Marzuki - Sterilizer</td><td>920422 – 12 - 6693</td></tr><tr><td>b)</td><td>Pattini Palimin - Electrical</td><td>880307 – 49 - 5553</td></tr><tr><td>c)</td><td>Merilisah Kaong – Certification Clerk</td><td>900905 – 12 - 5566</td></tr><tr><td>d)</td><td>Rinnus Michael - Workshop</td><td>960424 – 12 - 6773</td></tr></table> <p>Foreign workers were covered by Workmen Compensation as per Compensation Act 1952. Insurance Policy from ACE Jerneh Insurance Berhad is valid until 31/12/2016. Verified the policy coverage for the following workers :</p> <table><tr><td></td><td>Name</td><td>Passport No</td></tr><tr><td>a)</td><td>Hamidah Adam</td><td>AS 250344</td></tr></table>		Name	I/C No	a)	Russel Marzuki - Sterilizer	920422 – 12 - 6693	b)	Pattini Palimin - Electrical	880307 – 49 - 5553	c)	Merilisah Kaong – Certification Clerk	900905 – 12 - 5566	d)	Rinnus Michael - Workshop	960424 – 12 - 6773		Name	Passport No	a)	Hamidah Adam	AS 250344
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				b)	Ani binti Bara	W 958329	
				c)	Akhtar bin Tahir	A 8692276	
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	<p><u>Terusan – POM</u> Accident statistics were maintained and periodically reviewed during the 'Health and Safety' committee meeting. Accident free days without loss of man-days 154 days.</p> <p>For 2015, 8 accidents were recorded. JKPP 8 was submitted to DOSH on 23rd Jan 2016. 1 accident involving 5 days medical leave had occurred. JKPP 6 submitted to DOSH on 6th August, 2015. The accident occurred on 3th August 2015, where burns on right hand due to a small explosion. Investigation was carried out and mitigating actions have been implemented</p> <p>For 2016, 1 accident was recorded with 2 days medical leave. The accident occurred on 29th Feb 2016 where the right wrist sprained while pushing heavily laden wheelbarrow. Investigation was carried out and mitigating actions have been proposed and implemented. .</p> <p><u>Terusan 2 & Rumidi Estate</u> Accident statistics were maintained and periodically reviewed during the 'Health and Safety' committee meeting. For 2015, 20 accidents were recorded. JKPP 8 was submitted on 4th Jan 2016. 1 accident involving 5 days medical leave had occurred. JKPP 6 was submitted to DOSH on 20th Jan 2015</p> <p>For 2016 (until the date of the audit), 12 accidents have occurred with 1 accident involving 5 days of medical leaves. JKPP 6 was submitted to DOSH on 5th April 2016</p> <p>The following accidents were sampled and reviewed.</p> <p>i) Accident dated 31st March 2016 – fell from motorbike resulting in injured at the right ankle. 7 days MC - Investigation carried out and mitigating actions carried out.</p> <p>ii) Accident dated 5th May 2016 – Left finger slash white cutting bamboo. – 2 days MC. Investigation was carried out and mitigating actions has been implemented.</p>			
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	YES	Training programmes covering all aspects of RSPO P&C was made available to the auditor. Training schedule that related to RSPO Principle and Criteria for staff, workers, security personnel and contractors was established for year 2016.			
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	<p><u>Terusan POM</u> Training Programme for all level of employees has been established for 2016. The following training has been carried out :</p> <p>i) Emergency Response Plan training - on 1 February 2016;</p> <p>ii) Chemical Handling Training - on 14th April 2016;</p> <p>iii) Fire drill - on 3 May 2016</p>			

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				<p>iv) Awareness on policies – on 2 April 2016 v) PPE Training – on 7 April 2016 vi) Scheduled Waste Training – on 13 April 2016 vii) Confined Space Training – on 19 April 2016 viii) Code of Conduct Briefing – on 30 July 2016</p> <p><u>Terusan 2 and Rumidi Estate</u> Training Programme for all level of employees has been established for 2016. The following were reviewed:</p> <ul style="list-style-type: none"> • Training on Policy, OSH, Env, SW, Human Right, Force Labour and Complaint Procedure for contractor – 16/2/2016 (Terusan 2) • Latihan Pemanduan Selamat bagi pemandu-pemandu kenderaan – 23/2/2016 (Terusan 2) • Manuring, Sprayer, & Storekeeper training – 3/3/2016 (Terusan 2) <ul style="list-style-type: none"> • Manuring Training – 4/3/2016 (Rumidi) • First Aid Training – 10/3/2016 (Terusan 2) • Manuring Training – 28/4/2016 (Terusan 2) • Sprayer Training – 13/5/2016 (Terusan 2) • Harvester Training – 31/5/2016 and 26/5/2016 (Terusan 2) • Sprayer Training – 21/6/2016 (Rumidi) • Rat Baiting Training – 18-19/7/2016 (Rumidi)
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Principle 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	<p>Identification of environmental aspect and impact of the CU was carried out through an Environmental Impact Assessment by a consultant in August 2012. The report was dated 25 September 2012 and has been approved by the Sabah's EPD on 23/5/2012.</p> <p>The environmental aspect and impact (EAI) covers from upstream activities such as FFB reception until downstream processes. Identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental aspects were the boiler stack emission which associated with air pollution, palm oil mill effluent (POME) discharge which causes water pollution (water) and land contamination which related to generation and spillage of the scheduled wastes and also general wastes. For the estate operation, all activities from harvesting, pest and disease, upkeep programme until delivery to mill has been identified.</p> <p><u>Air pollution:</u></p> <p>1) Dark smoke from boiler – mitigation is to proper use of solid fuel i.e. shell & fibre, and proper boiler preventive maintenance. Audit on the boiler emissions noted that dark smoke</p>

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continual improvement.				<p>emission from the boiler had occasionally exceeded the stipulated limit. The mill has established action plans which included even distribution of fuels into the furnace, reduce usage of wet shell, install roofing to prevent fibre from getting wet by the rain water, regular maintenance of the boiler and checking and cleaning of the smoke density meter. The Smoke Density Meter was calibrated accordingly. Stack Sampling Report – carried out 2 times a year.</p> <p>2) Smoke from generator set – mitigation - preventive maintenance on the generators.</p> <p>3) GHG emission from Effluent Treatment Plant – monitoring based on the PalmGHG calculator.</p> <p><u>Water pollution:</u></p> <p>1) Scheduled wastes generation from accidental spillage. Mitigation: put more spill kit in spot area and disposed accordingly using licensed contractor</p> <p>2) Leachate from EFB stockyard. Mitigation: construction of bund (retention wall).</p> <p>3) Wastewater discharge from ETP. Mitigation: Monitoring data from ETP</p> <p><u>Soil contamination:</u></p> <p>Scheduled wastes generation – Mitigation: to be handled in accordance with the EQ(Scheduled Wastes) regulations. The following scheduled wastes were generated and disposed : SW 409, SW 410, SW 102 , SW 109, SW 110, SW 305. The disposal was carried out on 27th May 2016 and all related documents such as the Inventory, Consignment Note and Waste information (7th schedule) were found to be satisfactorily handled. Scheduled wastes were disposed to Lagenda Bumimas Sdn. Bhd. Submission of scheduled waste disposal record (i.e. 5th schedule inventory) to Jabatan Alam Sekitar Negeri Sabah was verified.</p>
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	YES	A documented action plan entitled “Environmental Compliance Report Action Plan” has been established for the Management to monitor the progress of action taken to mitigate the negative impacts in a systematic manner.
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation	YES	Terusan CU had developed an Environmental Compliance Report Action Plan and being reviewed on quarterly basis. Latest review was carried out in June 2016.

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		measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance		
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance	YES	The HCVF scoping assessment of the estates had been completed in July 2008 and sites with attributes HCV 4 (Sg. Bangau-Bangau) and HCV 6 (Bidu-Bidu Forest Reserve) had been identified. This was reported in the report by the consultant entitled " <i>High Conservation Value Identification and Management, Terusan Palm Oil Estates 2009</i> " had also been prepared. Based on survey conducted by HUTAN and Sabah Wildlife Department between 2002 and 2003, there are signs of orang utan, sun bears, mouse deer, barking deer and bearded pig within the reserve.
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	YES	As mentioned above, there are two HCVs area; Sg. Bangau-Bangau located in the CU and Bidu-Bidu Forest Reserve which is located nearby to the CU. Bidu-Bidu Forest Reserve is bordering the Rumidi Estate and about 20 km from the Terusan 2 Estate. The Forest Reserve and Terusan CU is separated with local villagers and private oil palm plantation which were Kg. Lidong, Kg Lubuk Dungun, Kg Sualok, Kg Nangoh, Kg Gana Jati, Kg Bakong-Bakong and Andamy Properties Sdn Bhd. Terusan CU has established action plan for both HCVs area titled 'HCV Monitoring and Action Plan Terusan Estate' which has been reviewed in April 2016. There was no major changes to the HCV Plan, except for the maintenance of faded signboard and pegs, additional signboard, awareness training and continuous monitoring for HCVs area. There was no RTEs found during the last monitoring although HCV main assessment found signs of wildlife as mentioned in 5.2.1.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	YES	A summary of management actions had been proposed in the 'HCV Monitoring and Action Plan Terusan Estate' which has been reviewed on April 2016. Both documents were examined during the audit. From the monthly HCV monitoring report by the estates, there was no RTEs species found at Rumidi Estate and Terusan 2 Estate. Terusan CU had conducted HCV training (on 1 July 2015) titled as 'RTE Species Awareness' and 'Penerangan tentang Pengurusan Bahan Buangan dan Alam Sekitar' on 14 July 2016 for their field workers in order to create awareness among them. The participants also were briefed on company's disciplinary action if found any employee capture, harm, collect or kill wildlife species. If caught, the management will report to the Wildlife Department for further action. The disciplinary action flowchart has been verified by auditor. The personnel involved in the implementation of the HCV Plan has been trained by Senior Manager of Biodiversity, Wilmar International on the process to recognize the signs of RTEs species.

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	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none">The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;Outcomes of monitoring shall be fed back into the action plan. Minor Compliance	YES	Terusan CU has conducted monthly wildlife monitoring along the riparian zone in order to detect the presence of wildlife in the plantation area. The latest monitoring on HCV at Rumidi Estate and Terusan 2 Estate were conducted on 18 May 2016 and 23 June 2016 respectively. From the reports, it was recorded that there were no RTE species found during this monthly monitoring. HCV monitoring report with notes as well as pictures on the sightings of animals along Sg. Bangau-Bangau has verified by auditor. Poaching is prohibited. Warning signages were placed at the entrances of each estate. Posters on protected animals were displayed at the guard posts and estate's office. Evidence of commitment to discourage any illegal or inappropriate hunting have been instituted through control at the entrance gates and monitoring teams.															
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	The HCV or land with slope more than 25° within the Rumidi Estate and Terusan 2 Estate were set asides. The villagers were not allowed to hunt on encroach HCV area without getting permission from Rumidi Estate and the Wildlife department.															
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	<div>The mill and estates had established a list of wastes generated titled as the 'Waste Management Plan 2016'. The following were included:</div> <table><tr><th>No</th><th>Mill & Estate Processes/Activity</th><th>Waste Generated</th></tr><tr><td>1</td><td>Laboratory, boiler, engine room, workshop and clinic</td><td>Scheduled wastes: Spent lubricant, spent hydraulic oil, used batteries, used oil filters, contaminated rags, empty container (grease, lubricant and hydraulic), Spent solvent (Hexane), Spent chemical (IPA), empty bottle and container for chemical and clinical wastes.</td></tr><tr><td>2</td><td>Line site, Mill office and plant</td><td>Domestic wastes: rubbish and sewage</td></tr><tr><td>3</td><td>ETP and composting plant</td><td>Industrial wastes: POME, EFB and leachate.</td></tr><tr><td>4</td><td>Generator Set</td><td>SW 305 – Spent lubricant Oil, SW 408 – Contaminated Soil / debris / Substances, SW 410 – Contaminated rags, Plastic, Papers, Gloves and Filters.</td></tr></table>	No	Mill & Estate Processes/Activity	Waste Generated	1	Laboratory, boiler, engine room, workshop and clinic	Scheduled wastes: Spent lubricant, spent hydraulic oil, used batteries, used oil filters, contaminated rags, empty container (grease, lubricant and hydraulic), Spent solvent (Hexane), Spent chemical (IPA), empty bottle and container for chemical and clinical wastes.	2	Line site, Mill office and plant	Domestic wastes: rubbish and sewage	3	ETP and composting plant	Industrial wastes: POME, EFB and leachate.	4	Generator Set	SW 305 – Spent lubricant Oil, SW 408 – Contaminated Soil / debris / Substances, SW 410 – Contaminated rags, Plastic, Papers, Gloves and Filters.
	No	Mill & Estate Processes/Activity	Waste Generated																
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	2	Line site, Mill office and plant	Domestic wastes: rubbish and sewage																
	3	ETP and composting plant	Industrial wastes: POME, EFB and leachate.																
4	Generator Set	SW 305 – Spent lubricant Oil, SW 408 – Contaminated Soil / debris / Substances, SW 410 – Contaminated rags, Plastic, Papers, Gloves and Filters.																	
5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	Empty chemical containers were rinsed three times at the store area. The cleaned containers were then punctured with hole at the bottom and kept in the store before taken by licensed recycle center. The triple rinsing facility and practices were verified by the auditor and found to be appropriate.																
5.3.3	A waste management and	YES	For the identified wastes and pollutants, procedures and guidelines were established as to guide																

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		disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance		<p>the waste disposal activities and to reduce pollution on the routine operation. Mill process wastes were disposed as follows; EFB is sent for mulching in the field, while crop residue/biomass i.e. fiber and shell are used as fuel in the boiler.</p> <p>On the monitoring of effluent discharge, monthly and quarterly report for final discharge were submitted to DOE in a timely manner and as stipulated in the written approval. Effluent quality monitoring was also done on the monthly basis. The analysis was carried out on the sample taken at the final discharge point.</p> <p>On the scheduled waste management, a procedure titled as "Handling of Scheduled Waste" was established. Scheduled wastes were disposed through DOE's licensed contractors (Lagenda Bumimas Sdn. Bhd). The storage, management and disposal of the scheduled wastes were reviewed, noted to be satisfactory.</p>
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	YES	<p><u>Terusan 2 & Rumidi Estate</u> Management Plan on efficient use of fossil fuel and optimization renewable energy has been established on 10th Jan 2016. The following targets were established and are being monitored</p> <ul style="list-style-type: none"> i) To reduce use of diesel on vehicle and heavy machineries by 1% compared to 2015 usage ii) To reduce use of diesel on generator set by 5% compared to 2015 usage. <p>Fossil fuel reduction programme has been included. Diesel consumption per tonnage of FFB produced ratio is being monitored.</p> <p><u>Terusan – POM</u> Environmental Management Program & Action plan was established since 2012 and reviewed on yearly basis. Sighted the review for 2016 where the fossil fuel reduction programme has been included.</p> <p>Biogas plant to capture methane gas generated from the Effluent Treatment Plant is under commissioning. The captured methane will be use as fuel in the biogas engine to produce electricity for mill and domestic us. The commissioning is planned to be completed by end of 2016.</p>
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance	YES	The CU adhered to the policy as per the Agricultural Manual and SSOP which advocates zero burning. All previous crop were felled, chipped/shredded, shredded, windrowed and left to decompose
	5.5.2	Where fire has been used for preparing land for replanting,	YES	There was no evidence of fire had been used to prepare land for replanting in both Terusan 2 and Rumidi Estate. There was also no evidence of open burning in all the replants visited in Terusan

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		there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Minor Compliance		CU. No fire was used for waste disposal.
<p>C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognised that it is not always feasible or practical to reduce or minimise these emissions.</p> <p>Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of</p>	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	YES	<p>The assessment of all polluting activities had been conducted through Environmental Impact Assessment and Environmental Aspect & Impact Evaluation (see Indicator 5.1.1). The environmental aspects for air pollution, including GHG emission have been identified and mitigation measure/management plan has been established thereafter.</p> <p>The emissions from the boilers are being monitored. The following monitoring report was reviewed :</p> <p>i) Boiler No. 1, Chimney No. 1 – Report Ref No : GES / EM 15 / 761 – date of sampling : 24th November, 2015. Date of reporting: 14th December, 2015.</p> <p>ii) Boiler No. 2, Chimney No. 2 – Report Ref No : GES / EM 15 / 734 – date of sampling : 18th September, 2015. Date of reporting : 9th October, 2015.</p>
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	<p>Greenhouse gas emissions were identified from Land Conversation, Crop Sequestration, Fertiliser, N₂O from fertiliser, peat oxidation, fuel consumption, fertilizer transport and transport of diesel. Plans to reduce the diesel consumption (generator) & petrol consumption are in place. The Terusan POM is in the midst of commissioning a biogas plant as one of the mitigation plans to reduce the GHG emission from the ETP. The plant is expected to be fully operational by end 2016.</p>

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the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.				
	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	YES	A monitoring system is in place and regular reporting on progress for significant pollutants and emissions from estate and mill operations and reports are submitted to RSPO. PalmGHG calculator version 2.1.1 was used to tabulate the GHG emission. The CU has submitted its calculation report to RSPO Secretariat for review on 25 th July 2016. From the PalmGHG Summary Report it was noted that for the period from January to December 2015, the total field emissions were 22,284.84 tCO ₂ e and total mill emissions were 17,088.40 tCO ₂ e. The final emissions value per product was 1.17 tCO ₂ e / tCPO.

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

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	YES	<p>The Social Impact Assessment for Terusan CU entitled as "Primary Report of SIA (Design Phase) for Terusan Oil Palm Plantations and Terusan Palm Oil Mill of PPB Oil Palms Berhad (Sabah)" dated 1st April 2009, still formed the basis for managing social issues. As reported in previous surveillance audits, the report was prepared with the participation of the relevant stakeholders including the estates' workers, contractors / suppliers, neighbouring local communities and the smallholders.</p> <p>The report had described the background of the estates, mill and local communities. It has highlighted the survey methodology, and presented issues raised together with mitigation plan. Some of the issues raised by the internal stakeholders, particularly pertaining to housing and amenities, had continuously been resolved by the management.</p> <p>Evidences were sighted in the estates and mill on the update of the SIA action plans. The estates and mill had continued to organize regular meetings with their workers representatives, FFB suppliers, canteen operators, contractors/suppliers and local communities to review and update old social issues as well as identified new ones. Sighted in the TPOM, Rumidi and Terusan 2 Estate last meeting with stakeholder was on 24 May 2016. The outputs of these meetings were incorporated into the SIA action plans 2016.</p> <p>The reviewed Social Impact Management Plan and Community Development Plan, which had included a timetable with responsibilities for mitigation and monitoring were presented during this audit. As new measures and projects had been introduced and implemented, it was evident that</p>

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				there was continuous improvement in handling social matters.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	YES	Rumidi Estate, Terusan 2 Estate and Terusan POM have continued to hold regular meetings with representatives of the local communities and the smallholders. Meetings with external stakeholders were held at least once a year while those with internal stakeholders were held more often. These meetings serve as a mechanism for revising and updating the SIA Action Plans, as well as issues that required long-term mitigation and monitoring plans. Latest stakeholder meeting was conducted on 24 May 2016. Independent smallholders from Kg. Gana Jati, Kg. Bangau-Bangau, Kg. Bakong-Bakong, Kg. Perancangan, Kg. Nangoh, Kg. Lubok Dungun, Kg. Ulu Sapi and Kg. Bukit Mengidam, nearby estates (Ulu Sapi Estate), contractors FFB suppliers, Police from Tagas, and MPOB Kota Kinabalu have attended the meeting.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance	YES	It was observed that the issues raised by the internal stakeholders were often related to housing, medical and child care facilities. For external stakeholder issues are more to the contribution from company to the local community, for example a leader from Kg Lidong request to desilting their community main drain and from Kg Bakong-Bakong request to learn the craft from Estate/Mill workers. The nearby villages and school, on the other hand, were more concerned on the help and support which they could obtain from the estates and mill. Some of the request included the road maintenance, employment opportunities and treatment at Terusan Clinic. Spot check inspection to the shops within the CU for price list monitoring and a census to workers quarters to prevent overcrowding were carried out accordingly.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties Minor Compliance	YES	A reviewed SIA Management Action Plan named "Pelan Tindakan Pengurusan (SIA) 2016" for Terusan POM dated 21 July 2016 and for Rumidi and Terusan 2 estate named "SIA Management action plan" dated 8 th June 2016 was verified.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	YES	Currently, there is no smallholder scheme in the CU. Only nearby estates (such Andamy – Perugu Estate and Gaya Positif Sdn. Bhd.) and independent smallholders at Rumidi Estate and Terusan 2 Estate (such as Kg. Gana Jati, Kg. Bangau-Bangau, Kg. Bakong-Bakong, Kg. Perancangan, Kg. Nangoh, Kg. Lubok Dungun, Kg. Ulu Sapi and Kg. Bukit Mengidam) were sending their FFB to Terusan POM.
C 6.2 There are open and transparent methods for communication and consultation	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	YES	Consultation and communication procedures used by the CU in handling internal and external communications were in accordance to the "Standard Operating Procedure for Consultation and Communication [Document No. RSPO 6.2(2)]" that was prepared by the RSPO Unit of PPB Oil Palms Bhd. The CU has continued to use internal communication means, such as morning assemblies, notice boards and posters, suggestion boxes and complaint forms. External

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between growers and/or millers, local communities and other affected or interested parties	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	communication was mainly through mail correspondence. As stated in the SIA report, the respective Senior Manager of Rumidi Estate and Terusan 2 Estate, and the mill Manager are nominated as the person to handle social issues. Appointment letter dated January 2016 was verified during the audit.
	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	YES	At the Rumidi and Terusan 2 Estate, the list of stakeholders has been updated to include 21 contractors, 42 Suppliers, 10 village communities, 5 smallholders, 5 shops, 39 government agencies, 11 consultants, 3 NGO's and 12 panel doctors. At Terusan POM, 54 FFB suppliers, 10 villages, 5 shops, 47 government agencies and schools, 120 supplier and contractors, 1 scheduled waste companies, 3 NGO's and 12 panel doctors were listed in the stakeholders list. Evidence of communications, complaints, grievances, disputes etc. with internal and external stakeholders could be tracked in the stakeholders meeting files. Files on external communication were kept according to the agencies or parties communicated, e.g. the Department of Safety and Health, and Department of Environment, etc. Records of action taken had been highlighted in the SIA Management Action Plan.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistle-blowers, where requested. Major Compliance	YES	In the event of a dispute, complaints or whistleblowing, the CU will manage it through the "Whistle Blowing Policy" and "Dispute and Resolution Procedure". Grievance or dissatisfaction or request for services from the employees can be conveyed through the "Borang Aduan (Complaints Form)" and the "Borang Permohonan". The same complaints procedures is used by the public to channel their dissatisfactions while the grievance procedures were for internal use. This system was explained during the stakeholder meeting on 24 May 2016. The estates and mill have continued to maintain their own files on complaints and requests for services. The records at Terusan POM, Rumidi Estate and Terusan 2 Estate were found to be in order and being updated. Noted that some complaints were settled during the meetings of the Social / Workers Welfare Committee held on 14 July 2016 for TPOM and for Rumidi and Terusan 2 estates on 17 May 2016. This was confirmed during interviews held with the workers at Terusan POM, Rumidi Estate and Terusan 2 Estate.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	The CU reported that in the past, there had been no disputes, in any form. The domestic inquiry files were examined to find out whether or not the decisions of the panels of the enquiry had been contested. However, there was none. While for grievances from employees, there was no grievances/complaints recorded for Rumidi Estate, Terusan 2 Estate and Terusan POM since the last audit in July 2015. There were only request for maintenance of their houses. The request from the workers have been handled appropriately by the estate/mill. Interviews with workers revealed that they were quite happy with the policies of the estates pertaining to wages, jobs, housing, water, electricity, children education and clinic services. The following request was reviewed: <u>Case 1:</u> Worker from Terusan POM has made a complaint on wiring, garbage and toilet at her house on 28/1/16. Action: the management of Terusan POM had fixed the wiring, garbage and toilet at her

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				house on 28/1/16. There is no complaint made by the workers in Terusan 2 and Rumidi estate in this year 2016.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	For cases involving the loss of customary land rights, the estate will manage them using the procedure entitled " <i>Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation</i> ", version 1.0 which was adopted in 30 July 2009.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance	YES	As mentioned in 6.4.1, the procedure addressed the determination of compensation. The process and outcome of any compensation claims is documented and made publicly available. No land dispute observed by the assessor. Since last audit, there was no claim for compensation made against Rumidi Estate, Terusan 2 Estate and Terusan POM by the local communities. If there were any cases related to compensation, the procedure for calculating and distributing fair compensation would be carried out at the company level as stated in their standard operating procedure 'Dispute and Resolution Procedure'.
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	There was no issue raised related to the compensation claims at Terusan CU since the last audit in 2015. Therefore, this indicator was not applicable.
C 6.5 Pay and conditions for employees and for contract workers always meet at least	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	The following documentation of pay and conditions for Mill workers at Terusan POM (GU/TRP/0907/35, GU/TRP/0116/404) field workers at Rumidi Estate (GU/TR2/0715/1954, GU/TR2/0810/1234, GU/TR2/1210/1272 and GU/TR2/1207/433) and Terusan 2 Estate (GU/TR2/0308/504, GU/TR2/0608/197, GU/TR2/0715/1949 and GU/TR2/0715/1951) were verified.

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legal or industry minimum standards and are sufficient to provide decent living wages				<p>Interviews were held with both local and foreign workers. The employment offer letter had spelled out the pay and conditions of employment. The basic pay of any daily-waged worker was adjusted to achieve the basic minimum wage specified by the Minimum Wages Law 2016.</p> <p>The pay slips were in Bahasa Melayu and the computation of pay was quite complicated. However, the CU has subsequently explained to the workers. During the interviews with the workers, it was found that most of them has a good understanding on the computation of their pay.</p>
	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.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	The employment contracts were in Bahasa Melayu. The employment contract ' <i>Perjanjian Pekerjaan</i> ' has stated duration of contract, wages and allowance, annual leave, sick leave, maternity leave, payment of wages, etc. Auditor has reviewed and verified contract of employment of five foreign workers from Indonesia (GU/TRP/0907/35, GU/TR2/0715/1954, GU/TR2/0810/1234, GU/TR2/1210/1272 and GU/TR2/1207/433) and one workers Malaysia (GU/TRP/0116/404).
	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). Minor Compliance	YES	<p>The CU maintains its policies on housing, water and electricity supply where electricity and water consumption were subsidized. Religious, medical, education- Humana School and child care facilities – Creche Ayah are still offered as before. Any maintenance and service for housing and facilities can be requested from mill and estates management with free of charge. During interview with foreign field workers at the Rumidi Estate and Terusan 2 Estate found that they were satisfied with the accommodation and other facilities that provided by the estate to them.</p> <p>Housing inspections were carried out by members of the health and safety committee as required by Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). Weekly cleanliness inspection were carried out by the MA at both the estates. Concerns had been identified and appropriate actions initiated. Inspection records dated 16/7/16, 19/7/16, 11/6/16 and 4/6/16 were verified.</p> <p>Weekly cleanliness inspection at Terusan POM was carried out and reported by the Field Supervisor. Concerns had been identified and appropriate actions initiated. Inspection records carried out on week 1, 2, 3, 4 of June 2016 and July 2016 were verified and confirmed that the inspections were carried out accordingly.</p>
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve	YES	Rumidi Estate continue to monitor the Terus Maju Enterprise (sundry shop that operate in the estate) on quarterly basis. Latest monitoring was carried out by the manager on April 2016. As for the Terusan 2 Estate, monitoring of the A&J Trading (sundry shop that operate in the estate) was

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		workers' access to adequate, sufficient and affordable food. Minor Compliance		last carried out in February 2016 by the estate manager. Terusan POM also monitored once a year on the Terusan Minimarket (sundry shop that operate in the Terusan 1 estate) where the latest monitored on May 2016 by Terusan 1 estate manager.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	An official Human Right Policy published in June 2014 was available. The policy, written in English and languages understood by the workers recognizing freedom of association was made available and being exhibited in public places at all estates/mill. The statement reads, among others, that the workers are allowed to join any registered organizations or associations and also foreign workers are not allowed to hold any positions in the organizations or associations. The workers whom were consulted had confirmed that they were aware of their rights to join a union.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	As reported in previous audit, the workers are not unionised. However, workers' representatives have been appointed as members of the Social and Welfare Committee and Women and Children Committee in the estates and mill. Through these committees, the workers' issues both from local and foreign staffs and workers were brought to the attention of the management.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	YES	The child labour policy is publicly available at the visited estates and mill. The policy statements emphasis on child under 18 years must not be employed to work in hazardous jobs. This policy is posted on notice boards which can be viewed by the public and workers. Verification through employment card and copies of passports of foreign workers as at January 2016 confirmed that there are a total of 108 workers at the mill and total of 785 workers for both Rumidi Estate and Terusan 2 Estate. Review of this record confirmed that there was no record of persons under age of eighteen, the minimum working age under Malaysian Labor Laws (Am. Act A238).
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	YES	The equal opportunity policy is publicly available in the estates and POM. The policy statements emphasis on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on notice boards for the understanding of the public and workers.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and	YES	No evidence on discrimination was observed during this surveillance audit. The terms of employment, work assignments, housing policy, medical and childcare facilities had not been found to be discriminatory. Interviews with workers also revealed that the CU had not

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affiliation, or age, is prohibited.		migrant workers have not been discriminated against. Major Compliance		discriminated their staffs and workers. Foreign workers received similar pay, stayed in the same housing complex and enjoyed similar medical benefits as their local counterparts. Management did not discriminate the employment by gender where 2 female workers were allowed to operate mini tractor.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	YES	As stipulated in the "Recruitment selection, Hiring and Promotion" for staff and "Recruitment of Workers" for workers the recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	The CU has established a 'Sexual Harassment, Violence and Abuse, Reproductive Rights Policy' dated June 2014. This policy provides actions on in the incidence of sexual harassment cases in the estates/mill. The policy had been communicated to all staffs and workers during morning muster and for TPOM training on 2 April 2016, for Rumidi and for Terusan 2 they are yet to train on that policy for all workers, however sighted in the plan they are plan to do training in month of August 2016. Based on interview with female workers during site visit and at estate office, they were aware of the policy and had been briefed during Gender Committee Meeting. The policy also had been communicated to all staffs and workers during morning muster.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	The CU does have policies named 'Sexual Harassment, Violence and Abuse, Reproductive Rights Policy' dated on June 2014 on protect the reproductive rights which guide actions on in the incidence of cases in the estates/mill. For TPOM The policy has been communicated to all staffs and workers during morning muster dated 2 April 2016 and for estates Rumidi and Terusan 2 ,they are yet to train, however sighted in the plan they are plan to do training in month of August 2016. Based on interview with female workers during site visit and at estate office, they were aware of the policy.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	YES	Rumidi Estate, Terusan 2 Estate and Terusan POM have followed standard operating procedure on handling of grievance / social issues which was established by PPB entitled 'Dispute and Resolution Procedure'. The Mill manager and the estate manager were responsible handle issues related to social, environment and safety. The grievance mechanism had been explained to all workforce. A flowchart procedure had been displayed at visited estates and mill noticeboard. The SOP contains the complaint and investigation procedure to handle complaints in the workplace. Women and Children Committee at the Terusan POM, Rumidi Estate and Terusan 2 Estate had conducted meeting on quarterly basis for 2016. The committees had briefed their members on the objectives of the establishment of the committee, mechanism to addressed particular issues related with women and children and also their annual programme.
C 6.10 Growers and millers deal fairly and transparently with smallholders and	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	YES	Terusan POM continues to display on the notice board at the weighbridge the price of FFB from January to July 2016. Interviewed with FFB suppliers found that they were aware of the price at noticeboard and satisfied with that price.
	6.10.2	Evidence shall be available that	YES	Interviews were held with FFB suppliers and contractors of goods and services such as

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other local businesses.		growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance		<p>transporter of CPO and PK and transporter of FFB to learn their experience in dealing with the estates and mill. Generally, the FFB suppliers have been selling their FFB for more than 20 years. Most of the goods suppliers, on the other hand, have been dealing with the mill for more than 10 years. FFB suppliers and contractors have mentioned that they have communicated with PPB office or at least during Stakeholders Meeting. The actual price received as what was revealed by the office.</p> <p>Terusan POM continues to display on the notice board at the weighbridge the price of FFB from January to July 2016. Calculation of the price FFB was based on MPOB rate which has also been briefed to the suppliers during the Stakeholders Meeting on 24 May 2016. The meeting minute has been verified by auditor.</p>
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	YES	<p>There was no agreement or contract between Terusan POM and the third party FFB suppliers. They are free to sell their FFB to other surrounding mills (such as the IOI mill, Fortuna Leong mill) or private collection centers in the region. There was also no contract on payment for FFB where it based on daily pricing from MPOB which is accessible via www.bepi.mpob.my and also via SMS. The final price is decided by PPB Sandakan Office using the formula entitled "Pengiraan Harga Untuk Pembelian FFB Estate Luar". Currently, there was no complaint regarding prices and other FFB related dealings between mill and suppliers were registered with the Mill Manager and reviewed by an internal mechanism.</p> <p>The outcome of the interview revealed that generally, they had been happy on their FFB trading with the mill. Among the comments received were that the prices offered by the CU had followed the MPOB's guidelines and payments were promptly made.</p> <p>Few business contracts, signed by both the mill and the contractor were examined. Transporter for CPO and PK contractors "TPOM/CPO-TA/001/2015/sb and TPOM/PK-TA/001/2015/sb". All the parties have understood the contractual agreements</p>
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	<p>The FFB suppliers and FFB Transporter were interviewed and they praised the CU for being very prompt with its payment. According to them, payments would usually be made by month after delivery of fruits or services. Evidence was sighted on the FFB payment 'FFB Payment For The Month of June 2016', which showed payment was made in a month following the delivery of fruits.</p>
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	YES	<p>Terusan CU had initiated consultations with the neighbouring external communities regarding contribution to local development. Usually the villagers through their head will communicate with the management on ad-hoc basis or through the Stakeholder Meeting. Contribution such as maintenance or repair the village road, drainage, school goal post, repairing school were provided. Sighted issue raised during stakeholders meeting.</p> <p>Record showed that Terusan 2 and Rumidi Estate employed 246 local workers. This represents about 29% of the workers were from the local communities which work as the management staffs, maintenance staffs, harvester, transporter, security, gardeners and crèche minders.</p> <p>Regular consultations with local communities such as Kg. Sualok, Kg Bakong-Bakong and Kg.</p>

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				<p>Lidong had assisted the company in its efforts to contribute to local development. Terusan 2 Estate had carried out maintenance of access road at the estate and at the Kampung Lidong. Interview with the Head and JKK Chairman indicated that they were satisfied with estate contribution to them. The estate Management also provided specialist in tyre craft to teach villagers at Kg. Bakong-Bakong to recycle tyre as per their request and offered jobs to villagers at the Kg. Lidong, Kg. Bakong-Bakong and Kg. Sualok.</p> <p>For Terusan POM, sighted that the POM had allocated budget for donation to schools and villagers as part of their contribution. The mill is also buying FFB from independent smallholders such as Kg Bakong-Bakong, Kg Sualok and Kg Lidong in order to support local community's economies/earn of living.</p>
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	YES	There was no smallholders scheme at the CU. However there were independent smallholders from Kg. Gana Jati, Kg. Bangau-Bangau, Kg. Bakong-Bakong, Kg. Perancangan, Kg. Nangoh, Kg. Lubok Dungun, Kg. Ulu Sapi and Kg. Bukit Mengidam and nearby estates such as Andamy Properties Sdn Bhd and Gaya Positif SB sent their FFBs to the Terusan POM.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	YES	<p>There was no trafficked labour used. This was verified through interview with several workers (chemical sprayers and harvesters), verification of their passport, contract agreements and work permit for field workers. The interviewed workers admitted that they were employed voluntarily and freely, without the threat of a penalty. Workers have the freedom/right to terminate the employment contract without penalty by giving notice within 28 days.</p> <p>The labour policy which is stated in "No Deforestation, No Peat, No Exploitation Policy" included the CU commitment to respect and recognize the rights off all workers including contract, temporary and migrant workers clause.</p>
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	There is no contract substitution occurred as stated in the labour policy and procedures was established and implemented as Recruitment of Workers". Through interview with field workers and verification through employment contract, there was no contract substitution had occurred at both the estates and the POM.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	A special labour policy titled as 'No Deforestation, No Peat, No Exploitation Policy' was established since 5 December 2013. Procedure "Recruitment of Workers" was established and implemented to employ foreign workers.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the	YES	A Wilmar Human Right Policy dated June 2014 was available at the audited sites. The policy was signed by the Group Plantation Head. Training to all levels of the workforce were carried out by the respective sites PIC. For Terusan POM the training was conducted on 3/8/2016 while for

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		workforce and operations (see Criteria 1.2 and 2.1). Major Compliance		Terusan 2 and Rumidi Estate the training was carried out on 14 th May 2016. The attendance list and pictorial report were verified during the audit.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	YES	Two Humana and three Crèche were constructed at Terusan CU to secure workers children access to education as moral obligation. A total of 99 children from 7 – 12 years old were schooling in Humana at Terusan CU, and 74 toddlers were at the crèche. Site visit to Humana and found the Crèche indicated that the infrastructures were well maintained with new paint and play ground was provided by the CU.

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

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

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

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	YES	In general, the Terusan CU is committed to reduce the usage of pesticides by implementing the IPM. This included planting of beneficial plants. EFB from the mill was used as fertilizer in the field. Other improvement plans to minimize chemical usage were by practicing only circle and selective spraying and soft vegetation were maintained in the field upkeep.
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	Identification of Environmental Aspect and Impact and Evaluation of Significance for 2016 has been established. The Environmental Impact Assessment (EIA) Plan – updated – status

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				established Person(s) in charge and mitigating actions recorded. The mitigations measures which were derived from the identification of environmental aspects were adequately implemented and monitored.
	c)	Waste reduction (Criterion 5.3);	YES	Waste Management Plan has been established for 2016. The CU is generally active in recycling activities. Among the activities included the sales of recyclable materials such as plastic and metal. Apart from that, other materials such as used tyres and plastic bottles were used for decorations at the line-sites and staff housing.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	Pollution and Greenhouse Gas (GHG) emission is identified in the Identification Environmental improvement action plan'. This plan also included the waste products and sources of pollution. Terusan POM is in the midst of commissioning a biogas plant as one of the mitigation plans to reduce the GHG emission from the ETP. The plant is at the trial stage and is expected to be fully operational by end 2016.
	e)	Social impacts (Criterion 6.1);	YES	Terusan CU continues to provide and improve facilities for all level of their employees. This included building of new houses in phases for the employees. It was also observed that the CU has allocated budget for furniture for the houses. Ad-hoc request from local communities especially on road maintenance was responded as soon as possible depend on the available budget.
	f)	Encourage optimising the yield of the supply base	YES	As Terusan CU is part of a well-established organisation, PPB Oil Palms Berhad, the yield performance has always been the top priority in ensuring long-term economic and financial viability. In general, various efforts had been done to maximise the yield of the plantation such as maximising crop recovery, optimum ripeness standard (harvest ripe bunches only and 100% loose fruit collection), the soil fertility were maintained and planting only high yielding planting material such the clonal material.

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Attachment 4

Details of Non-conformities and Corrective Actions Taken for RSPO P&C MYNI 2014

P & C Indicator	Specific ation Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
Indicator 2.1.3	Minor	<p>#NCR No : JS01 - 2016</p> <p>The mechanism for ensuring compliance with the relevant legal requirements and the mechanism to follow-up on the compliance status is not effective.</p> <p>The following anomalies noted at the legal compliance check carried out Terusan POM</p> <ul style="list-style-type: none"> i) For Requirements which were marked as ' Non Compliance', the justification and explanation to justify the status is not clear. ii) For Requirements which were noted as 'non-complying', the follow-up mitigation plan and corresponding actions were not clearly established. 	<p>Corrective Action:</p> <ul style="list-style-type: none"> - The legal compliance was not conducted in accordance with the internal SOP. - Correction: The Justification, follow up mitigation and corresponding action will be conducted in accordance with SOP <p>Auditor Verification: Corrective action plan accepted.</p> <p>Status: The effectiveness of the corrective action will be verify during next audit</p>
Indicator 4.5.2	Minor	<p>#NCR No : MN 01 2016</p> <p>Terusan 2 and Rumidi Estates do not comply to the indicator 4.5.2.</p> <ul style="list-style-type: none"> - It was found that Terusan 2 and Rumidi Estates do not undergo any form of training on the overall concept of IPM for those involved in the implementation of IPM. 	<p>Corrective Action:</p> <ul style="list-style-type: none"> - The training on IPM concept will be conducted for entire Terusan Certification Unit <p>Auditor Verification: Corrective action plan accepted</p> <p>Status: The effectiveness of the corrective action will be verify during next audit.</p>
Indicator 4.7.6	Minor	<p>#NCR No : JS02 - 2016</p> <p>The mechanism for ensuring adequate Medical Care at Rumidi Estate is not effective.</p> <ul style="list-style-type: none"> - The site clinic at Rumidi Estate has ceased operation, which has resulted in the monthly Medical check for female sprayers with respect to their 'Pregnancy and Breast Feeding' status, not consistently carried out. 	<p>Corrective Action:</p> <ul style="list-style-type: none"> - The Medical Care unit at Rumidi Estate was being used as temporary store. - Correction : The medical care will be upgrade and equip with proper facility <p>Auditor Verification: Corrective action plan accepted</p> <p>Status: The effectiveness of the corrective action will be verify during next audit.</p>

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Attachment 5

RSPO Supply Chain at the Terusan Palm Oil Mill – Mass Balance – Module E

Item No	Requirement NOV 2014	Findings Standard Nov 2014
E.1 E.1.1	Defination To verify : a) the volume of certified and uncertified FFB entering the mill b) the volume sales of RSPO certified The claim only the volume of oil palm products produced from processing of the certified FFB as MB	Actual (Aug 2015 – July 2016) <u>MT</u> a) FFB Received 217,964.83 FFB Processed 217,964.83 CPO Production 44,349.87 PK Production 9,773.98 b) Delivery of CPO 44,349.87 RSPO(MB) 8,052.59 Non-RSPO 36,297.28 Delivery of PK 9,773.98 RSPO (MB) 5,351.24 Non-RSPO 4,422.74
E 2 E..2.1	Explanation Estimate total tonnage of CPO and PK potentially produce in a year	Projection (Aug 2016 – July 2017) <u>MT</u> (1) FFB Received 207,065.00 RSPO 89,245.00 Non-RSPO 117,820.00 (2) FFB Processed 207,065.00 RSPO 89,245.00 Non-RSPO 117,820.00 (3) CPO Production 43,483.65 (4) PK Production 10,351.53 (5) Delivery of CPO 43,483.65 RSPO(MB) 18,741.45 Non-RSPO 24,742.20 Delivery of PK 10,353.25 RSPO (MB) 4,462.25 Non-RSPO 5,891.00
E. 2 E 2.2	Explanation The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim.	TPOM has registered with the RSPO e-trace system. The mill's RSPO e-trace member ID is RSPO_PO1000000130.

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E 3 E 3.1	Documented procedures The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	<p>a) Terusan Palm Oil Mill (TPOM) has replaced its previous documented procedure [Supply Chain and Traceability (Mass Balance Model), doc. no. MILL-SC/MB-2012, dated 21/9/2013] with "Safe Standard Operating Procedure (Traceability)" [dated 31/3/2015] describing the implementation of the elements in the supply chain system.</p> <p>b) Mr. Edward Jude, the Mill Manager has been appointed the person having overall responsibility for and authority over the implementation of the SC Standard since 15/1/2016 [ref.: Appointment of Mill Manager [SABAHMAS/HR/103 L15, dated 7/12/2015].</p>
E 3.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	<p>Mechanism is stated in the procedure "Safe Standard Operating Procedure (Traceability)", Clause 21.5 Delivery of FFB (for certified and non-certified FFB) Item (i) to (v), and processing in Item (vi). For receiving, two documents involved i.e.:</p> <ul style="list-style-type: none"> i) FFB Despatch Chit from the estates brought by lorry driver – included the name of the estate, date of delivery, Field No. or collection ramp no., vehicle no and name of driver ii) Weighbridge Ticket – to indicate the weight, FFB Despatch No. and date of receipt <p>Processing of FFB is done in normal way as guided by its SSOP, which covers the entire operation from receiving of FFB until dispatch of CPO & PK.</p>
E.4 E.4.1	Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.	<p>TPOM had continued to receive certified FFBs from its own supply base as well as non-certified FFBs from outsiders. There were 3 supply base (estates) sending certified FFBs to TPOM. They were Terusan 1, Terusan 2 dan Rumidi Estate. For non-certified FFBs, TPOM had sourced them from 54 FFB collectors some of them are A2A Enterprise, Germas Sdn Bhd, PL Sawit Sdn Bhd, Casem Sdn Bhd, Roslan bin Ahmad, TSB Oil Palm Sdn Bhd, Saiti binti Tinggi and Akong bin Nawang.</p> <p>The Weighbridge Clerk checked and verified the consignment notes issued by the supplying estate for the incoming RSPO and non-RSPO FFBs. TPOM kept copies of the FFB Consignment Notes or FFB Delivery Notes issued by the supplying estates.</p> <p>TPOM had also continued to keep records on (1) Daily Certified CPO production record and (2) Quarterly Report of incoming sustainable material. The Monthly Crop Report provides a detailed monthly account on the receipt of FFBs, production of CPO and PK as well as on the actual oil extraction rate (OER) and kernel extraction rate (KER).</p> <p>For the period August 2015 – July 2016, TPOM had received a total of 217,694.83 MT of FFBs of which 119,322.93 MT were RSPO certified while the remaining 98,371.90 MT were non-RSPO certified FFBs. A total of 10 randomly selected FFB delivery notes/dispatch tickets for RSPO-certified FFBs issued by the supplying estates on the in-coming FFBs were verified. It was found that all delivery notes/dispatch tickets had indicated the estate's RSPO Certificate number, the name of the supplying estate and the quantity (weight in Kg) of the FFBs.</p>

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E 4.2	The site shall inform the CB immediately if there is a projected overproduction.	There was no overproduction of certified FFBs during the period under review (Aug 2015 – July 2016).
E.5 E.5.1	Record keeping a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis. b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The site can only deliver Mass Balance sales from a positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (i.e. product can be sold before it is in stock)	a) TPOM had continued to keep record and balances all receipts of RSPO-certified FFBs and deliveries of RSPO-certified CPO and PK on a three-monthly basis in the table 'Quarterly Report of Incoming Sustainable Raw Material 2016'. b) For the period Aug 2015 to July 2016, TPOM had delivered a total of 8,052.59 MT of RSPO-certified (MB) CPO and 5,351.24 of RSPO-certified (MB) PK. All the certified CPO and PK was delivered to Sandakan Edible Oil Sdn. Bhd. c) The Mass Balancing Record for Oil Mills – TPOM indicated both positive balances for the certified CPO and palm kernel. A total of 57 randomly selected weighbridge tickets issued during Aug 2015 to July 2016 by TPOM for delivery of RSPO-certified CPO were verified and found to have indicated all the required information including the status of the products (RSPO MB): With respect to the delivery of PK, a total of 34 randomly selected weighbridge tickets issued by TPOM during the months of Aug 2015 to July 2016 were verified. All weighbridge tickets issued had indicated the status of the PK (RSPO MB).
E 5.2	In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	NA - No outsource activity.

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Attachment 6

Status of Non-conformities Previously Identified

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Auditor
Indicator: 2.1.1	Major	NCR #: VS01/2015 i) Alarm at smoke density meter for boiler no. 2 was not functioning. ii) Leachate from the EFB stock yard was found to be flowing into the monsoon drain.	i) The mill has repaired the alarm system. Copy of work order was presented to the assessor as an evidence. ii) Leachate from the EFB stock yard is channelled to a containment pit and an automatic pump will pump out the leachate to the ETP system thereafter.	i) The alarm at Smoke Density meter for Boiler No: 2 has been repaired and currently functioning. Reviewed 'Service Order' by LKS (M) Sdn. Bhd d/d : 12 th Dec, 2015, for carrying out the repair work on the alarm system. The alarm system for boiler no 1 was checked and was found to be in operation. ii) A concrete pit has been constructed to contain the leachate from the EFB stock yard and a submersible pump has been installed to pump the leachate to the ETP system. Status: Closed
Indicator: 4.1.3	Minor	NCR #: VS02/2015 Based on "Rat Baiting Records" for Field No. 32, 37, 46, 21 (Terusan 1) and 58, 59, 55, 54, 53 (Terusan 2) for the month of May and June 2015, there was no evidence that the rat baiting at Terusan 1 and Terusan 2 Estates was carried out until the bait acceptance is below 20%.	Due to the estates ran out of rat baits stock, the operation could not be continued. As a corrective action, the CU is committed to ensure the stock of rat baits is always at sufficient level to avoid discontinuation of the operation.	During the audit, it was confirmed that the rat baits stock was available in the store and the rat baiting operation is in progress. Status: Closed