



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 : TERUSAN CERTIFICATION UNIT
PARENT COMPANY : WILMAR INTERNATIONAL LIMITED
RSPO MEMBERSHIP No.: 2-0017-05-000-00

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 : 21-25 May 2018

DURATION : 16 auditor days

TYPE OF AUDIT : ☒ Annual Surveillance Audit No. 03 ☐ Recertification Audit

STANDARD : RSPO PRINCIPLE & CRITERIA MYNI 2014, AND RSPO SUPPLY CHAIN CERTIFICATION STANDARD 2014 (REVISED 14 JUNE 2017)

SCOPE OF CERTIFICATION: Production of Sustainable Crude Palm Oil and Palm Kernel Using the Mass Balance Supply Chain 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 : ROZAIMEE BIN AB RAHMAN

Name : Edrin Moss

Signature :

Signature :

Date : 3/09/2018

Date : 5/9/2018

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SUMMARY OF AUDITS

Stage 2 audit / 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 / Local communities
	:			
	:	Contract workers	NGOs	Govt. agency
	:			
	:	Indigenous people	Contractor	Others (Please specify)
	:			
Supply base sampled	:			
Report approved by	:		Approval date :	

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 / Local communities	Employees		
		X		X	X		
		Contract workers	NGOs	Govt. agency	Contract workers		
		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	:	11 - 14 July 2017		No. of auditor days	16 Auditor Days
Audit team	:	Mohd Zulfakar Kamaruzaman (LA), Rozaimee Ab Rahman, Mohd Ab Raouf Asis, Rahayu Zulkifli			
No. of major NCR	:	2	Indicator: 4.5.2 (Recurrence Issue), 5.3.2		Closing date : 13 October 2017
No. of minor NCR	:	3	Indicator : 2.1.3, 4.1.2, 6.2.3		
Indicate by ticking the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers	Employees
		X		X	X
		Contract workers	NGOs	Govt. agency	Contract workers
		Indigenous people	Contractor	Others (Please specify)	
		X			
Supply base sampled	:	Terusan 1 Estate and Rumidi Estate			
Changes since the last audit	:	Changed of contact person from Mr. Edward Jude to Mr.Hoon Tai Liang			

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Annual Surveillance Audit 3				
On-site audit date	: 21-25 May 2018	No. of auditor days	: 16 days	
Audit team	: Rozaimee, Mohd Zulfakar, Mohd Ab Raof, Rahayu, Zulkarnain			
No. of major NCR	: 2	Indicator: 6.1.2, 4.3.4	Closing date : 20 Aug 2018	
No. of minor NCR	: 6	Indicator : 1.3.1, 6.2.3, 6.5.3, 4.1.2, 4.3.5, 5.6.3		
Indicate by ticking the stakeholders interviewed during the on-site audit	Employees	Settlers	Villagers / Local communities	Suppliers
	X		X	X
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
	X	X		
Supply base sampled	: Terusan POM, Terusan 1 Estate, Terusan 2 Estate			
Changes since the last audit	: 6.63ha was removed from the hectareage of Rumidi Estate for project under Jabatan Air Sabah.			
Justification of audit planning	Total allocation of audit man day for Terusan CU were: <ul style="list-style-type: none"> Terusan 1 Estate = 5.5 auditor days, monitoring on critical areas such as (HCV areas, buffer zone areas, boundary forest reserve, neighbouring villagers, stakeholder, etc.) verified safety and health, environment, good agriculture best practices, GHG verification, etc Terusan 2 Estate = 5.5 auditor days, monitoring on critical areas such as (HCV areas, buffer zone areas, boundary forest reserve, neighbouring villagers, stakeholder, etc.) verified safety and health, environment, good agriculture best practices, GHG verification, etc. Terusan POM = 5 auditor days, for safety and health, environment, mill best practices, GHG verification, etc) + (1 day for supply chain certification systems) 			
Report approved by	: Radziah Mohd Daud	Approval date : 3/09/2018		

Annual Surveillance Audit 4				
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 / Local communities	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractors	Others (Please specify)	
Supply base sampled	:			
Changes since the last audit	:			
Justification of audit planning	:			
Report approved by	:	Approval date :		

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SUMMARY OF INFORMATION

TABLE 1

	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period		August 2016 to July 2017	July 2017 to June 2018	May 2018 to Apr 2019	
Certified FFB Processed (MT)		89,245.00	**83,143.00	74,271.67	
Production of Certified CPO (MT)		18,741.45	18,116.38	16,339.77	
Production of Certified PK (MT)		4,462.25	3,718.30	3,193.68	
Certified Areas (Ha)		7,596.13	7,596.13	*7,589.57	
Planted Areas (Ha)		6,740.84	6,743.92	6,618.25	
Production Areas (Ha)		-	-	3,074.2	
HCV Areas / Conservation Areas (Ha)		311.77	311.77	311.77	
REMARKS	<p>For ASA 3 : May 2018 to Apr 2019 *6.56ha was removed from the hectareage of Rumidi Estate for project under Jabatan Air Sabah.</p> <p>For ASA 2 : July 2017 to June 2018 **Lower FFB received (actual), about 76% from the projected volume.</p>				

TABLE 2

	PO	PK
Last years certified volume (MT)	18,116.38	3,718.30
Last years actual certified sold (MT)	6,413.79	3,057.82
Last years actual sold under other schemes (MT)	6,904.42	-
Last years sold conventional (MT)	-	-
New year certified volume (MT)	16,339.77	3,193.68

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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) and the International Automotive Task Force (IATF). 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
Rozaimiee Ab Rahman	Lead Auditor / Safety & Health and Environment	Holds a B. Sc. in Agriculture from University Putra Malaysia. He had more than 5 years of working experience in the oil palm operation.
Mohd Zulfakar Kamaruzaman	Auditor / HCV and Environment	Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation.
Mohd Ab Raouf bin Asis	Auditor / Good Agricultural Practices	Possessed qualification in B.Sc (Hons) Management Technology Majoring Production and Operation from UTHM. He has been in plantation industry for 7 years assisting Estate Manager managing oil palm estates. He has been trained as RSPO as well as MSPO auditor.
Rahayu Zulkifli	Auditor / Social	Holds a Degree in LLB (Hon), she was a practicing lawyer before joining WWF-Malaysia and RSPO as a Dispute Settlement Facility Manager. She is now working as a freelance RSPO auditor.
Zulkarnain Abdullah	Auditor / RSPO Supply chain	Holds a B. Sc. Forestry. Had more than 17 years of working experience related to wood related product and auditing sustainability schemes like FMC and COC. He has successfully completed the accredited Lead Assessor training for RSPO SC.

1.3 Audit methodology

The audit covered the one palm oil mill and two of its supply base, i.e. the Terusan 1 Estate and Terusan 2 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

Stakeholders consultation was carried out during the on-site audit. Among the stakeholders interviewed included the representatives of the villages, workers, contractors and suppliers. In general, there was no negative comments received on the CU.

1.5 Audit plan : Refer to Attachment 2

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- 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 one palm oil mill and three estates, namely 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 7,589.57 hectares (Ha) of which 6,618.25 Ha had been planted with oil palm. As Terusan 1, 2 and Rumidi Estate were 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. The mill and the 3 estates were equipped with living quarters for all its employees.

There were 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 (July 2017 to Apr 2018)

Estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Terusan 1 Estate	24,925.37	11.41	SIRIM
Terusan 2 Estate	17,362.93	7.95	SIRIM
Rumidi Estate	15,134.03	6.93	SIRIM
Kiabau Estate	0.00	0.00	Control Union
Sapi Sugut Estate	866.65	0.40	SIRIM
Jebawang Estate	564.74	0.26	SIRIM
Sekar Imej Estate	1,228.41	0.56	SIRIM
Hibumas 2	3,578.73	1.64	SIRIM
WAGS Beluran	1,561.49	0.71	SIRIM
Andamy Properties Sdn Bhd	25,672.97	11.95	Non-certified Independent small holder and out growers
Arunamari Estates Sdn Bhd	7,576.86	3.53	
Arus Sawit Sdn Bhd	29,472.27	13.72	
Germas Sdn. Bhd.	245.24	0.11	
Hiew Syn Kiong's Estate	5,988.51	2.79	
Ladang Sri Harapan (Sabah) Sdn Bhd	29,898.61	13.91	
Patinas General Enterprise (Sabah)	2,015.99	0.94	
Perfect Oil Resources (Sabah) Sdn Bhd	7,059.74	3.29	
Sayongmas Sdn Bhd	1,392.66	0.65	
Jerahasil Sdn Bhd	902.83	0.42	

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Mestisinar (Sabah) Sdn. Bhd.	2,400.17	1.12	
Panglima Karya (Sabah) Sdn Bhd	1,064.83	0.50	
Syarikat Perladangan Manna	11.09	0.01	
Jubilte Sdn Bhd	42.78	0.02	
PL Sawit Sdn Bhd	22,702.18	10.56	
Sekarharum Sdn Bhd	30.09	0.01	
Peak Fruitful Sdn Bhd	5,066.77	2.36	
Sumber Bahagia Lestari Sdn Bhd	454.02	0.21	
Laba Utama Sdn Bhd	1,403.92	0.65	
Low Soew Weng Development Company	2,370.66	1.10	
M.R. Maju (M) Sdn Bhd	6.42	0.00	
Mulia Jayamas Sdn Bhd	923.35	0.43	
Paitanoil Estate Sdn Bhd	50.26	0.02	
Sekitani Sdn Bhd	114.11	0.05	
Tongod Jaya Plantation Sdn Bhd	6.66	0.00	
Sri Harapan FFB Collecting Centre	147.30	0.07	
Syarikat Pertanian Khoon Siah Sdn. Bhd	1,227.55	0.57	
Pelita Jujur	37.59	0.02	
Raymond Plantation	42.03	0.02	
Independent smallholders	4,912.57	2.29	
Total	218,462.38	100	

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Table 2: Projected FFB production by the supply base for the next reporting period May 2018 to Apr 2019

Estates	FFB Contribution	
	Tonnes	Percentage (%)
Terusan 1 Estate	27,286.00	16.12
Terusan 2 Estate	46,985.67	27.76
Rumidi estate	0	0
Total	74,271.67	43.88
Other Supply Bases (Non-Certified)		
WAGS	0	0
Outsider	95,000.00	56.12
Grand Total	169,271.67	100.00

Table 3: Actual FFB received and CPO & PK dispatch by Terusan POM for period from July 2017-Apr 2018

	Total (MT)
FFB Received	218,462.38
FFB Processed	218,464.01
CPO Production	44,492.21
PK Production	10,268.87
CPO delivered as RSPO certified	6,413.79
CPO delivered as non-RSPO certified	38,431.31
PK delivered as RSPO certified	3,057.82
PK delivered as non-RSPO certified	7,153.37

Table 4: Projected FFB received and CPO & PK dispatch by Terusan POM of next reporting period May 2018 to Apr 2019

	Total (MT)
FFB Received	169,271.67
FFB Processed	169,271.67
CPO Production	37,239.77
PK Production	7,278.68
CPO delivered as certified	16,339.77
CPO delivered as non-certified	20,900.00
PK delivered as RSPO certified	3,193.68
PK delivered as non-certified	4,085.00

Table 5 Planted and certified area of the Terusan CU

Estate	Planted (ha)	Certified (ha)
Terusan 1 Estate	2,422.93	2,868.90
Terusan 2 Estate	3,115.75	3,485.9
Rumidi Estate	1,079.57	1,234.77
Total	6,618.25	7,589.57

Table 6: Planting profile for Terusan 1 Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area(ha)	Percentage of planted area (%)
1989	1 st Generation	Mature	-	0
1991	1 st Generation	Mature	-	0
1992	1 st Generation	Mature	738.41	30.48
1993	1 st Generation	Mature	569.32	23.50
2015	2 nd Generation	Immature	122.90	5.07
2016	2 nd Generation	Immature	421.60	17.40
2017	2 nd Generation	Immature	400.66	16.54
2018	2 nd Generation	Replanting	170.04	7.02
Total			2,422.93	100.00

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Table 7: Planting profile for Terusan 2 Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1990	1 st Generation	Mature	-	0
1991	1 st Generation	Mature	-	0
1993	1 st Generation	Mature	494.28	15.86
1994	1 st Generation	Mature	90.88	2.92
2014	2 nd Generation	Mature	476.00	15.28
2015	2 nd Generation	Immature	637.58	20.46
2016	2 nd Generation	Immature	623.38	20.01
2017	2 nd Generation	Immature	685.75	22.01
2018	2 nd Generation	Replanting	107.88	3.46
Total			3,115.75	100.00

Table 8: Planting profile for Rumidi Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area(ha)	Percentage of planted area (%)
1994	1 st Generation	Mature	625.45	57.94
2000	1 st Generation	Mature	50.85	4.71
2002	1 st Generation	Mature	29.01	2.69
2013	2 nd Generation	Immature	282.47	26.17
2014	2 nd Generation	Immature	91.79	8.50
Total			1,079.57	100.00

2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Name	:	Edrin Moss
Position	:	Group Manager – Sustainability
Address	:	PPB Oil Palms Berhad Sabah Operation. Lot 1A, KM 15, Jalan Labuk, Locked Bag 34, 90009 Sandakan Sabah
Phone no.	:	089 671546/089 670208
Fax no.	:	089 670260
Email	:	edrin.moss@my.wilmar-intl.com

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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 Progress and changes in time bound plan

- i. Have all the estates under the parent company been certified? ☒ Yes ☐ No

If no, comments on the organization's compliance with the RSPO partial certification rules :

- ii. Are there any changes to the organization's time bound plan? ☐ Yes ☒ No

If yes, comment in terms of acceptance or non acceptance on the changes in the time-bound plan?

- iii. Are there associated smallholders (including scheme smallholders) in the CU ☐ Yes ☒ No

If yes, have ALL the associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, in its certification? ☐ Yes ☒ No

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

- iv. Any new acquisition which has replaced primary forests or HCV areas ☐ Yes ☒ No

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

There is no changes since last year.

- 3.4 Status of previous non-conformities * ☒ Closed ☐ Not closed*

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

3.5 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.

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 :6	RZ 01 2018, RZ 02 2018, RZ 03 2018, RZ 04 2018, MAR 02 2018, RAR 01 2018
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Total no. of major NCR(s) (details refer to Attachment 4)	List :2	RZ O5 2018, MAR 01 2018
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4.2 For SC (Details checklist refer to Attachment 5) :

Total no. of minor NCR(s) (details refer to Attachment 5)	List : 0 NA
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Total no. of major NCR(s) (details refer to Attachment 5)	List :0 NA
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5.0 AUDIT CONCLUSION

The audit team concludes that the organization 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.

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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.

7.0 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 : ROZAIMEE BIN AB RAHMAN



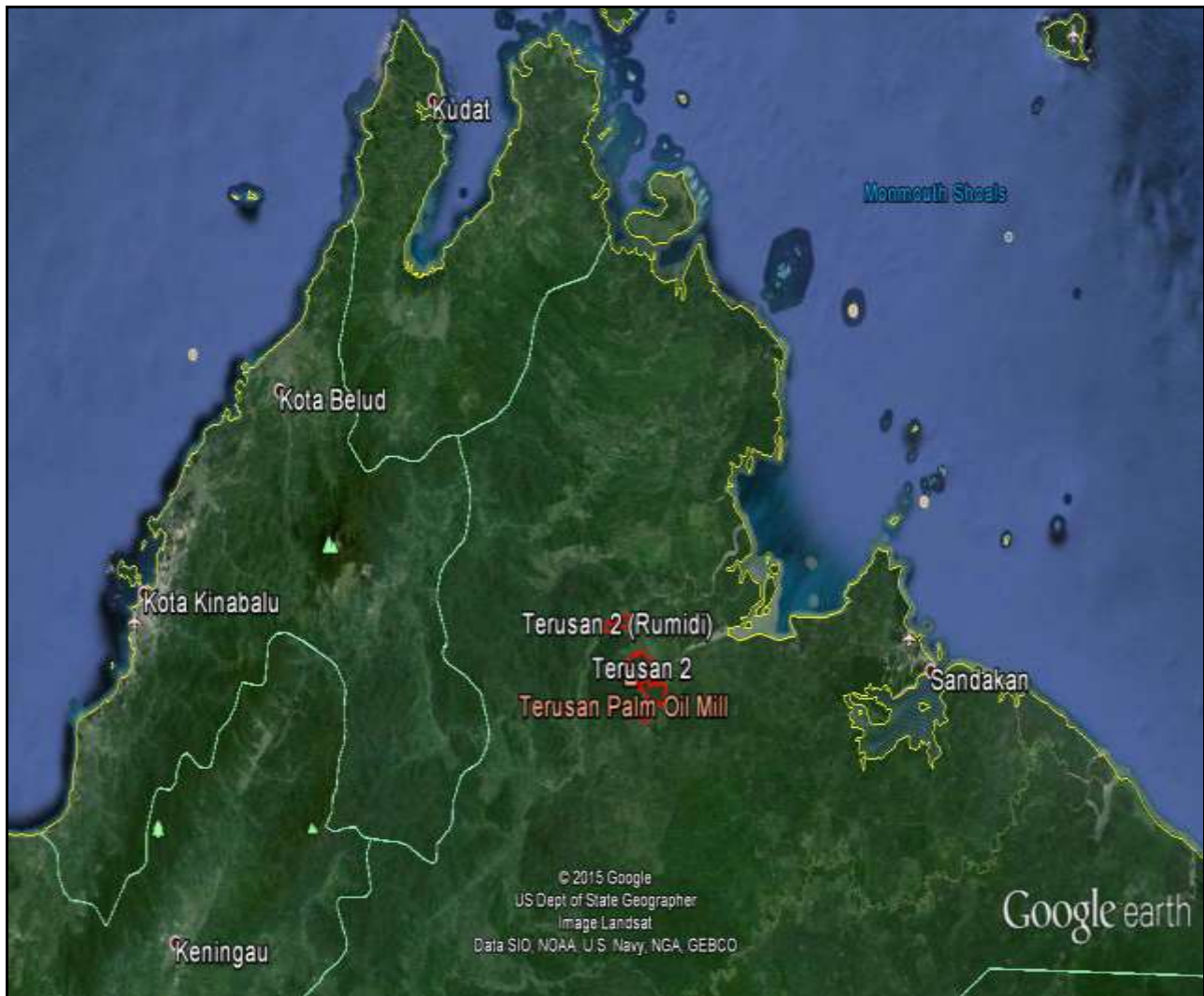
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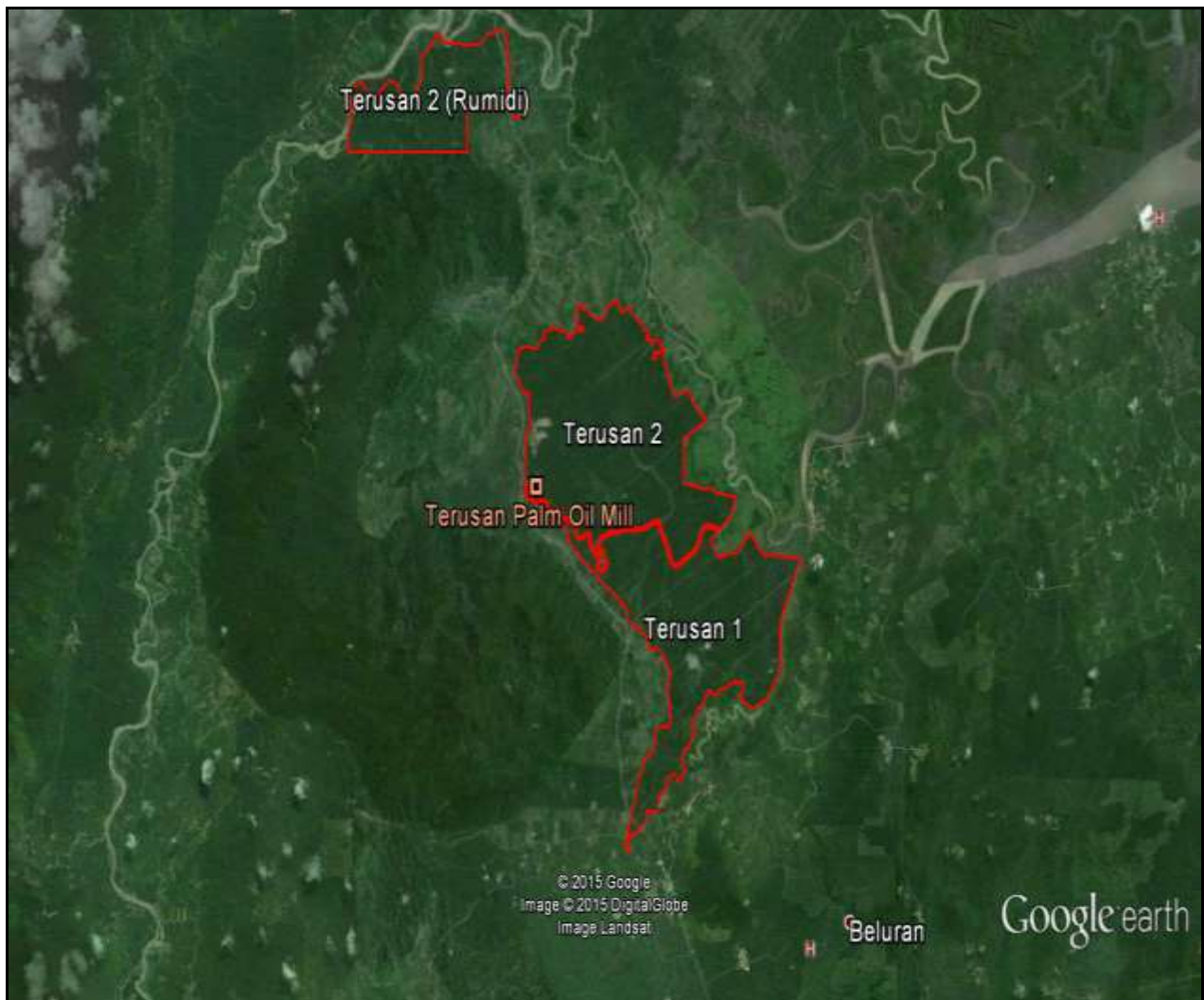
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Location map of Terusan Certification Unit



Location map of Terusan Certification Unit



SIRIM QAS INTERNATIONAL SDN. BHD.

RSPO SURVEILLANCE 3 AUDIT PLAN

1. Objectives

The objectives of the assessment are as follows:

- (i) To evaluate Terusan Certification Unit continued conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI) and RSPO Supply Chain Requirements
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

2. Date of assessment : 21-25 May 2018

3. Site of assessment : Terusan CU
 • Terusan Palm Oil Mill
 • Terusan 1 Estate
 • Terusan 2 Estate

4. Scope of Certification : Production of crude palm oil and palm kernel using **Mass Balance** model

5. Reference Standard :

- a. RSPO P&C MYNI: 2014
- b. RSPO Certification Systems June 2007
- c. RSPO Supply Chain Standard, 2014
- d. Company's audit criteria including Company's Manual/Procedures

6. Assessment Team

Assessor: Rozaimée Ab Rahman (safety & environment)
 Rahayu Zulkifli (social)
 Mohd Ab Raof Asis (Gap)
 Zulkarnain (SCCS)
 Mohd Zulfakar Kamaruzaman (HCV)

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

7. Audit Method

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

8. Audit Findings

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed within 90 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 90 days, the certificate shall be terminated.

If there are five or more major non-compliances within one Principle found during the audit, immediate suspension of RSPO certification shall be recommended.

For minor non conformities raised in the surveillance audit, corrective action shall be verified in the next audit. These shall be upgraded to major non conformities if the corrective actions are not satisfactory implemented in the next audit.

9. Confidentiality Requirements

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain. In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

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10. Conflict of interest

Auditors have not been employed by the organization concerned nor provided consultancy services relating to the development of its system in the past five years and next five years.

11. Working Language : English and Bahasa Malaysia

12. Reporting

a) Language : English

b) Format : Verbal and written

c) Expected date of issue : 2 weeks after the closure of the Major NC / or if only minor NC, 30 days from the last day of this audit

13. Facilities Required

a. Room for discussion

b. Relevant document and record

c. Personnel protective equipment if required

d. Photocopy facilities

e. A guide for each group

13. Assessment Programme Details : As shown below

Date / Time	Coverage of assessment / Activity / Site	Rozaimiee	Rahayu	Raof	Zul(f)	Zul (K)
Day 1: 21/05/2018 (Monday)						
8.30am – 9.15am	Opening Meeting – Venue: Terusan POM <ul style="list-style-type: none"> Audit team Leader - Briefing on assessment objectives, scope, methodology, confidentiality clarification, audit criteria and programmes Organization Representative - Briefing RSPO implementation, significant change on organization activity, structure, certified areas, machinery, FFB supply bases, Time bound plan, actions taken to address previous audit findings. 	/	/			
9.15am – 12.30pm	Site observation to Terusan POM P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> Verification of basic information mill Confirmation of time bound plan & review of partial certification Land titles user rights Social aspects - SIA, management plan & implementation, workers' quarters, Stakeholder consultation with affected communities surrounding the CU Interview with gender committee, safety committee, worker representative, contractors, supplier, etc. Occupational safety & health aspects, chemical management GHG 	/	/			
12.30pm – 1.30pm	Lunch Break					
1.30pm – 5.00pm	Continue assessment at respective sites	/	/			
Day 2: 22/05/2018 (Tuesday)						
8:00 am - 12:30 pm	Site observation to Terusan POM P1, P2, P4, P5, P6, P7, P8 <ul style="list-style-type: none"> Social aspects -SIA, management plan & implementation, workers' quarters, Stakeholder consultation with affected communities surrounding the estate Interview with gender committee, safety committee, worker representative, contractors, supplier, etc. 	/	/			

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	<ul style="list-style-type: none"> Land titles user rights Inspection of protected sites with HCV attributes, forested area, plantation boundary, adjacent and neighbouring land use, riparian zone Occupational safety & health practice – witness activities at site Environmental management, waste & chemical management 					
12.30pm – 1.30pm	Lunch Break					
1.30pm – 5.00pm	Continue assessment at respective sites	/	/			
Date / Time	Coverage of assessment / Activity / Site	Rozaimée	Rahayu	Raof	Zul(f)	Zul (K)
Day 3: 23/05/2018 (Wednesday)						
8.30am – 12.30pm	Site observation to Terusan POM RSPO Supply Chain 2014 <ul style="list-style-type: none"> RSPO Supply chain standard implementation including model requirements 					/
	Site observation to Terusan 1 Estate P1, P2, P4, P5, P6, P7, P8 <ul style="list-style-type: none"> Social aspects -SIA, management plan & implementation, workers' quarters, Stakeholder consultation with affected communities surrounding the estate Interview with gender committee, safety committee, worker representative, contractors, supplier, etc. Land titles user rights Inspection of protected sites with HCV attributes, forested area, plantation boundary, adjacent and neighbouring land use, riparian zone Occupational safety & health practice – witness activities at site Verification on GHG 	/	/			
	Site observation to Terusan 2 Estate P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> Good Agricultural Practice such as harvesting, weeding, spraying, EFB mulching, POME application, IPM, New planting Training and safe use of agro-chemicals. Safety practices & chemical management Occupational safety & health practice – witness activities at site 			/		
12.30pm – 1.30pm	Lunch Break					
1.30pm – 5.00pm	Continue assessment at respective sites	/	/	/		/
Date / Time	Coverage of assessment / Activity / Site	Rozaimée	Rahayu	Raof	Zul(f)	Zul (K)
Day 4: 24/05/2018 (Thursday)						
8.30am – 12.30pm	Site observation to Terusan 1 Estate P1, P2, P4, P5, P6, P7, P8 <ul style="list-style-type: none"> Social aspects -SIA, management plan & implementation, workers' quarters, Stakeholder consultation with affected communities surrounding the estate Interview with gender committee, safety committee, worker representative, contractors, supplier, etc. Land titles user rights Occupational safety & health practice – witness activities at site Environmental management, waste & chemical management 	/	/			
	Site observation to Terusan 2 Estate P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> Good Agricultural Practice such as 			/	/	

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	harvesting, weeding, spraying, EFB mulching, POME application, IPM, <ul style="list-style-type: none"> New planting Training and safe use of agro-chemicals. Environmental management, waste & chemical management Inspection of protected sites with HCV attributes, forested area, plantation boundary, adjacent and neighbouring land use, riparian zone Occupational safety & health practice – witness activities at 					
12.30pm – 1.30pm	Lunch Break					
1.30pm – 5.00pm	Site observation to Terusan 2 Estate P1, P2, P4, P5, P6, P7, P8 <ul style="list-style-type: none"> Social aspects -SIA, management plan & implementation, workers' quarters, Stakeholder consultation with affected communities surrounding the estate Interview with gender committee, safety committee, worker representative, contractors, supplier, etc. Land titles user rights Occupational safety & health practice – witness activities at site Environmental management, waste & chemical management 	/	/			
	Site observation to Terusan 1 Estate P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> Good Agricultural Practice such as harvesting, weeding, spraying, EFB mulching, POME application, IPM, New planting Training and safe use of agro-chemicals. Environmental management, waste & chemical management Occupational safety & health practice – witness activities at 			/		
1.30pm – 5.00pm	Continue assessment at respective sites				/	
Date / Time	Coverage of assessment / Activity / Site	Rozaimée	Rahayu	Raof	Zul(f)	Zul (K)
Day 5: 20 April 2018 (Friday)						
8.30am – 12.30pm	Site observation to Terusan 2 Estate P1, P2, P4, P5, P6, P7, P8 <ul style="list-style-type: none"> Social aspects -SIA, management plan & implementation, workers' quarters, Stakeholder consultation with affected communities surrounding the estate Interview with gender committee, safety committee, worker representative, contractors, supplier, etc. Land titles user rights Occupational safety & health practice – witness activities at site Environmental management, waste & chemical management 	/	/			
	Site observation to Terusan 1 Estate P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> Good Agricultural Practice such as harvesting, weeding, spraying, EFB mulching, POME application, IPM, New planting Training and safe use of agro-chemicals. Environmental management, waste & chemical management Inspection of protected sites with HCV attributes, forested area, plantation boundary, adjacent and neighbouring land use, riparian zone 			/	/	

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	<ul style="list-style-type: none"> Occupational safety & health practice – witness activities at 					
12.30pm – 1.30pm	Lunch Break	/	/	/	/	
1.30pm – 3.00pm	Continue assessment at respective sites	/	/	/	/	
3.00pm – 4.00 pm	Audit Team discussion, preparation on audit findings and issuance of NCR (if any)	/	/	/	/	
4.00pm - 5.00pm	<ul style="list-style-type: none"> Closing meeting – venue at Terusan POM Presentation of audit findings, positive comment, Question & answer 	/	/	/	/	

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Attachment 3

RSPO P&C AUDIT CHECKLIST AND FINDINGS

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
C 1.1 Growers & millers provide adequate information to relevant stakeholders on env, social and legal issues relevant to RSPO Criteria, in appropriate languages & 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 issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.	YES	Terusan CU has implemented the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The records of communication were identified and maintained in different files depending on the stakeholder. Among the records reviewed were correspondences with the authorities and employees.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	YES	There is evidence that the Terusan CU keeps and maintains requests for information and responses.
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	1.2.1	Land titles/user rights	YES	Evidence of legal ownership of the land including history of land tenure was verified during this audit. The legal use for the land signed by the Director of Lands and Surveys of Sabah was issued to Sapi Plantation Sdn Bhd, which is the legal entity to which the Country Leases were issued. This document was made available by all the Mill and individual estates.
		Occupational health and safety plans	YES	Occupational Health & Safety Plan titled 'PPB Oil Palms Berhad Occupational Safety & Health Plan 2018' has been established. Indicators set in the plan were being monitored. The audit on the progress monitoring of the programs identified is as in C 4.7 below
		Plans and impact assessments relating to environmental and social impacts	YES	Environmental impact assessment has been established and were currently being monitored. The latest performance monitoring was carried out in May 2017 by external consultant. The main purpose of the assessment were to monitor the impact of soil erosion, water quality deterioration, biomass disposal, land & water contamination.
		HCV documentation summary	YES	HCV documentation summary entitled 'HCV Documentation Summary for Labuk Region' was publicly available at the estates and mill offices.
		Pollution prevention and reduction plans	YES	The Waste and Pollution Identification, Prevention, Mitigation and Improvement Plan was revised in 2018 for each of the estate to include activities from the nursery, growing, drainage, planting, fertilizing, scheduled waste and mill operation.
		Details of complaints and grievances	YES	The details of complaints and grievances can be accessed by the public/stakeholders at estates and mill offices.

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Clause	Indicators		Comply Yes/No	Findings
		Negotiation procedures	YES	Negotiation procedures are available in the Wilmar Group's No Deforestation, No Peat, No Exploitation Policy dated in Dec 2013 under the paragraph entitled "Resolve All Complaints and Conflicts Through an Open, Transparent and Consultative Process". Additionally, there is also the Dispute and Resolution Procedure. This procedure applies to negotiation procedures involving external and internal stakeholders. It also explains the Group's conflict resolution process in a flowchart.
		Continual improvement plans	YES	Continual improvement plans were publicly available.
		Public summary of certification assessment report	YES	The public certification summary report of Terusan CU can be assessed through SIRIM QAS website.
		Human Rights Policy	YES	Human Rights Policy of the Wilmar Group states that the company will strive to respect and protect human rights to personal security that is free from harassment or abuse of any kind, safe, clean and healthy workplace and living environment. The policy that has been translated to Bahasa Malaysia and displayed on the notice board of the Mill and Estates.
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	NO	Terusan CU refers to the Group Code of Ethical Conduct which was circulated to all management and staff. However, there is no evidence that Terusan POM has given briefing to the newly-recruited workers about the Group Code of Ethical Conduct. As such, a Minor NCR No RZ 02 2018 was raised.

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	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 Terusan 1 and Terusan 2 Estates and Terusan POM.
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	Document titled "Register of Legal and Other Applicable Requirement" maintained available at Terusan CU, updated on Feb 2017 by Sustainability Department.

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Clause	Indicators		Comply Yes/No	Findings
	2.1.3	A mechanism ensuring compliance shall be implemented. Minor Compliance	YES	The compliance review is done by the Sustainability Manager and his team on an annual basis. Among the mechanism in place for ensuring compliance are Internal Audits, RSPO and ISCC audits. Additionally mechanism include site visits by the relevant government agencies such as the Department of Environment, Department of Safety & Health, and the Labour Office.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	The CU maintained documented system for identifying and tracking the updates of the applicable legal requirements through various media such as LawNet, internet, newsletter, etc. The legal register management noted had been update accordingly. All the new amendment of applicable regulations were included in the legal register. Senior Manager of Sustainability Department, is the person in charge of compliance legal requirement.
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 NCR land & the actual legal use of the land available. Major Compliance	YES	Terusan 1 and Terusan 2 Estates comprise a total area of 6,354.8 hectare and both share the same land title issued by the Director of Land and Surveys to Sapi Plantations Sdn Bhd under country lease dated in March 1990. The specified period was between Jan 1990 & Dec 2088. The Country Lease also specifies that the land is only for the purposes of cultivation of oil palm.
	2.2.2	There's evidence that physical markers are located&visiblymaintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	Legal maps showing the boundary markers for Terusan 1 and Terusan 2 Estates are available and verified. Physical boundary markers are also available and verified.
	2.2.3	Where there are or have been disputes, add 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 FPIC. Minor Compliance	YES	There is no evidence of any land dispute involving the Terusan Palm Oil Mill, Terusan 1 and Terusan 2 Estates.

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Clause	Indicators		Comply Yes/No	Findings
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes are implemented & 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.Minor Compliance	N/A	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 instigated violence in maintaining peace & order in their current & planned ops. Major Compliance	N/A	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.
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 shall be developed through participatory mapping involving affected parties. Major Compliance	N/A	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 FPIC shall be available and shall include:	N/A	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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Clause	Indicators	Comply Yes/No	Findings
	a) Evidence that a plan has been developed through consultation & discussion with all affected groups in the communities, and that information has been provided to all affected groups, incl. info on the steps that shall be taken to involve them in decision-making;	N/A	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.
	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;	N/A	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.
	c) Evidence that the legal, economic, env. & social implications for permitting operations on their land have been understood and accepted by affected communities, incl. 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	N/A	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.
	2.3.3 All relevant info shall be available in appropriate forms & languages, incl. assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	N/A	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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Clause	Indicators		Comply Yes/No	Findings
	2.3.4	Evidence shall be available to show that communities are represented through inst. or representatives of their own choosing, incl. legal counsel. Major Compliance	N/A	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.

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 (min. 3yrs) shall be documented. That includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	2 estates visited maintained to have minimum 4 years business plans called business horizon plan. The budget allocations at estates, include activities for operating expenditure i.e. upkeep, cultivation, harvesting & evacuation, welfare, other than that, capital expenditure, RSPO compliance, etc. Attention was given to crop projection, cost of production, cost per ton and per hectare indicators to monitor the performance of each operating unit. The cost of production was reviewed and compared against expenditure each year with projections in place for future years. While, provisions at mill, include the activities for milling process, general charges, RSPO compliance and capital expenditure.
	3.1.2	An annual replanting programme projected for a minimum of five years with yearly review, shall be available. Minor Compliance	YES	Replanting program was tabulated annually consistence with business plans reviewed. The decision for replanting was guided by Wilmar International Limited, Agriculture Manual & Standard Operating Procedure for Oil Palm, General Manager and Plantation Head.

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	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	The Wilmar International Limited, Agriculture Manual & Standard Operating Procedure for Oil Palm is the manual used for the operations in the estate. The manual is maintained and updated accordingly. A review on the manual was carried out by the auditors. It was confirmed that all activities in the estates from seedlings in nursery to planting in the fields have been included in the Manual. Safe and Standard Operating Procedures is the Standard Operating Procedures used for the safety precautions for all operations in the estate. The document sated the procedure and control measures, other than that PPE's that made compulsory during work commenced. It was also noted that relevant SOPs maintained

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Clause	Indicators		Comply Yes/No	Findings
implemented and monitored.				displayed at various work stations for easy reference, for example, at the muster ground, workshop, riparian buffer zone, chemical storage and diesel storage.
	4.1.2	A mechanism to check consistent impl. of proc. shall be in place. Minor Compliance	YES	The mechanism to check consistent implementation is evident.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Relevant records on implementation and monitoring of Agriculture Manual and other SOP at the CU were clearly verified. Among the records sighted were: Program sheets, Field cost books, Planting Advisor reports, Agronomic reports, Audits by Sustainability Officers, Harvesting Interval records, Rat baiting records, Fertiliser application records, Monthly Progressive Reports, scheduled wastes records, PPE Checklist etc. Most records are being maintained for more than a year and some much longer.
	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 57% 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 oil fertility to a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in SOPs, are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Both estates continued to practice the maintenance of long-term soil fertility by annual application of fertilisers based on periodic foliar and soil analysis, biomass retention and some EFB application. Maintaining soil fertility was guided by its Agriculture Manual & Standard Operating Procedure for Oil Palm and fertiliser application, which was of paramount importance for maintenance of soil fertility, was carried based on the recommendation made by the Applied Agricultural Resources Sdn Bhd. Annual Fertilizer recommendations were made based on annual foliar sampling. Soil sampling was carried out yearly consistence with foliar sampling.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Fertiliser inputs were based on recommendation by the Applied Agricultural Resources Sdn Bhd. The application programs were monitored using program sheets, bin cards, field cost book and manuring program sheets. Records of programs and applications of fertilisers were available. Records showed that actual applied in 2017 was in line with recommendations in both estates.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	Latest periodic foliar were carried out on Feb 2017 for Terusan 1 and Terusan 2 Estate. The results of the sampling will used as basis for the recommendation of fertilizers input. The soil survey and assessment report were reviewed by the audit team.
	4.2.4	A nutrient recycling strategy shall be in place, & may include	YES	Both estates had a nutrient recycling strategy in place. Palm fronds were stacked in the fields to decompose. EFB were also applied. EFB applied in the mature and immature oil palm area (replants).

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Clause	Indicators		Comply Yes/No	Findings
		use of EFB, POME & palm residues. Minor Compliance		
C 4.3 Practices minimise and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	YES	There were no fragile/marginal soils in both estates visited based on the soil maps provided sourced from Soil of Sabah.
	4.3.2	A mgmt strategy shall be in place for plantings on slopes between 9 & 25° unless specified otherwise by the company's SOP. Minor Compliance		Terusan CU had a management strategy for planting on slopes and to minimise and control erosion and degradation of soils. The plantings on slopes was guided by its Agriculture Manual & Standard Operating Procedure for Oil Palm. The agronomy department guided by Land Survey Department to established slope map for all estates. Cover crop was observed planted in the replants and in some mature areas. The cover crop <i>Mucuna bracteata</i> had been planted along some slopes by management. Large areas with <i>Neprolepis biserrata</i> and soft grasses in the inter rows were sighted during the visit. No bare ground was sighted during the visit.
	4.3.3	A road maintenance prog. shall be in place. Minor Compliance	YES	During the field visit, it was observed that the main and field roads of Terusan 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 and compaction and culvert maintenance.
	4.3.4	Subsidence of peat soils shall be min. & monitored. A doc. water & ground cover mgmt prog. shall be in place. Major Compliance	NO	It was noticed that based on soil map and soil survey & suitability assessment in Terusan 1 Estate, Klias family consist mainly of partly decomposed organic soil materials. However, no evidence of subsidence of peat soils be minimized and monitored. Therefore, major NCR raised in NCR No MAR 01.
	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	NO	It was noticed that based on soil map and soil survey & suitability assessment in Terusan 1 Estate and Terusan 2 Estate, Klias family consist mainly of partly decomposed organic soil materials. However, no evidence of drainability assessments conducted prior to replanting to determine the long-term viability of the necessary drainage for oil palm growing. Therefore, minor NCR raised in NCR No MAR 02 2018.
	4.3.6	A mgmt strategy shall be in place for other fragile and problem soils.Minor Compliance	YES	There were no problematic soils in both estates. This support with the soil classification map of both estates.

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Clause	Indicators		Comply Yes/No	Findings
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water mgmt plan shall be in place. Minor Compliance	YES	At POM Water management plan has been reviewed in Dec 2017 prepared by Sustainability officer, safety and health officer. The objective was to meet the needs of existing and future populations and ensure that habitat and ecosystems are protected, the nation water must be sustainable and renewable.
	4.4.2	Protection of water courses and wetlands, incl. maintaining & restoring appropriate riparian and other buffer zones shall be demonstrated. Major Compliance	YES	Both estates continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways. During visits to both estates, it was observed that the boundaries of these riparian belt along Sungai Labuk (Rumidi), Sungai Kibut and 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. The CU had adopted PPB policy to maintain the buffer by restricting agrochemicals application and is left undeveloped during replanting
	4.4.3	Appropriate treatment of mill effluent to required levels & regular monitoring of discharge quality, shall be in compliance with national regs. Minor Compliance	YES	Analysis of treated effluent discharge from the mill was conducted as per the license requirements and results of analysis were submitted to DOE through the 'Borang Penyata Suku Tahunan'. Report has been send to DOE on analysis of final discharge were send to accredited lab by monthly basis was reviewed by the audit team and noted that the analysis included the pH, BOD, COD, Suspended Solids, Ammonical Nitrogen, Total Nitrogen and Oil & Grease, and results were well below the regulatory limit. The same parameters were also monitored for the upstream and downstream of Sungai Bangau.
	4.4.4	Mill water use per tonne of FFB shall be monitored. Minor Compliance	YES	Process water is obtained from water catchment near to the mill. The water usage per tonne of FFB continued to be monitored on monthly basis. A slight inconsistent trend was noted. This was due to process cleaning of the mill.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate IPM techniques.	4.5.1	Implementation of IPM plans shall be monitored. Major Compliance	YES	Terusan CU continued to implement IPM in Terusan 1 and Terusan 2 Estates. Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the Wilmar International Limited, Agriculture Manual & Standard Operating Procedure for Oil Palm. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. For bagworm control the program includes the planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera subulata</i> and for rhinoceros beetles is by using pheromone traps. In order to minimize use of pesticides the estates had planted beneficial plants mainly Tunera subulata, Cassia cobanensis and Antigonon leptopus with maps indicating areas planted. Pheromone traps were sighted in the Field 2017 of Terusan 1 and Terusan 2 Estate.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Training related to IPM implementation as per the Wilmar International Limited, Agriculture Manual & Standard Operating Procedure for Oil Palm – Pests and Diseases Management was conducted and the records of training were available for verification.

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Clause	Indicators		Comply Yes/No	Findings
C 4.6 Pesticides are used in ways that do not endanger health or the environment.	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	YES	The use of all agrochemicals by the estates was guided by its agriculture manual Wilmar International Limited, Agriculture Manual & Standard Operating Procedure for Oil Palm and SSOP where written justifications had been provided. The manual had included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names.
	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	Both visited estates maintained records to show the types of pesticides used with active ingredients and their LD50 and where these pesticides had been used. The total quantity used, number of applications and active ingredients per Ha were also recorded. These includes mature and immature areas. Pesticides are used only when justified and areas used are recorded in bin cards, program sheets, chemical register, field cost books and in progress reports. Records of pesticides used were available for verification. Both estates had documented programs for spraying pesticides.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, & in acc. with IPM plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	As part of the IPM plans, management of both estates had established nectariferous beneficial plants (<i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera sublata</i>) nurseries for continuous planting in order to attract natural predators and thus to reduce use of insecticides. During visits to the site, noted that a number of beneficial plants were planted. Both estates had plants ready for planting at the Nurseries. Pheromone traps to trap Rhinoceros Beetles were sighted in the 2016 and 2017 replants in Terusan 1 and Terusan 2 Estate. There was no evidence on prophylactic use of pesticides in both estates.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam	YES	Both estates only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). There was no evidence of pesticides that are categorised by World Health Organisation as Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, had been used in 2015 and 2016.

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Clause	Indicators	Comply Yes/No	Findings
	<p>Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be min. and/or eliminated as part of a plan, and shall be used in exceptional circumstances.</p> <p>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 Regs (2000). Minor Compliance</p>		
	<p>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 & understood by workers. Major Compliance</p>	YES	Records showed that pesticides were handled, used and applied by trained personnel and as per the SDS of the pesticide. The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat baits were trained. Random interviews conducted showed that they understood the hazards involved and the usage and handling of chemicals in a safe manner. The trade and generic names of the chemicals were made known to the workers through the CSDS training.

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Clause	Indicators	Comply Yes/No	Findings
	4.6.6 Storage of all pesticides shall be acc. to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes. Pesticides shall be stored in acc. to the Occupational Safety and Health Act 1994 (Act 514) and Regs and Orders, Pesticides Act 1974 (Act 149) and Regs. Major Compliance	YES	The chemical stores in all estates were found to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149). Records of purchase, storage and use were maintained. All of the stores were equipped with exhaust fans and the door was secured. Only authorized personnel are allowed to handle the chemicals. All the chemicals were segregated accordingly. Empty pesticides containers were triple rinsed, holes punched in them and stored separately in the scheduled wastes store awaiting proper disposal.
	4.6.7 Application of pesticides shall be by proven methods that minimise risk & impacts. Minor Compliance	YES	Pesticide applications were guided by Agriculture Manual & Standard Operating Procedure for Oil Palm, CHRA and by MSDS supplied by the manufacturer. The CHRA for both estates was reviewed by third party consultant. In the Agriculture Manual & Standard Operating Procedure for Oil Palm included a chemical register list, which indicates the purpose of usage, hazards signage, trade and generic names. The SOP procedure also had written justifications.
	4.6.8 Pesticides shall be applied aerially only where there is doc. justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	Aerial spraying was not practiced by all estates. There was no evidence to show that aerial spraying was carried out. All estates only practices circle spraying and selective spraying which is only for targeted species such as woodies and VOPs.
	4.6.9 Evidence of continual training to enhance knowledge and skills of employees & assoc. s/holders on pesticide-	YES	The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat bait were continuously trained. The training were regularly conducted by the estate management to enhance knowledge and skills of employees. The training included the safety aspects and usage of PPE. Records of training were maintained for verification. Random interviews with the workers showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner.

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Clause	Indicators		Comply Yes/No	Findings
		handling shall be demonstrated or made available. Minor Compliance		Evidence of the training and pesticide handling were reviewed.
	4.6.10	Proper disposal of waste material, according to procedures that are fully-understood by workers and managers shall be demonstrated. Minor Compliance	YES	Procedure SJ & SS / SOP 4.1.1 – Labelling, Handling, Storage and Disposal of Schedule waste has been established. Disposal of waste material related to pesticide containers are being carried out as per established procedures. Triple rinsing activities continually implemented for empty pesticide container.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	The compliance to this requirement is also parallel to the CHRA report and the recommendation made therein. In addition there was also medical check-up made internally by the Estate Medical Assistant. . The mill conducted CHRA in July 2017 while the estates in Jan 2015. The document was sighted and verified. The recommendation made in the CHRA was discussed by the management in Jan 2018 and many have been completed as viewed at site. Medical surveillance was made for the relevant mill employees July 2017.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	YES	There was no evidence that work with pesticides was undertaken by pregnant or breast-feeding women. This was further confirmed through interviews with sprayers in the field. Management for both estates also conducted monthly inspection for all chemical handling by Medical assistant. Among of indicator has been checked was blood pressure, pulse, lungs, pregnancy test, and breast feeding.
C 4.7 An OSH plan is doc., effectively comm. and impl. The OSH plan shall cover the following:	4.7.1	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. Major Compliance	YES	Occupational health and safety Policy has been established and the policy had been communicated to all levels of the organization through briefings and also being displayed prominently in Bahasa Malaysia and English on notice boards at mill and estate office and Muster Ground. Random interviewed with employees showed that they generally understood the basic requirements of the policy. The OHS management plan was established to address 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, LEV inspection, vehicle and machineries programme inspection, etc. Generally, the OSH plans were acceptable.
	4.7.2	All operations where health and safety is an	YES	The HIRARC and CHRA records covered activities in the both estates and mill were verified during the assessment. Appropriate risk control measures had been determined and implemented for the

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Clause	Indicators	Comply Yes/No	Findings
	issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance		respective activities and operation. Most of the moving part and rotating machinery were installed with machine guarding and properly covered. Appropriate administrative control was sighted with safety signage were displayed at all work stations including mill and estates office and workshop. On overall performance, OSH administrative controls implementation as well as engineering control equipment was found adequate during the assessment.
	4.7.3 All workers involved in the operation shall be adequately trained in safe working practices. 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. Major Compliance	YES	Training and Briefing on the operations were provided for workers to educate them on safe working practices to ensure applicable precautions are adhered. Training for employees are conducted from time to time based on needs through various method such as on the job training, briefings, meetings, etc. The staff and workers such as the storekeepers, Mill workers, harvesters, pruners, field workers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involve and how the chemicals should be used in a safe manner. Based on the HIRARC carried out at both estates and POM, the PPE types for the various activity were identified.
	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	YES	Safety and Health Committee Organization Chart 2018 was available. Quarterly Safety and Health Committee meeting observed held, discussion on the following: Previous minutes and arising matters. i) Medical Assistant Report (Monthly Accident statistics) ii) Workplace Inspection iii) Safety programme & training iv) ENABLON – system reporting regarding accident and environment v) Changes on SSOP and HIRARC

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Clause	Indicators	Comply Yes/No	Findings
	welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance		vi) CHRA recommendation
	4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance	YES	The ERT consisting of trained First Aiders, field staffs, Admin clerk, workshop operator and Security personnel. Interviews with estate staffs and mandores revealed they understood and were aware of the emergency procedures requirements. It was observed that all operating units were provided with first aid boxes which were checked on a monthly basis by the Hospital Assistants. At the estates, first aid box was given to mandores and available at estate office and workplace. Records of replenishment were verified by the auditor. The objective of this team is to be in a state of preparedness to combat emergencies and implement the emergency response plan. Telephone numbers and names of the members of the Emergency Response Team were communicated to all employees and displayed at notice boards. Telephone numbers of the PIC, Police Station, Fire Brigade, and Hospital were also included. Terusan CU had emergency response plan and has been prepared by ESH officer.
	4.7.6 All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	Terusan CU has provided on site clinic with Hospital Assistant. Any serious injury will be send to the nearest hospital. Local workers are covered by SOCSO. Foreign workers are protected through Foreign Workers Compensation provided as per Compensation Act 1952.
	4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	At Sri Terusan 1 Estate as per year 2017 there was 10 accident occurs. Sighted JKKP 8 submit to DOSH department in Jan 2018. There were 1 accidents has been reported with 14 days losing working days in Mar 2017. Accident has been reported to DOSH department on the same month and investigation has been made by OSH committee immediately after the accident. At Terusan 2 Estate record accident was established and been reported to DOSH Department in Jan 2018. For year 2017 there was 25 accidents has been reported occurs in CU. However, there was no

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Clause	Indicators		Comply Yes/No	Findings
				accident with losing than 5 days occurs. At Terusan POM for year 2017, 9 accident has been recorded. 1 major cases occur in Sept 2017 losing 14 working days. Sighted record of accident (JKKP 6) has been sent to DOSH Department on the same month. OSH committee has conducted immediately investigation related to accident and HIRARC has been reviewed accordingly. Total accident record has been sent to Dosh department in Jan 2018 accordingly.
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 P&C, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	YES	Formal training programme which cover all aspects of RSPO P&C was available for year 2017 and 2018. It was established based on training needs identification. Regular assessments of the effectiveness training continued conducted by the CU management. Training plan for 2017 had been established with target dates for the training identified. It has been sighted during audit.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Scheduled training was carried out accordingly. Records of training sighted during audit.

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	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	Latest environment aspect impact assessment was reviewed in May 2017 to cover all activities in Terusan 1 Estate and Terusan 2 Estate and at TPOM. The main purposed of for this assessment was to evaluate and analyze impact on soil, water, and lair associated with the organization activities. Among environment aspects assessed were agrochemical applications, land and water contamination from hazardous material and farm vehicles, human settlement disturbance and abandonment. The environmental aspect and impact (EAI) also covers the upstream activities such as FFB reception until the downstream processes. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental aspects are air emission from boiler stack, generation of the palm oil mill effluent (POME) and land contamination which related to the management of scheduled wastes and domestic waste.
	5.1.2	Where the identification of impacts	YES	No changes were made to the environmental aspects and impacts or current practices

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Clause	Indicators		Comply Yes/No	Findings
made, implemented and monitored, to demonstrate continual improvement.		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		which require changes in the environmental action plans. Nevertheless, the existing environmental action plans had identified timeframes and responsible person at each operating unit assessed.
	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 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	YES	At Terusan 1 and 2 Environmental management Plan 2018 was established. The objective of this plan was to comply with company policy, legislation, and certification requirement. At Sri Terusan POM latest revision for identification of environmental aspect and impact and evaluation of significance (EAI) has been prepared to add additional information or evaluation for activities shovel, scheduled waste, diesel tank, chemical lubricant store, monsoon drain, construction of new building (workers housing). EAI management plan has covered for all operation. Action taken carried out to mitigate the negative impact were: to monitored once in month for Effluent discharge quality such as Ph, BOD, suspend solid, oil and grease, ammonical nitrogen and everyday quality and no leakage of CPO process and storage, water usage, boiler smoke density, stack sampling, solid residue, boiler ash, scheduled wastes.
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 HCV assessment that includes both the planted area itself and relevant wider landscape-level considerations. Major Compliance	YES	The HCVF scoping assessment of the estates had been completed by consultant entitled " <i>High Conservation Value Identification and Management, Terusan Palm Oil Estates 2009</i> " and Report on 15 May 2009. And sites with attributes HCV 4 (Sg. Bangau-Bangau) and HCV 6 (Bidu-Bidu Forest Reserve) had been identified. For Bidu-Bidu Forest Reserve there is another survey conducted by HUTAN and Sabah Wildlife Department between 2002 and 2003 to identify species and there are signs of orang utan, sun bears, mouse deer, barking deer and bearded pig within the Forest reserve.
	5.2.2	Where 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. Terusan CU has established action plan for both HCVs area titled 'HCV Monitoring and Action Plan Terusan Estate 2016-2020' which has been reviewed in March 2018. There were no major changes to the HCV Plan, except awareness training, continuous monitoring for HCVs area by plant the camera trap and removal of invasive vines from areas indicated in the field along the Sungai Bangau – Bangau which have completely covered all the riparian vegetation in some areas. There was no RTEs found during the last monitoring.

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Clause	Indicators		Comply Yes/No	Findings
	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 training programme for year 2018 was available. Among the training included the awareness training for HCV and RTE which was plan to carried out in May 2018 for Terusan 1 and June 2018 for Terusan 2 Estate. 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
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: 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 and Forest boundary in order to detect the presence of wildlife in the plantation area. 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	There are no HCV set-asides with existing rights of local communities at Terusan CU. The HCV or land with slope more than 25° within the Terusan 2 Estate and Terusan 1 Estate were set asides. The villagers were not allowed to hunt on encroach HCV area without getting permission from Terusan CU and authority department (Sabah Wildlife Dept and Sabah Forestry Dept). It was confirmed during interviewed with relevant stakeholders. Therefore, this indicator was not applicable
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	Terusan CU has documented identification of all waste product and sources of pollution. The waste and pollution- identification, prevention, mitigation and improvement plan were made available during audit.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	Ribubonus CU disposed their waste material related to pesticide containers as per established procedures. The triple rinsing activities continually being implemented for empty pesticide container. The Triple Rinsing record were maintained and the auditor had verified disposal records accordingly.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and	YES	Waste management plan has been documented in the Environmental Management Plan 2018. Action plan is evident.

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Clause	Indicators		Comply Yes/No	Findings
		implemented. Minor Compliance		
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	In Terusan POM, diesel reduction plan has been included in environmental management program and action plan has been prepared by Executive POM. The objective were to reduce diesel consumption to 0.5 liter / mt FFB due biogas project implemented. Currently engine room has been 100% operated by biogas plant. This will reduce a lot of diesel usage.
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 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 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, 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	YES	There was no evidence of fire had been used at the visited estates. All palms were chipped and left decomposed at field.
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	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent	YES	No changes on environmental aspects and impact or new polluting activities observed. The existing EIA documents had identified generation of gaseous emissions from its operation such as lorries and farm tractor. Noted the documents had been reviewed annually at each operating unit.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	Terusan CU had identified emission of GHG from their operations such as emission from their farm tractor and gen set operation. The management from both estates and mill had planned to reduce emission by using biogas plant as source of electricity, daily inspection and monitoring for their farm tractor and gen set to prevent any leakage and problem that could adverse impact the environment., Fuel Consumption, Peat Oxidation, POME and reported in the PalmGHG Summary Report.
	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	NO	RSPO made compulsory for submitting GHG starting from 1/1/2017. Terusan CU had used RSPO PalmGHG Calculator version 3.01 option 2 as a tool. However certain data input used in the calculation was found not available in the reported data such as peat oxidation data. Thus, Minor NCR RAR 01 2018 has been raised

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Clause	Indicators		Comply Yes/No	Findings																																																										
that it is not always feasible or practical to reduce or minimise these emissions. 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 the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.				<table><tr><td>Description</td><td>tCO₂e/tProduct</td></tr><tr><td>CPO</td><td>1.06</td></tr><tr><td>PK</td><td>1.06</td></tr></table>		Description	tCO ₂ e/tProduct	CPO	1.06	PK	1.06	<table><tr><td>Extraction</td><td>Value</td></tr><tr><td>OER</td><td>20.31%</td></tr><tr><td>KER</td><td>4.61%</td></tr></table>		Extraction	Value	OER	20.31%	KER	4.61%																																											
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Clause	Indicators		Comply Yes/No	Findings																																		
				<p>Summary of Mill emission and credits</p> <table><tr><th>Description</th><th>tCO2</th><th>tCO2e/tFFB</th></tr><tr><td>POME</td><td>15,769.15</td><td>0.07</td></tr><tr><td>Fuel Consumption</td><td>448.04</td><td>0</td></tr><tr><td>Grid Electricity Utilisation</td><td>0</td><td>0</td></tr><tr><td>Export of Excess Electricity to Housing & Grid</td><td>0</td><td>0</td></tr><tr><td>Sale of PKS</td><td>0</td><td>0</td></tr><tr><td>Sale of EFB</td><td>0</td><td>0</td></tr><tr><td>Total</td><td>162,217.19</td><td>0.07</td></tr></table> <p>Palm Oil Mill Effluent (POME) Treatment</p> <table><tr><td>Diverted to compost</td><td>0%</td></tr><tr><td>Diverted to anaerobic digestion</td><td>100%</td></tr></table> <p>POME Diverted to Anaerobic Digestion</p> <table><tr><td>Diverted to anaerobic pond</td><td>42%</td></tr><tr><td>Diverted to methane capture (flaring)</td><td>29%</td></tr><tr><td>Diverted to methane capture (electricity generation)</td><td>29%</td></tr></table> <p>The final emissions values per product are 1.06 tCO₂e/tCPO and tCO₂e/tCPO. The records pertaining for this calculation were submitted to RSPO as well as kept and made available at the CU offices.</p>	Description	tCO2	tCO2e/tFFB	POME	15,769.15	0.07	Fuel Consumption	448.04	0	Grid Electricity Utilisation	0	0	Export of Excess Electricity to Housing & Grid	0	0	Sale of PKS	0	0	Sale of EFB	0	0	Total	162,217.19	0.07	Diverted to compost	0%	Diverted to anaerobic digestion	100%	Diverted to anaerobic pond	42%	Diverted to methane capture (flaring)	29%	Diverted to methane capture (electricity generation)	29%
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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	The SIA for Terusan CU was conducted in March 2009. Records of meetings, attendance and findings are duly documented and filed. The SIA covers aspects such as population, demographic profiles, economic activities, education level, living standard and income distribution, water supply source, infrastructure, grievances and complaints, safety and health and wellbeing of workplace, etc.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	NO	Based on the SIA Report dated April 2009, there was evidence that the assessment carried out with the participation of affected parties. These include discussion with stakeholders, interviews with households where personal opinions were able to be given freely. Additionally, management records were also used as part of the information for the assessment. However, no impact assessment was carried out with workers impacted by the massive replanting activities for 2015, 2016 and 2018 at Terusan 1 and Terusan 2 Estates. Therefore, a Major NCR No RZ 05 2018 was raised.
	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	Pursuant to the SIA, Action Plans were prepared in consultation with affected parties and updated annually. The Action Plans take into account feedbacks/inputs received from various stakeholders during annual Stakeholders' Meetings, Social and Welfare Committee meetings and Women and Children Committee Meetings. The Action Plan documents weaknesses/issues, proposed action to be taken, under whose responsibility, duration and status.
	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	The SIA Management Action Plan are being reviewed once a year. Based on minutes of meetings sighted, there is evidence that the review includes participation of affected parties, namely, representatives of foreign and local workers, women and children committee members, and external stakeholders such as members of the local community.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	YES	There are no smallholder schemes in the Terusan CU. However, there are independent smallholders who send FFBs to the Terusan Palm Oil Mill, and they include organised smallholders under the Wild Asia Group Scheme (WAGS).

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Clause	Indicators		Comply Yes/No	Findings
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	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 are in accordance to the "Standard Operating Procedure for Consultation and Communication" that was prepared by the RSPO Unit of PPB Oil Palms Bhd. The CU has continued to use internal communication means, such as morning musters, displays on notice boards and posters, suggestion boxes and complaint forms. External communication was mainly through mail correspondence.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	Management official responsible in the communication and consultation with external stakeholders are available.
	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	NO	Stakeholder Lists for the Terusan CU were sighted and verified to be maintained and updated accordingly. The list contain details of the stakeholders, addresses and contact details. Evidence of communications is available in the form of letters of request from stakeholders. However, at Terusan Palm Oil Mill, only responses by the Mill are maintained and kept in the file. For example, there are letters from the Mill dated 24 October 2017 and 30 October 2017 responding to requests from HUMANA and Tabika KEMAS, respectively. There is no evidence however, that requests from HUMANA and Tabika KEMAS are maintained at the Mill. Therefore, a Minor NCR RZ 01 2018 was raised.
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 whistleblowers, where requested. Major Compliance	YES	There is a documented system used by the Terusan CU when dealing with complaints and grievances open to all affected parties. This is available in the Group's No Deforestation, No Peat, No Exploitation Policy dated in Dec 2013 under the paragraph entitled "Resolve All Complaints and Conflicts Through an Open, Transparent and Consultative Process". Additionally, there is also the Dispute and Resolution Procedure. This procedure applies to negotiation procedures involving external and internal stakeholders. Protection for whistle blowers is available under the Terusan CU "Whistle Blowing Policy".
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	Apart from complaints received from workers related to their house conditions, and request for repairs, there is no other evidence of dispute recorded.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a	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 "Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation".
	6.4.2	A procedure for calculating and distributing fair compensation shall be established and	YES	The procedure for calculating and distributing fair compensation is contained in the document entitled "Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation". In it, the process of determining

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Clause	Indicators		Comply Yes/No	Findings
documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.		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		compensation is addressed.
	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 is no evidence of any negotiated agreements and compensation claims sighted in the documents, and confirmed during interviews with selected stakeholders.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	For the Terusan CU, documentation of pay and conditions are contained in the workers' salary slips and contracts of employment. Each pay slip contains the following information: workers' name and code, month of pay, basic salary of RM35.38 per day, allowances, piece rate amount, paid annual leave/public holiday, statutory deductions for EPF and SOCSO (for Malaysians), total number of days worked, total number of rest days, overtime hours, annual leave/public holidays, etc. Payslips for the months of October 2017 and February 2018 for the following workers were sighted.
	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	YES	All the employment contracts were prepared in Bahasa Malaysia and generally follows the format under the Sabah Labour Ordinance. Among the terms in the contracts include duration, place of work and job specification, workers' responsibilities, employers' responsibilities, workers' levy payable by employer, salary and allowances, working hours and overtime, public holiday, annual leave, medical leave, workers' work pass, maternity leave, insurance, etc. For foreign workers, their employment contracts also mention that the employer would pay for the costs of repatriation upon expiry of contracts. Interviews with workers at the Terusan Palm Oil Mill, Terusan 1 and Terusan 2 Estates, (harvesters, manururs, sprayers, male and female, Indonesian and Malaysian), confirm that they understand their respective contracts, were allowed to read the agreement, and briefed

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Clause	Indicators		Comply Yes/No	Findings
		explained carefully to them by a management official. Major Compliance		on the salient points of the contract before they appended their signatures / thumbprints on the document. They were also allowed to seek clarifications on any point they did not understand.
	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	NO	<p>Workers and staff are provided one house per family, or between 2 to 4 for unmarried workers, per house. Houses are generally maintained in good condition with free amenities provided for workers including bed frame, lighting, free electricity and treated water supply, and water storage tanks for each house. Workers interviewed confirm that the houses provided are comfortable and generally well maintained and any request for repairs are attended to within a reasonable time frame. Solid waste are cleared between two to three times a week, and grass is mowed regularly.</p> <p>PPB Oil Palms Berhad has an SOP for Treated Water and Water Tank Sampling Water which was last updated in Mar 2017. The SOP states that water sources from treated water (water catchment, river) and water tank (rain water) to be sampled and tested at least twice a year.</p> <p>A medical facility is available at Terusan 2 Estate and is accessible to all employees at the Terusan CU. Free medical treatment and medication are made available to all employees, their spouses and dependants, irrespective of age. The clinic is manned by a Hospital Assistant with one support staff.</p> <p>Local workers send their children to the nearest government schools, namely SK Ulu Sapi and SMK Ulu Sapi. Free transportation (to and fro) is provided by the estate for the school children. Foreign workers send their children aged between 4 – 15 to the Humana school. Older children go to the Community Learning Centre (CLC) located at Terusan 2 Estate. Similarly, free daily transportation is also provided to pupils of HUMANA and CLC. Other amenities available at the workers' housing include multi-purpose court for badminton, futsal, netball, children playground, <i>surau/mosque</i> and sundry shops.</p> <p>Requirements under the Workers' Minimum Standard of Housing and Amenities Act 1990:</p> <ol style="list-style-type: none"> 1. Inspections of the Terusan 1, Terusan 2 and Terusan Palm Oil Mill housing complexes are carried out by the Health Assistant. Based on records, inspections of each building (creche, houses, HUMANA) are carried out once a month. This is not in accordance with the requirements under Section 23 (2) Workers' Minimum Standard of Housing and Amenities Act 1990. This section requires that all buildings used for the housing of workers, nurseries or community halls are visited and inspected weekly by an estate hospital assistant or any other responsible person authorized by the employer. 2. At the Mill old housing, there were undergrowth and water collecting under a decommissioned house at the old housing area and it is not maintained in a clean and sanitary condition. This is not in compliance with Section 23(1) (a) of the

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Clause	Indicators		Comply Yes/No	Findings
				Workers' Minimum Standard of Housing Act 1990. 3. At Terusan 1 housing, water in the main drain at the workers' housing (wooden block) is blocked with food debris, stagnant and had an unpleasant smell. It is not maintained in a clean and sanitary condition. This is not in compliance with Section 23(1) (a) of the Workers' Minimum Standard of Housing Act 1990. Due to all the above non-compliances, a minor NCR No RZ 03 2018 was raised.
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	YES	There are three sundry shops within the Terusan CU, but the sundry shop at the Mill is now closed for renovation. These shops sell sufficient supply of daily requirements such as rice, flour, eggs, sugar, milk, cooking oil, frozen food, beverages, toiletries, etc. The price of each item is clearly marked, and they differ slightly between cash and credit purchases. Prices are being monitored for their reasonable pricing through regular submissions of the price list to the Estate offices. Price listings were sighted from A & J Trading (shop at Terusan 2). Interviews with workers confirm that the items sold in the shops are reasonably priced. On-site observations reveal that the food items sold are within their expiry dates.
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	Copies of a notification written in Bahasa Malaysia and updated on 6 July 2017 are exhibited at the Mill and Estate notice boards. The notification states, among others, that all employees are free to join any association, body, or religious organisations on the condition that these have not been declared illegal, and that the activities do not disrupt local harmony. Clause 16 of all contracts of employments also specify the same. Workers interviewed (harvesters, manurers, sprayers, mill process) confirm their awareness of this rights.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	Although there are no official trade unions operating within the Terusan CU, workers appoint their own representatives via a voting process to sit on the Social and Welfare Committees. The Social and Welfare Committees comprise representatives of foreign and local workers and management representatives. Sample of the voting results where representatives were appointed at Terusan 2 Estate for the 2016/2020 session was sighted. Minutes of the Social and Welfare Committee meetings were documented, sighted and verified.
C 6.7 Children are not employed or	6.7.1	There shall be documentary evidence that minimum age requirements are met.	NO	The Wilmar Group Child Labour Policy updated in September 2010 is publicly available at the offices of the Terusan Palm Oil Mill, Terusan 1 and Terusan 2 Estates. The policy defines Wilmar Group's commitments not to employ children, and the policy defines 'child'

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Clause	Indicators		Comply Yes/No	Findings
exploited.		Major Compliance		in accordance with the ILO Convention definition irrespective of what the local and national law stipulates. However, at Terusan Palm Oil Mill, one worker Emp No: GU/TRP/0418/523 was employed prior to reaching 18 years. His date of birth was 20 April 2000, and his contract of employment was dated 9 April 2018. There is also evidence that he attended schedule waste training on 12 April 2018. Therefore, Major NCR RZ 04 2018 was raised.
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	YES	The Wilmar Group Equal Opportunity Policy updated in September 2010 is publicly available at the offices of the Terusan Palm Oil Mill, Terusan 1 Estate and Rumidi Estate. This Policy states Wilmar Group's Policy on equal opportunity in all aspects of its employment including recruitment, training and promotion. The Policy identifies under-represented groups where they are encouraged to apply for training and employment opportunities with the Company, and that where possible, special training will be provided for such groups to prepare them to compete on equal terms for jobs and promotion.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	YES	Based on workers' employment contracts and confirmed during interviews conducted with local and foreign workers (both male and female) who work as general workers, sprayers, manurers and harvesters, there is no evidence that they have been discriminated against in terms of employment, wages paid, work assignments, housing allocations and other benefits. This also is in line with the Wilmar Group's Equal Opportunity Policy updated in September 2010.
	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" dated in May 2015 for staff and "Recruitment of Workers" for workers the recruitment selection, hiring and promotion where relevant are based on availability, skills, capabilities, qualities, and medical fitness necessary for the jobs. For monthly paid employees, interviews are done before a panel of interviewers who would objectively assess the candidate for suitability. Promotions are based on recommendations and performance.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	Terusan CU applies Wilmar's Policy on 'Sexual Harassment, Violence and Abuse, Reproductive Rights Policy' dated June 2014. This Policy is prepared in English and Bahasa Malaysia and exhibited prominently at the Mill and Estate offices, notice boards, muster grounds and housing complexes. Among other things, this Policy defines what is sexual harassment, violence, abuse and reproductive rights, as well as implementation and enforcement of the Policy. This includes how investigations are to be conducted, and emphasised the confidential nature of the investigations. The policy had been communicated to all staffs and workers during morning musters and trainings. Two trainings were conducted for Terusan 1 and Terusan 2 Estates in March & Apr 2018. This was verified via briefing records and confirmed during interviews with sprayers, harvesters and manurers during field interviews. Additionally, at Terusan 2 Estate, briefing was conducted by the Senior Assistant Manager at muster ground on 19 May 2018. Workers'

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Clause	Indicators		Comply Yes/No	Findings
				understanding was also verified during interviews of harvesters, manurers and sprayers. The Mill and Estates have their respective Women and Children Committees.
	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	Terusan CU applies Wilmar's Policy on 'Sexual Harassment, Violence and Abuse, Reproductive Rights Policy' dated June 2014. This Policy is prepared in English and Bahasa Malaysia and exhibited prominently at the Mill and Estate offices, notice boards, muster grounds and housing complexes. Among other things, this Policy defines what is sexual harassment, violence, abuse and reproductive rights, as well as implementation and enforcement of the Policy. The policy had been communicated to all staffs and workers during morning musters and trainings. This was confirmed during interviews with sprayers and manurers who were interviewed.
	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	Terusan CU applies Wilmar's Policy on 'Sexual Harassment, Violence and Abuse, Reproductive Rights Policy' dated June 2014. This Policy is prepared in English and Bahasa Malaysia and exhibited prominently at the Mill and Estate offices, notice boards, muster grounds and housing complexes. Among other things, this Policy defines what is sexual harassment, violence, abuse and reproductive rights, as well as implementation and enforcement of the Policy. The policy had been communicated to all staffs and workers during morning musters and trainings. Site interviews conducted with the workers (manurers, sprayers, harvesters) confirm their understanding of what their rights are and the specific grievance mechanism process in sexual harassment cases.
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	YES	It was verified that Terusan POM continues to conspicuously display at the weighbridge notice board the prices of FFB from January to April 2018.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented. Major Compliance	YES	Interviews were held with the FFB suppliers. And based on the interviews conducted, there is evidence that the Terusan Palm Oil Mill document all monthly transactions (dates of delivery, FFB weight, amount payable) on the slips given to FFB suppliers. The smallholders confirm that the calculation is transparent. Weighing and fruit loading at the Mill ramp are done in a fair and transparent manner.
	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	Selection of contractors and suppliers for services are carried out via a tender system, and decided by a Tender Committee located at the Wilmar Regional Office in Sandakan. Once selected, the contractor would be required to sign an agreement, the terms of which can be subject to negotiations between the parties. Review of agreements signed between both parties, there is evidence that the contractors understand the provisions of the agreements. They also confirm that the tender system is transparent and fair and that payments are made within approximately two weeks of the issuance of invoice. Copies of the agreement are kept at the Sandakan Regional Office, the Estate office.
	6.10.4	Agreed payments shall be made	YES	Based on documents sighted and interviews held with FFB suppliers and contractors,

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Clause	Indicators		Comply Yes/No	Findings
		in a timely manner. Minor Compliance		there is evidence that payments are being made on a timely manner. For the FFB suppliers, payments are generally made no later than 15th of the month, and for the contractor within two weeks of issuance of invoice.
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	The development needs of the local community are being carried out on a regular basis. Additionally, the Terusan CU also provides employment opportunities to the local communities where a majority of their workforce are from the nearby villages, and this is confirmed during interviews with selected stakeholders.
	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 is no scheme smallholders involved in Terusan CU. However, some smallholders within the vicinity of the Terusan Palm Oil Mill do send their fresh fruit bunches to the Mill. The Terusan CU assists in improving the smallholders' productivity by encouraging them to take empty fruit bunches for purposes of land application.
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	The Company's "No Deforestation, No Peat, No Exploitation Policy", include a commitment to respect and recognize the rights of all workers including contract, temporary and migrant workers. Employment of foreign workers are mainly done through word of mouth, via relatives who are already working at the estates/mill. Once at the estate/mill, there is also no restriction for the foreign workers to leave. Throughout the Terusan CU, the practice of keeping foreign workers' passports has been phased out. Foreign workers now are being allotted a locked pigeon hole inside the guardhouse where their passports are kept. The key to each pigeon hole is kept by the respective worker himself/herself, where they are free to retrieve their own passports. The implementation of this Policy is verified during interviews with the mill and estate workers.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	Based on interviews with foreign workers both male and female all of them were aware of the types of work they would be doing once they arrived in Malaysia. The actual job undertaken is the same as what they were informed about while they were still in their home country in Sulawesi, Indonesia. No contract substitution has therefore occurred.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	Wilmar's Policy for employing temporary and foreign workers are contained in the Company's 'No Deforestation, No Peat, No Exploitation Policy' which was established on 5 December 2013. Page 1, clause 3 under "No Exploitation of People and Local Communities" states that the Company respects and recognize the rights of all workers including contract, temporary and migrant workers. Implementation of the above policy was verified during all the interviews of Indonesian workers (harvesters, sprayers and manurers) held throughout the audit.
C 6.13 Growers and millers	6.13.1	A policy to respect human rights shall be documented and	YES	A Wilmar Human Right Policy dated June 2014 is available and verified. The Policy is exhibited at the Mill and Estate offices, and communicated to all levels of workforce and

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Clause	Indicators	Comply Yes/No	Findings
respect human rights			operations via training sessions and during muster briefings.
	6.13.2	YES	Indonesian workers at the Terusan Palm Oil Mill, Terusan 1 Estate and Terusan Estate 2 send their children to the Humana School located at Terusan 1 and Terusan 2. The school generally accept children aged between 4 to 15 years who are taught Bahasa Malaysia, English, Science and Maths.

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Auditors has verified through checking the www.globalforestwatch.com , GOOGLE Maps, Estate Maps and also through site visit to the estate area of Terusan Estate 1 & 2 and Rumidi. Based on the audit findings, it is confirmed that there were no new planting or new development of areas at Terusan CU. Hence, this indicator was 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		
	a)	YES	Generally, the CU is committed to reduce the usage of pesticides by implementing IPM such as the increase in the planting of beneficial plant. Mill wastes such as EFB were used as fertilizer in the field. Other improvement plans to minimize chemical usage were by not practicing blanket spraying and soft vegetation were maintained in the field upkeep such as neproliphis biserata and mucuna bracteata.

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Clause	Indicators	Comply Yes/No	Findings
	b) Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	For Terusan CU Environmental impact was monitored by using external contractor, Ekohandal Sdn Bhd. Water sampling was conducted on quarterly basis by the contractor. Purposed of that assessment to monitoring drinking water quality and impact of agriculture activities to the rivers. Drinking water also had been monitored by external assessor Advance Chemtech Terusan CU also conducted an awareness programme and education programme to workers to reduce water usage and wastage. Among of the awareness program using poster and publish it near the toilet and water basin
	c) Waste reduction (Criterion 5.3);	YES	Waste Management Plan for 2018 was established. 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 was identified in the Identification Environmental improvement action plan'. This plan also included the waste products and sources of pollution. Terusan POM already commissioning a biogas plant as one of the mitigation plans to reduce the GHG emission from the ETP.
	e) Social impacts (Criterion 6.1);	YES	Terusan CU continues to provide and improve facilities for all level of their employees. This include: <ul style="list-style-type: none"> - Building of new houses at the workers' housing complex in phases to replace the older wooden units - Terusan CU has allocated budget for new furniture for new housing - Continuously maintaining good relationship with the neighbouring villages - Continuously receiving feedback from workers via the Social and Welfare Committees for improvement of living and working conditions.
	f) Encourage optimising the yield of the supply base Major Compliance	YES	Terusan CU is part of a well-established organisation, PPB Oil Palms Berhad. Thus, the yield performance was always been the top priority in ensuring long-term economic and financial viability. Various efforts had been made to optimise the yield of the plantation such as : <ul style="list-style-type: none"> • Maximising crop recovery • Minimizing crop losses • Optimum ripeness standard (harvest ripe bunches only and 100% loose fruit collection) • Maintaining soil fertility • Selection of planting material such as the clonal material. • Empty fruit bunches mulching at mature and immature areas. • Organized frond stacking • Progressive pruning • Maintaining good agriculture practice

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Clause	Indicators	Comply Yes/No	Findings
			<ul style="list-style-type: none"> Avoid blanket spraying and allowed for natural vegetation as to improve soil moisture

RSPO Certifications Systems for Principles & Criteria June 2017

Clause	Indicators	Comply Yes/No	Findings
4.5.3 Time-bound plan Note: Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised;	(a)	YES	It was confirmed that Terusan CU received FFBs from its own supply base and outsider FFB. Within the audited period in Year 2018, it was verified that all estate and mill under the name of PPB Plantation were already certified under RSPO scheme. No new acquisitions were sighted.
	(b)	YES	As mentioned above, this indicator was not applicable to the CU.
	(c)	YES	No changes to the timebound plan.

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4.5.4 Requirements for uncertified management units:	(a)	No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since 1 st January 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;	YES	There was no uncertified management units at this CU, hence no replacement of the primary forest or any HCV area or no new planting development was sighted.
	(b)	Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	YES	There was no uncertified management units at this CU, hence no land conflicts issue arises.
	(c)	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	YES	There was no uncertified management units at this CU hence, no land disputes issue arises.
	(d)	Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	YES	No uncertified management units at this CU, hence no legal compliance issue arises.
	(e)	The audit team shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a) – (d) above by the audit team based on self- declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach:	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> positive assurance statement is made, based upon self- 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.

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		assessment (i.e. internal audit) by organization. This would require evidence of the self-assessment against each requirement.		
		<ul style="list-style-type: none"> Targeted stakeholder consultation, including consultation with the relevant NGO's will be carried out by the audit team. 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> desktop study e.g. web check on relevant complaints 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> if necessary, the audit team may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements. 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
4.6.4 The CB shall review whether oil palm operations have been established in areas which were previously owned by users and/or are subject to customary rights of local communities and indigenous peoples. If applicable, the CB shall consult directly with all of these parties to assess whether land transfers and/or land use agreements have been developed with their free, prior and informed consent and check compliance with the specific terms of such agreements.		<ul style="list-style-type: none"> no additional indicators 	Yes	As it has been mentioned in 2.2.1 of this checklist, Sapi Plantation has leased the land and the land titles were for planting either oil palm or agricultural crops for economic value. It has been confirmed that Sapi Plantation has the right to use the land which is managed by their company under agreement issued by Director of Land and Surveys. It has been noted that no land issues related to the land owners and the audit team has also interviewed relevant stakeholders and it can be concluded that there was no evidence of any land dispute at Terusan CU.
<p>Note:</p> <p>1. For requirements 4.5.4 (a)-(d) above, the definition of major and minor NC is stated in the RSPO P&C. For example, if an NC against a major indicator in a non-certified management unit is identified, the current certification assessment cannot proceed to a successful conclusion unless that is actively addressed;</p> <p>2. Failure to address any outstanding NC within uncertified unit(s) regarding 4.5.4 (a)-(d) may lead to certificate suspension(s) to the certified unit(s), in accordance with the provisions of these Certification Systems.</p>				

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Attachment 4

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

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
Indicator 1.3.1	Minor	#NCR No : RZ 02 2018 Finding: The Group Code of Ethical Conduct has not been communicated to all levels of the workforce and operations. Objective evidence: At Terusan Palm Oil Mill, the Group Code of Ethical Conduct has not been given to newly-recruited workers	Corrective Action: Code ethical conduct will be communicated again at muster ground and report will be prepared and documented properly at POM office. Auditor Verification: Corrective action plan accepted. Status: The effectiveness of the corrective action will be verify during next audit
Indicator 4.1.2	Minor	#NCR No : RZ 04 2018 Finding: Wilmar Child Labour Policy dated September 2010 was not complied with. Objective evidence : At TPOM - One worker Emp No: GU/TRP/0418/523 was employed before reaching 18 years. His date of birth was 20 April 2000, and his contract of employment was dated 9 April 2018. He attended schedule waste training on 12 April 2018.	Corrective Action: The management will review on the way of determined age person before recruiting new employee based on day, month and year of birth. Auditor Verification: Corrective action plan accepted Status: The effectiveness of the corrective action will be verify during next audit.
Indicator 4.3.4	Major	#NCR No : MAR 01 2018 Finding: No evidence of subsidence of peat soils be minimized and monitored. Objective evidence: It was noticed that based on soil map and soil survey & suitability assessment in Terusan 1 Estate. It was found that 20.35 ha is Klias family consist mainly of partly decomposed organic soil materials (peat). No evidence subsidence of peat soils be minimized and monitored has been conducted.	Corrective Action: -soil sampling was conducted on 19 and 20 June and the soil analysis has been carried out on 29 June 2018. The full report was presented on 7 July 2018. Result from the study revealed the area was not categorized as peat soil. Auditor Verification: EMU Sabah was conducted Organic Soil Assessmnet in Terusan 1 on 19th and 20th June 2018 in blocks 001, 002, 003, and 004. Whereas, for Terusan 2 the assessment was conducted on 21st June 2018 in block 031, 032, 038, and 039 to reconfirm the soil classification (peat). Result from assessment in Terusan 1 Estate, 1 sampling points were muck, 4 points were organic clay whereas, the rest of them were mineral soil. However, in Terusan 2 Estate, only 1 point was under organic clay and the rest were mineral soil. Conclusion – there were no peat soil in Terusan 1 and Terusan 2 Estate Status: Closed The effectiveness of the corrective action will be verify during next audit.

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Indicator 4.3.5	Minor	<p>#NCR No : MAR 02 2018</p> <p>Finding: No evidence of drainability assessments conducted prior to replanting to determine the long-term viability of the necessary drainage for oil palm growing.</p> <p>Objective evidence : No evidence of drainability assessments conducted prior to replanting to determine the long-term viability of the necessary drainage for oil palm growing.</p>	<p>Corrective Action: Soil Sampling was conducted in 19th & 20th June 2018. The full report was presented on 7th July 2018 (Attached). Result from the study revealed that the area was not and cannot be categorized as peat soil. While the areas were confirmed as non peat soil we requested that the drainability assessment is not applicable.</p> <p>Auditor Verification: . EMU Sabah was conducted Organic Soil Assessment in Terusan 1 on 19th and 20th June 2018 in blocks 001, 002, 003, and 004. Whereas, for Terusan 2 the assessment was conducted on 21st June 2018 in block 031, 032, 038, and 039 to reconfirm the soil classification (peat). Result from assessment in Terusan 1 Estate, 1 sampling points were muck, 4 points were organic clay whereas, the rest of them were mineral soil. However, in Terusan 2 Estate, only 1 point was under organic clay and the rest were mineral soil.</p> <p>Status: The effectiveness of the corrective action will be verify during next audit.</p>
Indicator 5.6.3	Minor	<p>#NCR No : RAR 01 2018</p> <p>Finding: Terusan CU is using the RSPO PalmGHG Calculator version 3.0.1 to calculate the GHG emission for the estate and mill. However certain data input used in the calculation was found not available in the reported data.</p> <p>Objective evidence : No data input for 2017 GHG calculation such as peat oxidation data.</p>	<p>Corrective Action: Soil sampling was conducted on the 19th & 20th June and the soil was tested on the 29th June 2018. The full report was presented on 7th July 2018 Result from the study revealed that the area was not and cannot be categorized as peat soil. While the areas had been confirmed not a peat soil we requested that the peat oxidation calculation will not part of the GHG calculation.</p> <p>Auditor Verification: Corrective action plan accepted</p> <p>Status: The effectiveness of the corrective action will be verify during next audit.</p>
Indicator 6.1.2	Major	<p>#NCR No : RZ 05 2018</p> <p>Finding: No assessment on the impact of massive replanting was carried out with the participation of affected parties.</p> <p>Objective evidence: No impact assessment was carried out with workers impacted by the massive replanting activities for 2015, 2016, 2017 and 2018 at Terusan 1 and Terusan 2 Estates.</p>	<p>Corrective Action: Workers that were impacted by the replanting activities in Terusan 1 and 2 Estates were provided with socialization in the local language by management on the impact of replanting to them on 16 July 2018.</p> <p>Auditor Verification: Sighted socialisation with workers on the impact of oil palm replanting on 16/07/2018, the objective was: To enlighten the oil palm replanting activities</p> <ul style="list-style-type: none"> • To explain possibility impacts of oil palm replanting (negative and positive impact) • To get feedback from worker's representative on the oil palm replanting.

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			Status closed: The effectiveness of the corrective action will be verify during next audit.
Indicator 6.2.3	Minor	<p>#NCR No : RZ 01 2018</p> <p>Finding: At Terusan Palm Oil Mill, records of correspondences with stakeholders were not maintained.</p> <p>Objective evidence: Letters from the Mill dated 24 October 2017 and 30 October 2017 were responding to written requests from HUMANA and Tabika KEMAS, respectively. However, the correspondences from HUMANA and Tabika KEMAS referred to in the letters were not maintained at the Mill</p>	<p>Corrective Action:</p> <ul style="list-style-type: none"> The respective letters had been received and kept at Sandakan Regional Office. Request copy of the letter from Sandakan Regional Office will be kept in POM office. <p>Auditor Verification: Corrective action plan accepted</p> <p>Status: The effectiveness of the corrective action will be verify during next audit.</p>
Indicator 6.5.3	Minor	<p>#NCR No : RZ 03 2018</p> <p>Finding:</p> <ol style="list-style-type: none"> The area surrounding the workers' housing is not kept clear of undergrowth and maintained in a clean and sanitary condition. This is not in compliance with Section 23(1) (a) of the Workers' Minimum Standard of Housing Act 1990. All buildings used for the housing of workers, nurseries or community halls are not visited and inspected weekly by an estate hospital assistant as is required under Section 23 (2) of the Workers' Minimum Standard of Housing Act 1990. <p>Objective evidence:</p> <ol style="list-style-type: none"> At the wooden housing of Terusan Palm Oil Mill, there were undergrowth and water collecting under a decommissioned house. At the wooden housing at Terusan 1 Estate, the main drain is blocked and stagnant. Housing inspections were carried out as follows: <ul style="list-style-type: none"> Terusan 1: 6 January 2018, 5 February 2018, 10 March 2018, 28 April 2018 (creche); Terusan 2: 15 January 2018, 12 February 2018 (creche), 12 March 2018, 21 April 2018 (HUMANA), 7 May 2018 Terusan Mill: 9 December 2017, 24 January 2018, 24 February 2018, 14 April 2018. 	<p>Corrective Action:</p> <ol style="list-style-type: none"> Decommissioned house will be dismantling. All undergrowth and water puddle to be remove. Blocked and stagnant water to be clear making a new drain. The management will appoint a staffs a very housing site to conduct weekly visit and inspection. <p>4. Auditor Verification:</p> <p>Corrective action plan accepted</p> <p>Status: open.The effectiveness of the corrective action will be verify during next audit.</p>

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Attachment 5

RSPO SUPPLY CHAIN : AUDIT CHECKLIST

SECTION B : GENERAL CHAIN OF CUSTODY REQUIREMENTS FOR THE SUPPLY CHAIN

	Requirements	Remarks
1	Applicability of the general chain of custody requirements for the supply chain	
1.1	Organization takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.	Terusan Palm Oil Mill [hereafter refer as TPOM] takes legal ownership, physically handled RSPO certified palm products.
1.2	Traders and distributors require a licence obtained from RSPO to sell RSPO certified product but do not themselves require certification. When selling RSPO certified product a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model.	Not applicable.
1.3	Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform	Membership number at parent company: 2-0017-05-000-00. (membership under Wilmar International Limited. Change in Aug 2018.)
1.4	Processing aids do not need to be included within an organization's scope of certification.	No processing aids to be included within an organization's scope of certification.
2	Supply chain model	
2.1	The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.	Based on interviewed with the PIC, it was found that company are aware regarding downgrading/declassification procedure. Currently, TPOM only processing FFB under MB model. As far as MB is concerned, the auditor observed that the company has established and maintaining the Mass Balance Stock Report.
2.2	The site can use one (1) or a combination of supply chain models as audited and certified by the CB.	TPOM is using MB model only
3	Documented procedures	
3.1	The site shall have written procedures and/or work instructions to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:	TPOM had obtained another certificate such as: ISCC - ASG ISO 22000 - Intertek HACCP - Intertek GMP - Intertek MSPO – SGS
a)	Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements.	The RSPO SC incorporated with the other management systems. TPOM has documented procedure namely "Safe Standard Operating Procedure (Traceability) [SSOP] Revision 6" dated 1 September 2017 which describing the procedures on the following activities related on its supply chain certification system as required in the RSPO Supply Chain Certification Systems. The Procedure was sighted

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		and found all elements were covered. The company has also established a document master list for all related documented procedure as evident in Roundtable on Sustainable Palm Oil (RSPO).
b)	Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records).	All relevant documents were sighted and it was found that the documented RSPO SC system has complied with the requirements of the RSPO SC standard, November 2014 (Revised June 2017). As required in the procedure, all relevant record relating to the RSPO SC system will be maintained for a minimum of 3 years. Based on the samples of related records on incoming of RSPO certified FFB and outgoing of the RSPO products (CPO and PK), they were found to be adequate for tracing the origins of the material used in manufacturing of the RSPO certified products. The company will also be keeping proper record on the volumes of incoming RSPO certified materials and outgoing of the RSPO certified products, management review minutes, complaint and training records.
c)	Identification of the role 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 organization's procedures for the implementation of this standard.	The company has identified the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. Based on interview conducted, it was found that his knowledge regarding RSPO certification process was adequate.
3.2	The site shall have a written procedure to conduct annual internal audit to determine whether the organization; i. Conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. ii. Effectively implements and maintains the standard requirements within its organization. Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization shall be able to maintain the internal audit records and reports.	Stated in Safe Standard Operating Procedure (Internal Audit) [SSOP] Revision 6 dated 1 September 2017. Latest internal audit was conducted on 29 September 2017. No non-conformities raised during the audit. Management review was done on 3 November 2017. Internal audit finding was discussed during the meeting.
4	Purchasing and goods in	
4.1	The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and following minimum information for RSPO certified products is made available by the supplier in document form: <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain 	From July 2017 to April 2018, TPOM received 218,462.38 MT of FFB which divided to 2: 1. FFB from supply base (Terusan CU) and other certified CU – 65,222.35 MT 2. FFB from outsider – 153,240.03 MT Supply base Terusan 1 Estate Terusan 2 Estate Rumidi Estate

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	<p>model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations);</p> <ul style="list-style-type: none"> • The quantity of the products delivered; • Any related transport documentation; • Supply Chain certificate number of the seller; • A unique identification number. <p>Information shall be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation).</p>	
a)	The site shall have documentation that demonstrate that purchases are made to the material category agreed with their supplier (IP, SG or MB).	TPOM received RSPO certified FFB from its own supply base.
b)	The site ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcement and Shipping Confirmation on the RSPO IT platform on the level of each shipment.	Will announce only. Not accepting. Refer to Clause 7 in this checklist.
c)	A check of the validity of the Supply Chain Certification of suppliers for all sites that are SC certified. This shall be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcements.	Not applicable – all certified FFB originated from own supply based Terusan 1 Estate Terusan 2 Estate Rumidi Estate
4.2	The site shall have a mechanism in place for handling non-conforming material and/or documents.	Mechanism for handling non-conforming documents/products was stated in Appendix 1 of SSOP.
5	Outsourcing activities	
5.1	<p>In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard.</p> <p><i>This requirement should not apply to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the organization (not the tank farm manager).</i></p>	TPOM's outsource activity only involved with transportation of certified product to buyer. An agreement between TPOM and Lotus Truckway Sdn Bhd, Sandakan, Sabah was sighted and adequate in complying with this clause.
5.2	<p>Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <p>a) The site has legal ownership of all input material to be included in</p>	Not applicable

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	<p>outsourced processes;</p> <p>b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The responsibility is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.</p> <p>c) The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.</p> <p>d) The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance.</p>	
5.3	The site shall record the names and contact details of all contractors used for the processing or production of RSPO certified materials.	List of contractor dated 21 May 2018 was sighted and found acceptable.
5.4	The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or production of RSPO certified materials.	Not applicable - No new service provider.
6	Sales and goods out	
6.1	<p>The organization shall ensure that the following minimum information for RSPO certified products is made available in document form. Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation):</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number; • A unique identification number. 	<p>From July 2017 to April 2018, TPOM had dispatched;</p> <ol style="list-style-type: none"> 1. Crude Palm Oil (CPO) under MB model – 6413.79 MT 2. Palm Kernel (PK) under MB model – 3057.82 MT <p>All RSPO certified CPO and PK delivered to 1 buyer only namely Sandakan Edible Oils Sdn Bhd</p> <p>Sample of RSPO outgoing document were sighted during the audit and it was found all related information were adequate. RSPO certificate number was clearly stated in all documents.</p>
7	Registration of transactions	

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7.1	<p>Supply chain actors who:</p> <ul style="list-style-type: none"> are supply chain actors between the mill and final refinery; take legal ownership and physically handle RSPO Certified Sustainable oil palm products; and are part of the supply chain of RSPO Certified Sustainable oil palm products <p>must register their transaction in the RSPO IT platform at the time of physical shipment as required by the rules set by RSPO.</p>	
8	Training	
8.1	The organization shall have a defined training plan, which is subject to on-going review and is supported by records of the training provided to staff.	Annual training plan 2018 was sighted and found acceptable.
8.2	<p>Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification system.</p> <p>Training shall be specific and relevant to the task(s) performed.</p>	TPOM has conducted RSPO training for its key personnel to familiarize them on the RSPO standard. The latest training was conducted in Apr & May 2018 by Mill Engineer which attended by the company's staff whose works were related to the company's RSPO supply.
9	Record keeping	
9.1	The site shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification requirements.	TPOM did maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification requirements as stated in Stated in Para 6 of Supply Chain Procedure.
9.2	Retention times for all records and reports shall be a minimum of two (2) years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.	<p>Retention period – 2 years</p> <p>Stated in 22.9 (List of Supply Chain Documents)</p>
9.3	The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.	TPOM had established "Quarterly Report" to provide total volume of incoming RSPO certified FFB and outgoing RSPO certified CPO and PK over a period of 12 months. Record was sighted and found adequate.
10	Conversion factors	
5.10.1	Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org). This is in particular relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries. The guidance document	<p>TPOM's conversion factor was based on past experience.</p> <p>For year 2017</p> <p>OER – 20.31%</p> <p>KER – 4.61%</p>

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	for oleochemicals is available on the RSPO website (www.rspo.org).	
10.2	Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	Production record for year 2017 was sighted.
11	Claims	
11.1	The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO rules on communications and claims.	No applicable
12	Complaints	
12.1	The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	Stated in PPB/RSPO 6.3 (Dispute and Resolution Procedure) It was found that the company has yet to receive a complaint from any buyer and stakeholder related to company's chain of custody. It was found that the company did have a good procedure on the handling of complaint.
13	Management review	
13.1	The organization is required to hold management reviews at planned intervals appropriate to the scale and nature of the activities undertaken.	A Management review meeting was carried out on 3/11/2017 as planned. The meeting was chaired by Mill Manager of TPOM and attended by respective staff. The coverage of the review meeting was observed to be adequate in meeting the requirement of RSPOSC standard. The meeting focused on the adequacy of the company's documented system, the findings of the internal audit, the corrective actions implemented to address the non-conformities raised, resources required for the implementation of the system as well as on the preparation for the external audit.
13.2	The input to management review shall include information on: <ul style="list-style-type: none"> • Results of internal audits covering RSPO SCCS • Customer feedback • Status of preventive and corrective actions • Follow-up actions from management reviews • Changes that could affect the management system • Recommendations for improvement 	
13.3	The output from the management review shall include any decisions and actions related to: <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes • Resource needs 	

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Module E – CPO Mills: Mass Balance		
E.3	Documented procedures	
E.3.1	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 site procedures for the implementation of this standard.	Stated in Para 22.0 in Safe Standard Operating Procedure (Mass Balance) dated 1/9/2017 The company has identified the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. PIC – available.
E.3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	Stated in 22.4.1 for Purchasing (Receiving) Stated in 22.4.2 for Processing Above procedures were sighted and found adequate.
E.4	Purchasing and goods in	
E.4.1	The site shall verify and document the volumes of certified and non-certified FFBs received.	From July 2017 to April 2018, TPOM received 218,462.38 MT of FFB which divided to 2: 1. FFB from supply base (Terusan CU) and other certified CU – 65,222.35 MT 2. FFB from outsider – 153,240.03 MT
E.4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	No overproduction observed July 2017 – June 2018 CPO production claimed for certification – 18,116.38 MT Palm kernel production claimed for certification – 3,718.30 MT Actual claimed for certification (July 2017 to April 2018) CPO – 6,413.79 MT PK – 3,057.82 MT
E.5	Record keeping	
E.5.1	a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis and/or 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. 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.) For further details refer to Module C.	Stated in “Quarterly Report / Fixed Inventory Period” which based on 3 monthly summaries. Stated in “Quarterly Report / Fixed Inventory Period” which based on 3 monthly summaries. All deliveries for MB sales from positive stock.

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Attachment 6

VERIFICATION OF PREVIOUS NON-CONFORMITIES DURING RECERTIFICATION ASSESSMENT AT TERUSAN CU

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor
Indicator 2.1.3	Minor	<p>#NCR No : RZ 01 2017</p> <p>Finding: Failure to ensure compliance with the requirements of Section 103 (2) of the Sabah Labour Ordinance which states that the employer shall exhibit conspicuously at the place of employment before the commencement of each calendar year a notice specifying the remaining ten gazetted public holidays in respect of which his employees shall be entitled to paid holidays under paragraph (a) of subsection (1).</p> <p>Objective evidence:</p> <p>No notification of the gazetted public holidays for 2017 was displayed at the Terusan Palm Oil Mill</p>	<p>Corrective Action: A Checklist will be developed and Implemented by end of September 2017 to ensure all required documents are displayed accordingly.</p> <p>Auditor Verification: Corrective action plan accepted.</p> <p>Status: The effectiveness of the corrective action will be verify during next audit</p>	<p>During this surveillance audit, it was verified that copies of the Memorandum from the General Manager Sabah dated 24 October 2017 which lists out the 2018 Gazetted Public Holidays are exhibited at the major notice boards at the Mill and Estates. This complies with Section 103 (2) Sabah Labour Ordinance. Therefore, #NCR No: RZ 01 2017 is satisfactorily closed</p>
Indicator 4.1.2	Minor	<p>#NCR No : RAR 02 2017</p> <p>Finding: Plan to avoid or reduce pollution not effectively implemented.</p> <p>Objective evidence :</p> <ol style="list-style-type: none"> 1. Oil trap was not properly maintained. Traces of oil spills at Terusan 1 (Workshop) and Rumidi Estate (workshop and diesel storage) was found. 2. At Terusan 1 Estate and Rumidi Estate water from emergency shower was directed into a field drain instead of a sump for reuse. 	<p>Corrective Action:</p> <ol style="list-style-type: none"> 1. Terusan 1 will reconstruct oil trap at workshop to bigger size (31st October 2017). 2. Rumidi will develop monitoring system for oil traps maintenance(31st October 2017). 3. To construct sumps to all emergency shower areas (31st October 2017). <p>Auditor Verification: Corrective action plan accepted</p> <p>Status: The effectiveness of the corrective action will be verify during next audit.</p>	<p>During site visit at both estates it was found that oil trap was properly desing and maintained accordingly. Water from emergency shower also was channel to sump and reused as a chemical mixed. Thus previos NCR was satisfactory closed</p>

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Indicator 4.5.2	Minor Upgraded to Major	<p>#NCR No : MAR 01 2017</p> <p>Finding: Training was not demonstrated overall concept for those involved in IPM implementation.</p> <p>Objective evidence: The content of the training which was held on 20th Jun 2017 was mostly about rat infestation. It was not comprehensive to demonstrate IPM implementation as per the Integrated Pest Management Plan.</p>	<p>Corrective Action:</p> <ul style="list-style-type: none"> - The training on IPM concept to all Terusan Certification Unit staff by EMU Sr Manager was conducted on 25 August 2017. - the checklist to Monitor the IPM will be developed and monitored by the estate personnel. <p>Auditor Verification: Auditor has verify attendance list and training report dated 25/8/17 and auditor also verified the form for monitoring the IPM.</p> <p>Status: Closed The effectiveness of the corrective action will be verify during next audit.</p>	<p>Training related to IPM implementation as per the Wilmar International Limited, Agriculture Manual & Standard Operating Procedure for Oil Palm Chapter 8 – Pests and Diseases Management was conducted by Mr Peter Mojiun. It was attended by 26 employees. Records of training were available for verification. The training was held on 25th August 2017 but the management had conducted re training to explain further about IPM implementation. .</p> <p>The content of the training was demonstrate the IPM implementation as per the agriculture manual. Therefore, minor NCR MAR 01 2017 was closed.</p>
Indicator 5.3.2	Major	<p>#NCR No : RAR 01 2017</p> <p>Finding: The containers was not disposed responsibly</p> <p>Objective evidence : During site visit at Terusan 1 Estate, it was found that Grease container was left inside a scrap iron area.</p>	<p>Corrective Action:</p> <ol style="list-style-type: none"> 1. To conduct refresher training to person in-charge related to disposal management of used chemical container 2. To develop and implement monitoring checklist to inspect disposal area 3. To write warning letter to PIC in order to improve his job. <p>Auditor Verification: Training on scheduled wastes management was conducted on 15/8/17. The attendance list and form to monitoring checklist to inspect disposal area were verified. A warning letter (dated 21/8/2017) to</p>	<p>During site visit at estates and POM. It was found that all chemical drums were manage according to SW regulation. All chemical drums were triple rinse, puncture and keep in the scheduled waste store. Thus previous ncr was satisfactory closed.</p>

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			<p>Ismail Muhammad, the staff who was in charge of the wastes was also provided to the audit team.</p> <p>Status: Closed The effectiveness of the corrective action will be verify during next audit.</p>	
Indicator 6.2.3	Minor	<p>#NCR No : RZ 02 2017</p> <p>Finding: No effort was made to confirm receipt of letter and communicate the action taken to a local community who had lodged a complaint</p> <p>Objective evidence : There was no confirmation of receipt of a letter (dated 8 May 2017) sent by one villager from Kg Bangau Bangau, Terusan Sapi, Beluran related to buffalo intrusions onto his land. There was no evidence of effort made to ensure understanding by the Complainant of action that were taken.</p>	<p>Corrective Action:</p> <ol style="list-style-type: none"> 1. To write a letter to the complainant on the acknowledgement of receipt 2. To invite a complainant for a meeting with Terusan estate management to officially updated on the action plan status. Expected to be done by end of September 2017. <p>Auditor Verification: Corrective action plan accepted</p> <p>Status: The effectiveness of the corrective action will be verify during next audit.</p>	<p>Meetings were held between Terusan 1, Terusan 2 estate management and affected villagers on 6 September 2017. In this meeting, the villagers were updated on the action taken, which is to get the owners to sell the buffalos either to the estate or to third parties. In a subsequent meeting on 10 January 2018 attended by buffalo owners and Terusan 1 and Terusan 2 Estate management and the buffalo owners, the buffalo owners were informed that they were free to sell the buffalos to third parties.</p> <p>Therefore NCR No : RZ 02 2017 is satisfactorily closed.</p>