	SIRIM QAS INTERNATIONAL SDN. BHD. Building 4, SIRIM Complex, No. 1 ,Persiaran Dato' Menteri, Section 2, 40700 Shah Alam, Selangor, Malaysia.	**File Ref. : EP09760002**
	RSPO PUBLIC SUMMARY REPORT	

CLIENT : PPB OIL PALMS BERHAD – TERUSAN CERTIFICATION UNIT

PARENT COMPANY : PPB OIL PALMS BERHAD

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

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

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
Terusan Certification Unit	Terusan Palm Oil Mill	5º49' 54.687"N	117º 20' 30.315"E	Batu 65, Jalan Telupid Labuk/Sugut, Sandakan, Sabah.
	Terusan 1 Estate	5º47' 23.104"N	117º 23' 37.202"E	Batu 65, Jalan Telupid Labuk/Sugut, Sandakan, Sabah.
	Terusan 2 Estate	5º49' 57.944"N	117º 20' 22.743"E	Batu 65, Jalan Telupid Labuk/Sugut, Sandakan, Sabah.
	Rumidi Estate	5º55' 59.804"N	117º 18' 43.466"E	Batu 65, Jalan Telupid Labuk/Sugut, Sandakan, Sabah.

MAP : See Attachment 1

AUDIT DATE : **11 - 14 July 2017** **DURATION : 16 auditor days**

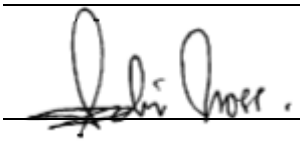
TYPE OF AUDIT : [X] **Annual Surveillance Audit No. 02** [ ] **Recertification Audit**

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

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) [X] List of additional site(s) [ ]

Report by Audit Team Leader		**Acknowledgement by Client's Representative**	
Name :	Mohd Zulfakar Kamaruzaman	Name :	Edrin Moss
Signature :		Signature :	
Date :	24 October 2017	Date :	25th October 2017

SUMMARY OF AUDITS

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

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

Annual Surveillance Audit 2					
On-site audit date :	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	Suppliers
	X			X	X
	Contract workers		NGOs	Govt. agency	Independent growers
	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				

Annual Surveillance Audit 3					
On-site audit date :				No. of auditor days :	
Audit team :					
No. of major NCR :		Indicator:			Closing date :
No. of minor NCR :		Indicator :			
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees		Settlers	Villagers	Suppliers
	Contract workers		NGOs	Govt. agency	Independent growers
	Indigenous people		Contractor	Others (Please specify)	
Supply base sampled :					
Changes since the last audit :					

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	Suppliers
	Contract workers		NGOs	Govt. agency	Independent growers
	Indigenous people		Contractors	Others (Please specify)	
Supply base sampled :					
Changes since the last audit :					

SUMMARY OF INFORMATION

TYPE OF AUDIT	~~STAGE 2~~ / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period		August 2016 to July 2017	July 2017-June 2018		
Certified Area (Ha)		7,596.13	7,596.13		
Production Area(Ha)		6,740.84	6,743.92		
HCV Area (Ha)		311.77	311.77		
Certified FFB Processed (MT)		89,245.00	84,393.00		
Production of Certified CPO (MT)		18,741.45	18,116.38		
Production of Certified PK (MT)		4,462.25	3,718.30		
REMARKS		-	Increase in production area due to re-survey using GPS, GIS and Land Survey.		

TABLE 2

	PO	PK
Last years certified volume (MT)	18,741.45	4,462.25
Last years actual certified sold (MT)	13,394.99	4,123.11
Last years actual sold under other schemes (MT)	0.00	0.00
Last years sold conventional (MT)	31,014.69	5,561.61
New year certified volume (MT)	18,116.38	3,718.30

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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
Mohd Zulfakar Kamaruzaman	Lead Auditor / Conservation Scope (HCV) and Supply Chain	Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation.
Rozaimee Ab Rahman	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 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. He has been trained as RSPO 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.

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 Rumidi Estate. The audit included an on-site audit to the estates and mill and to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees, contractors and other relevant stakeholders were also conducted during the audit.

1.4 Stakeholder Consultation

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

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 7,596.13 hectares (Ha) of which 6,788.46 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 2016 to June 2017)

Estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Terusan 1 Estate	36,787.37	16.68	SIRIM
Terusan 2 Estate	29,643.53	13.44	SIRIM
Rumidi Estate	17,503.90	7.94	SIRIM
Kiabau Estate	296.84	0.13	Control Union
Sapi Sugut Estate	900.82	0.41	SIRIM
Hibumas 2 Estate	4,163.47	1.89	SIRIM
Jebawang Estate	719.02	0.33	SIRIM
Sekar Imej Estate	1,361.15	0.62	SIRIM
WAGS Beluran	2,812.68	1.28	SIRIM
Andamy Properties Sdn Bhd	27,090.53	12.28	Not Certified
Arunamari Estates Sdn Bhd	4,525.29	2.05	Not Certified
Arus Sawit Sdn Bhd	35,558.76	16.12	Not Certified
Germas Sdn. Bhd	734.48	0.33	Not Certified
Hiew Syn Kiong Estate	465.81	0.21	Not Certified
Ladang Sri Harapan (Sabah) Sdn Bhd	14,251.64	6.46	Not Certified
Patinas General Enterprise (S) Sdn Bhd	1,124.84	0.51	Not Certified
Tongod Jaya Plantation Sdn Bhd	0	0.00	Not Certified
Perfect Oil Resources	4,804.12	2.18	Not Certified
Sayongmas	1,581.37	0.72	Not Certified
Independent smallholders	36,226.86	16.43	Not Certified
Total	**220,552.48**	**100**	

Table 2: Projected FFB production by the supply base for the next reporting period (July 2017 to June 2018)

Estates	FFB Contribution	
	Tonnes	Percentage (%)
Terusan 1 Estate	34,879.50	18.62
Terusan 2 Estate and Rumidi Estate	48,263.50	25.76
Total	**83,143.00**	**44.38**
Other Supply Base		
WAGS (certified)	1,250.00	0.67
Outsider	102,970.00	54.96
Grand Total	**187,363.00**	**100.00**

Table 3: Actual FFB received and CPO & PK dispatch by the Mill for the last reporting period (July 2016 to June 2017)

	Total (MT)
FFB Received	220,552.48
FFB Processed	221,228.09*
CPO Production	44,511.24
PK Production	9,605.23
CPO delivered as Mass Balance	13,394.99
CPO delivered as non-RSPO certified	31,014.69
PK delivered as Mass Balance	4,123.11
PK delivered as non-RSPO certified	5,561.61

*included the previous month balance

Table 4: Projected FFB received and CPO & PK dispatch by Terusan POM of the next reporting period (July 2017 to June 2018)

	Total (MT)
FFB Received	187,363.00
FFB Processed	187,363.00
CPO Production	40,216.38
PK Production	8,255.80
CPO delivered as Mass Balance	18,116.38
CPO delivered as non-RSPO certified	22,100.00
PK delivered as Mass Balance	3,718.30
PK delivered as non-RSPO certified	4,537.50

Table 5: Planted and certified area of the Terusan CU

Estate	Planted (ha)	Certified (ha)
Terusan 1 Estate	2489.03	2868.90
Terusan 2 Estate	3175.32	3485.90
Rumidi Estate	1079.57	1241.33
Total	**6743.92**	**7596.13**

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	1st Generation	Mature	23.13	0.93
1991	1st Generation	Mature	282.54	11.35
1992	1st Generation	Mature	995.14	39.98
1993	1st Generation	Mature	569.32	22.87
2015	2nd Generation	Immature	122.90	4.94
2016	2nd Generation	Immature	421.60	16.94
2017	2nd Generation	Immature	74.40	2.99
Total			2489.03	100.00

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 (%)
1991	1st Generation	Mature	0	0
1993	1st Generation	Mature	1035.14	32.60
1994	1st Generation	Mature	306.87	9.66
2014	2nd Generation	Immature	476.00	14.99
2015	2nd Generation	Immature	103.81	3.27
2015	2nd Generation	Immature	533.77	16.81
2016	2nd Generation	Immature	623.38	19.63
2017	2nd Generation	Immature	96.35	3.03
Total			3175.32	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	1st Generation	Mature	625.45	57.93
2000	1st Generation	Mature	50.85	4.71
2002	1st Generation	Mature	29.01	2.69
2013	2nd Generation	Immature	282.47	26.17
2014	2nd Generation	Immature	91.79	8.50
Total			1079.57	100

2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Name	:	Edrin Moss
Position	:	Senior Manager Sustainability.
Address	:	PBB Oil Palms Berhad Sabah Operation, Lot 1A, KM 15, Jalan Labuk, Locked Bag 34, 90009 Sandakan, Sabah
Phone no.	:	+6089 671546 / +6089 670208
Fax no.	:	+6089 670260
Email	:	edrin.moss@my.wilmar-intl.com

3.0 AUDIT FINDINGS

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

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

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

	Yes	No	If yes, state reasons/justifications
- acquisitions/disposals		X	
- emergence/re-emergence of land disputes		X	
- labour conflicts		X	

3.3 Overall comment in terms of acceptance or non-acceptance on the changes in the time-bound plan (including details of non-adherence or the conditions justifying a time-bound plan have changed)
There is no changes to the time-bound plan.

3.4 All associated smallholders (including scheme smallholders) where their fruit supply is included , by the mill, are audited within 3 years from when their fruit was first included in the mill certification. [ ] Yes [ ] No

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

3.5 Any new acquisition which has replaced primary forests or HCV areas [ ] Yes [X] No

3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)
There is no changes since last year.

3.7 Status of previous non-conformities *

Closed [X] Not closed [X]

* If not closed, minor non conformity will be upgraded to major non conformity
One Minor upgraded to Major. Refer to NCR MAR 01 2017

3.8. Complaint received from stakeholder (if any)
There were various stakeholders interviewed during the conduct of this audit. These include workers, surrounding villagers, contractors and suppliers. In general, all the interviewed stakeholders had given positive feedback on the CU.

4.0 DETAILS OF NON-CONFORMITY REPORT

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

Total no. of minor NCR(s) (details refer to Attachment 4)	List : 3	**RAR 02 2017, RZ 01 2017, RZ 02 2017**
Total no. of major NCR(s) (details refer to Attachment 4)	List : 2	**MAR 01 2017, RAR 01 2017**

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

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

5.0 AUDIT CONCLUSION

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

6.0 RECOMMENDATION

☐ No NCR recorded. Recommended to continue certification.

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

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

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

☐ Recommended to continue certification.

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

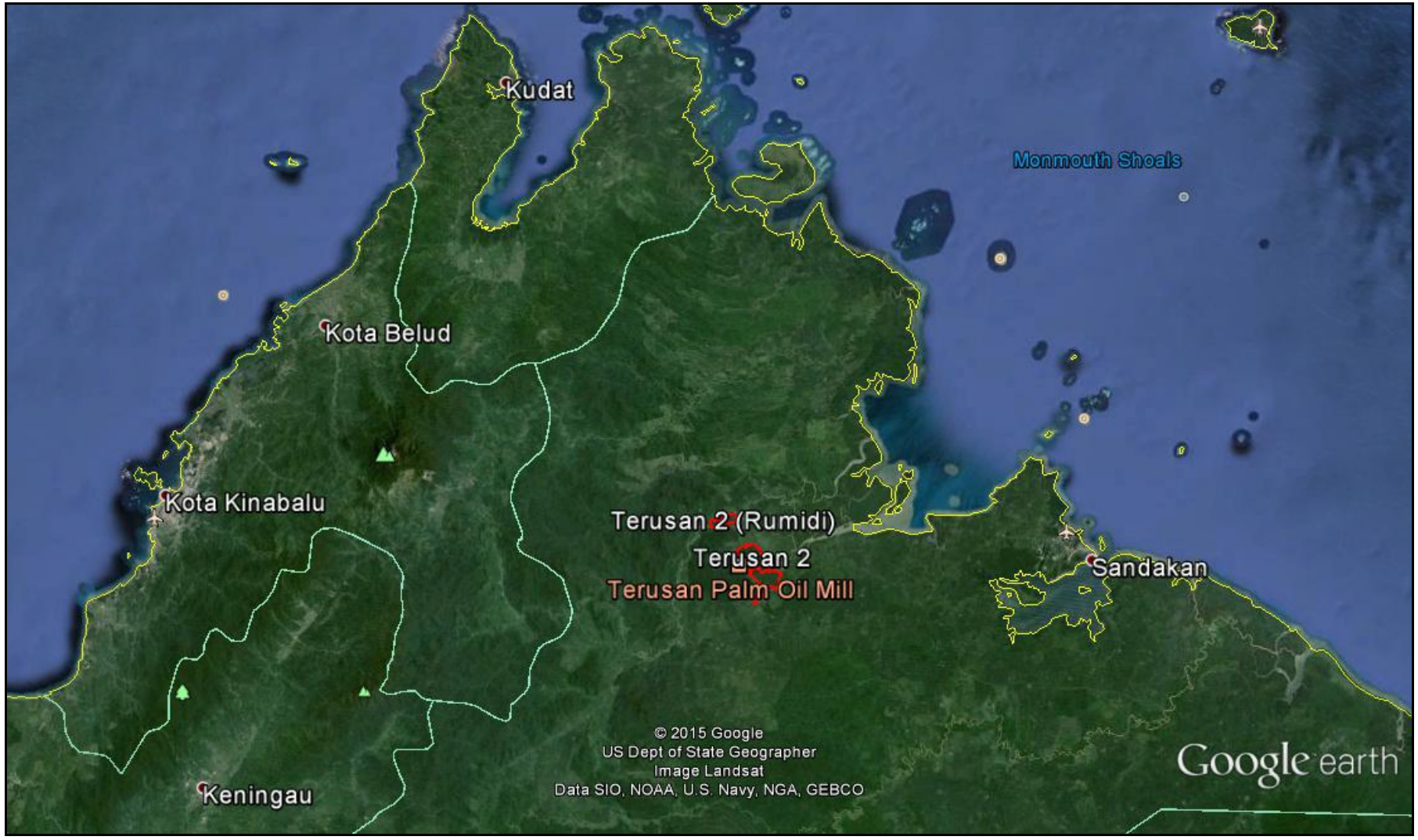
Note: Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.

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

Audit Team Leader :	MOHD ZULFAKAR KAMARUZAMAN		13/10/2017
	(Name)	(Signature)	(Date)

Attachment 1

Location map of Terusan Certification Unit



Location map of Terusan Certification Unit



ATTACHMENT 2

Surveillance Audit Plan

Day 1: 11 July 2017 (Tuesday)					
Time	**Activities / areas to be visited**				
8.30 – 9.00 am	**Opening meeting at Terusan Palm Oil Mill** Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes **Organization Representative to brief on the following :** 1) RSPO implementation at Terusan CU (i.e. mill & supply base) including changes 2) Time bound plan for PPB Oil Palm 3) Significant changes on organization activities, machinery, supply bases capacity etc.				Top mgmt & Committee Member
	Zulfakar (HCV)	**Rahayu(Social)**	**Rozaimee (Safety & Environment)**	**Raouf (Gap and Safety Estate)**	
9.00 – 1.00 pm	**Terusan 1 Estate** Coverage of assessment: P1, P2, P5, P7 • Laws and regulations • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, Neighbouring land use. • Riparian Zone • Continuous improvement	**Terusan POM** Coverage of assessment: P1, P2, P4, P6, P7, P8 • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check payslip, Contract Agreement • Check Sundry Shop • Continuous improvement	**Terusan 1 Estate** Coverage of assessment: P1, P2, P4, P5, P7, P8 • Laws and regulations • Environmental management – witness activities at site • Safety Plan • Waste & chemical management • Interview with FFB supplies and other supplies • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement	**Rumidi Estate** Coverage of assessment: P1, P2, P4, P5, P7, P8 • Law and regulation • Safety Plan - Documentation • Commitment to longterm economic and financial viability • Occupational safety & health practice – witness activities at site • Good Agricultural Practice • Training and skill development programmes Continuous improvement	Guide(s) for each assessor
1.00 – 2.00 pm	Break				
2.00 – 5.00 pm	Continue assessment				

Day 2: 12 July 2017 (Wednesday)					
	Zulfakar (Supply Chain)	**Rahayu(Social)**	**Rozaimee(Safety & Environment)**	**Raouf(Gap and Safety Estate)**	
9.00 – 1.00 pm	**Terusan POM** Site visit and assessment on Supply Chain Implementation including the Model used • General Chain of Custody System Requirements for the supply chain • Documented procedures • Purchasing and goods in • Outsourcing activity • Sales and goods out • Processing • Records keeping • Registration • Training • Claims	**Terusan 1 Estate** Coverage of assessment: P1, P2, P4, P6, P7, P8 • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check payslip, Contract Agreement • Check Sundry Shop • Continuous improvement	**Rumidi Estate** Coverage of assessment: P1, P2, P4, P5, P7, P8 • Laws and regulations • Environmental management – witness activities at site • Safety Plan • Waste & chemical management • Interview with FFB supplies and other supplies • Interviews with mill's workers • Facilities at workplace • Occupational safety & health practice • Training and skill development programmes • Continuous improvement	**Rumidi Estate** Coverage of assessment: P1, P2, P4, P5, P7, P8 • Law and regulation • Safety Plan - Documentation • Commitment to longterm economic and financial viability • Occupational safety & health practice – witness activities at site • Good Agricultural Practice • Training and skill development programmes Continuous improvement	Guide(s) for each assessor
1.00 – 2.00 pm	Break				
2.00 – 5.00 pm	Continue assessment	Continue Assessment	Continue Assessment	Continue assessment	

	Day 3: 13 July 2017 (Thursday)			
	Zulfakar (HCV)	**Rahayu(Social)**	**Rozaimee (Safety & Environment)**	**Raouf (Gap and Safety Estate)**
9.00 – 1.00 pm	**Rumidi Estate** Coverage of assessment: P1, P2, P5, P7 • Laws and regulations • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, Neighbouring land use. • Riparian Zone • Continuous improvement	**Terusan 1 Estate** Coverage of assessment: P1, P2, P4, P6, P7, P8 • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check payslip, Contract Agreement • Check Sundry Shop • Continuous improvement	**Terusan POM** Coverage of assessment: P1, P2, P4, P5, P7, P8 • Laws and regulations • Environmental management • Safety Plan • Waste & chemical management • Interviews with mill's workers • Facilities at workplace • Occupational safety & health practice • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement	**Terusan 1 Estate** Coverage of assessment: P1, P2, P4, P5, P7, P8 • Law and regulation • Safety Plan - Documentation • Commitment to longterm economic and financial viability • Occupational safety & health practice • Good Agricultural Practice • Training and skill development programmes Continuous improvement

1.00 – 2.00 pm	Break				
2.00 – 5.00 pm	Continue assessment	Going to Rumidi Estate	Continue assessment	Continue assessment	

Day 4: 14 July 2017 (Friday)					
	Zulfakar (HCV & Supply Chain)	**Rahayu (Social)**	**Rozaimee (Safety (Mill) and Environment)**	**Raouf (Gap and Safety Estate)**	
8.30 – 1.00 pm	**Rumidi Estate** Coverage of assessment: P1, P2, P5, P7 • Laws and regulations • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, Neighbouring land use.	**Rumidi Estate** Coverage of assessment: P1, P2, P4, P6, P7, P8 • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances	**Terusan POM** Coverage of assessment: P1, P2, P4, P5, P7, P8 • Laws and regulations • Environmental management • Safety Plan • Waste & chemical management • Occupational safety & health practice	**Terusan 1 Estate** Coverage of assessment: P1, P2, P4, P5, P7, P8 • Law and regulation • Safety Plan - Documentation • Commitment to long term economic and financial viability	Guide(s) for each assessor
	• Riparian Zone • Continuous improvement	• Consultation with relevant government agencies • Check payslip, Contract Agreement • Check Sundry Shop • Continuous improvement	• Training and skill development programmes • Continuous improvement	• Occupational safety & health practice • Good Agricultural Practice • Training and skill development programmes • Continuous improvement	
1.00–2.00 pm	Break				
2.00 – 4.00 pm	• Continue assessment on unfinished area • Verification on outstanding issues • Audit Team discussion, preparation on audit findings and issuance of NCR (if any)				
4.00 – 5.00 pm	Closing meeting				Top management & Committee member

ATTACHMENT 3

RSPO P&C AUDIT CHECKLIST AND FINDINGS

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply *Yes/No*	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision -making.	1.1.1	There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Major Compliance	YES	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. The following records were reviewed : <u>Terusan POM:</u> 1. DOSH officer visit on 4/1/17, to carry out annual machinery inspection. 2. DOE officer visit on 5/4/17, the purpose of the visit was to conduct Field citation audit. Several recommendations were made and the mill has taken actions. Replied to DOE was made through submission of a letter dated 13 June 2017 and was acknowledged by DOE on 19 June 2017. 3. Visit from the Fire Brigade Department (BOMBA) on 13/2/17 to carry out inspection for 'Fire Certificate'. 4. Request letter from UMS dated 3 July 2017, requesting for a place for their practical student. <u>Rumidi Estate:</u> 1 DOSH officer visit on 25/4/16, to carry out annual machinery inspection for SB PMT 9172 (Compressor). The recommendation is to maintain service and management has maintain the service by monthly. <u>Terusan 1 Estate:</u> No visit from authority in 2017. In Terusan POM, Terusan 1 Estate and Rumidi Estate, the management documents relating to environment, social and legal issues were made available to the public except for those prevented by commercial confidentially or where disclosure of information would result in negative environmental or social outcomes where disclosure of information would result in negative environmental or social outcomes.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	YES	Terusan Certification Unit (CU) continued to maintain records on requests for information. The CU continued to implement its communication procedure. Communications with workers were recorded in the request and complaints records. The record stated date of communication received, response and remarks. During the audit at the mill and the estates, the auditor had verified records on the

				'Complaint & grievance", DOSH logbook and DOE logbook. At the Terusan Palm Oil Mill, these documents and requests were kept in the Public Information Request Form and Procedure file. Additionally, records were kept in a book entitled Record Book of Stakeholder or Interested Party Who Have Viewed Document. Evidence of requests by an external auditor for the ISCC Audit on 13 June 2017 was sighted and verified. At Terusan 1 Estate, detailed information was provided to the Labour Office on 23 June 2017 giving details about corporate information including worker statistic breakdown, types of workers' housing, information of wages, information on amenities provided supply of water and electricity, etc. For Rumidi Estate, the same information was provided to the Labour Office on 18 May 2017.
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	1.2.1	Land titles/user rights (Criterion 2.2);	YES	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. (Cross refer 2.2)
		Occupational health and safety plans (Criterion 4.7);	YES	Occupational Health & Safety Plan titled 'PPB Oil Palms Berhad Occupational Safety & Health Plan 2017' 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 (Criteria 5.1, 6.1, 7.1 and 7.8)	YES	Social Impact Assessments was carried out in April 2009 and this has formed the basis of the subsequent Action Plans. These action plans were renewed on a yearly basis and was made available during the audit. At the Terusan Palm Oil Mill, the Action Plan for Social Impact Assessment was updated on 8 July 2017, and for Terusan 1 Estate and Rumidi Estate, on 4 July 2017. The updates compiled issues raised during Social and Welfare Committee meetings and Women and Children Committee meetings. All these meetings were verified during the audit through the meeting minutes. 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 (Criteria 5.2 and 7.3);	YES	HCV documentation summary entitled 'HCV Documentation Summary for Labuk Region' was publicly available at the estates and mill offices (cross refer to Criteria 5.2)
		Pollution prevention and reduction plans (Criterion 5.6);	YES	The Waste and Pollution Identification, Prevention, Mitigation and Improvement Plan was revised in 2017 for each of the estate to include activities from the nursery, growing, drainage, planting, fertilizing, scheduled waste and mill operation. Cross refer C 5.6
		Details of complaints and grievances (Criterion 6.3);	YES	The details of complaints and grievances can be accessed by the public/stakeholders at estates and mill offices.

				At Terusan Palm Oil Mill, details of complaints and grievances sighted for Terusan Palm Oil Mill only consist of complaints related to house repairs, contained in the Aduan Kerosakan file. In 2017, there are 16 complaints recorded pertaining to house repairs. At Terusan 1 Estate, grievances, complaints, and request for house repair were kept in one file. From July 2016 to June 2017, 4 complaints pertaining to house repair were received, and 1 complaint from local community at Kpg Bangau Bangau (8 May 2017) complaining about buffalo encroachment into Lot 48. There was no evidence of any complaints received at Rumidi Estate.
		Negotiation procedures (Criterion 6.4);	YES	Negotiation procedures were available in the Wilmar Group's No Deforestation, No Peat, No Exploitation Policy dated 5 December 2013 under the paragraph entitled "Resolve All Complaints and Conflicts Through an Open, Transparent and Consultative Process". Additionally, there is also the Dispute and Grievance Procedure (PPB/RSPO 6.3 (2.2)/(1) which was last updated on 27 January 2016. (Revision No 3). 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 (Criterion 8.1);	YES	Continual improvement plans were publicly available (cross refer to Criterion 8.1).
		Public summary of certification assessment report;	YES	The public certification summary report of Terusan CU can be assessed through this link: http://www.sirim-qas.com.my/sirim/core-files/uploads/2017/02/18-PPB-Oil-Palms-Berhad-%E2%80%93-Terusan-Palm-Oil-Mill-1st-Surveillance-2016.pdf
		Human Rights Policy (Criterion 6.13).	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	YES	The CU refers to the Group Code of Ethical Conduct which was circulated to all management and staff on 13 May 2015 by the then Chairman & MD. The code of conduct comprises 3 main principles, name avoiding conflict of interest, avoiding misuse and/or abuse of position, and ensuring confidentiality of information and preventing misuse of information. Briefings were given when there are new employees. Verified briefings to the workers of Terusan Palm Oil Mill and Rumidi Estate on 22 June 2017.

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	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 at Rumidi and Terusan 1 Estate. Among the license or permit sighted were: • MPOB License for Terusan 1, Terusan 2 and Rumidi Estate: #502016902000, *Menjual dan*

laws and regulations.

Mengalih FFB.

- MPOB License for nursery in Terusan 2 and Rumidi Estate: #575075011000,*Menghasilkan, Menjual dan Mengalih, Menyimpan SLGBIJI#*.
- Permit from the Ministry of Domestic Trade (permit no. S005330) for diesel storage and petrol storage at Terusan Estate
- Permit from the Ministry of Domestic Trade (permit no. S005331) for diesel storage and petrol storage at Rumidi Estate.
- Jabatan Tenaga Kerja Sabah - Lesen untuk menggaji pekerja bukan permastautin for Terusan 1 Estate and Rumidi Estate
- DOSH certificate of fitness for the air compressor; Permit No: PMT-SB 52299, (Terusan 1)
- DOSH certificate of fitness for the air compressor; Permit No: PMT-SB 52301 (Rumidi Estate)
- License from Suruhanjaya Tenaga, License No: 2017/00761 (Terusan 1)

Person In Charge Regulation 1970

Competent person	Mill Manager
Steam engineer	One 1st grade engineer
Engine Driver (BHC)	One 1st Grade Engine Driver One 2nd Grade Engine Driver
Boilermen	Two 1st grade boilermen
AESP(Authorised Entrant and Standby Person for Confined Space)	4 competent persons for AESP
AGT (Authorised Gas Tester and Entry Supervisor for Confined Space)	2 competent person for AGT
ICE driver	One 1st grade ICE driver. Five 2nd grade ICE driver
Electrical Charge men	One Person class A4

ii) ***Steam Boiler and Unfired Pressure Vessel 1970***
Name plate affixed at tank – Boiler name plate PMD 10268 and manufacture name plate was found affixed to the boiler.

iii) *The Factories and Machinery (****Notification, Certificate of Fitness and Inspection), Regulations, 1970 Regulation 10(2)*** CF for

1) Vacuum Oil Dryer (PMT 89320, PMT 105171,)
2) Vertical Steam Separator (PMT 105172)
3) Back Pressure Receiver (PMT 89321)
4) Sterilizer (PMT 89185, PMT 89186, PMT 89438, PMT 89439)
5) Air Receiver (PMT 105170, PMT 105192, PMT 105309)
6) Vacuum Deaerator (PMT 89324, PMT 89446,)
7) Water Softener Tank (PMT 89322, PMT 89323, PMT 89488)
8) BI-Drum W/T (PMD 10226)

9) Monorail Crane (PMA 41284, PMA 41593,)
10) Filter Tank (PMT 89325, PMT 89326)
11) Entrainment Steam Separator (PMT 89336)

All permits were valid until 3rd April 2018

12) Water tube boiler (PMD 10268)
13) Air Receiver (SB PMT 12200, SB PMT 13184, SB PMT 13185, SB PMT 14009)

The above permits were valid until 19 October 2017

iv) ***Noise Exposure Regulations 1989***

The audiometric test for TPOM was carried out by a registered OHD (JKKP NO. HQ/10/DOC/00/167) on 24 November 2016 for 19 workers/staffs. The report mentioned that 1 person was identified having hearing impairment. The doctor recommended a re-test for one person and the management has send back on April 2017. The doctor had recommended to use ear plug and ear muff. Sighted that the management had given the PPE to the worker to use. At Rumidi Estate, the audiometric test was carried out by the same OHD on 15 April 2017 for 1 worker (Genset operator) and the recommendation by OHD was to use PPE (ear plug) when work at Genset area. For Terusan 1 Estate, the audiometric test was carried out on 3 June 2016 by the same OHD and the result was normal.

EQ (Prescribed Premise) Crude Palm Oil Regulations 1977

- License number 003467 valid until 30/6/18. The license confirmed that the mill has 60mt/hr processing capacity
- Discharge method – land irrigation
- Analysis of final discharge was carried out on monthly basis. The result was within the limit. The quarterly reports were submitted to DOE accordingly.

As per requirement under EQA 1974 amendment 2014 on section 49A as well as in the clause 18, *Jadual Pematuhan*, Terusan CU has complied with the requirement of having competent person for scheduled wastes(CePSWaM) and effluent pond (CePPOME).

Air monitoring

a) Black smoke monitoring was conducted continuously through the installation of the smoke density indicator for boiler no.1 and 2. During the visit to the boiler house, it was confirmed that the equipment is functioning well.

b) Particulate matters from the boiler's chimney were monitored on 6 monthly basis by Multi Serve Enterprise. Results of isokinetic stack sampling were as stated below :

Date of monitoring	Chimney No.1	Chimney No. 2	Standard emission limit
Jan-June 2017	0.287 g/Nm^3	0.299 g/Nm^3	0.4 g/Nm^3 at
July-Dec 2016	0.147 g/Nm^3	0.304 g/Nm^3	

				Scheduled Waste Regulations 2005 i) *Regulation 3 (Notification of scheduled waste generated*) It was confirmed during site review that the mill generated 8 types of SW and all of the SW were notified to DOE on 30/6/17 (Terusan POM) and 20/6/17 (Rumidi and Terusan 1 Estate). ii) *Regulation 9 (Storage of scheduled waste < 180 days)* The scheduled waste generated at TPOM , Rumidi and Terusan 1 Estate were stored not more than 180 days. Last disposal was made on 19/4/2017 for SW 109, SW 102, SW 110, SW 305, SW 409 SW 410, SW 417 and SW 418 for Terusan POM and 21/4/2017 for SW305 and 19/4/2017 for SW410, SW102, SW409, SW417, SW 110 and SW 109 for Terusan Estate and Rumidi Estate. Disposal was carried out by a DOE licensed contractor, Legenda Bumimas Sdn. Bhd. iii)*Regulation 11 (Inventory of scheduled waste)* 5th schedule inventory was up-to-date and tally with the physical stock at the storage area. Verified 5th Schedule was updated and reported using online consignment note was carried out accordingly. The management has communicated the 5th Schedule to DOE on 30/6/17 (Terusan POM), 20/6/17 (Rumidi and Terusan 1 Estate). **OSHA 1994, Use and Standards Of Exposure of Chemicals Hazardous to Health Regulations 2000** CHRA report for TPOM dated 26/9/12, Terusan 1 and Rumidi dated 12/5/15 was reviewed and still applicable. Local exhaust ventilation examination for 1 unit of fume hood at TPOM was conducted by Dab Oh Sdn. Bhd. on 26 April 2017. Chemical exposure monitoring was carried out on 26 April 17 as per recommendation from CHRA that the laboratory at Mill and workshop and chemical premix at estate must conduct the chemical exposure. The exposure monitoring was for Terusan 1 and Rumidi was carried out on 17 & 18 January 2017 by Alpine Consultant Sdn Bhd (JKKP HIE127/171-3/1(179)). Recommendation by Assessor is to maintain the current practice. **i)*Regulation 27 (health surveillance programme)*** At TPOM, the medical surveillance was carried out on 11/8/16 by Dab Oh Sdn Bhd (JKKP No HQ/10/DOC/00/167) for 18 workers/staffs. Report indicated that all workers working at the Lab, process area and workshop were fit to work. For Terusan 1 the medical surveillance was carried out on 15 April 2017 by Dab Oh Sdn Bhd (JKKP No HQ/10/DOC/00/167) for 20 workers/staffs. The medical surveillance for Rumidi also carried out by Dab Oh Sdn Bhd (JKKP No HQ/10/DOC/00/167) for 3 workers on 15/4/2017. **ii*) Code of Practice in Confined Space 2010 (Medical Surveillance 2 years once)*** The medical surveillance for personnel entering the confined space was carried out by Dab Oh Sdn Bhd (JKKP No HQ/10/DOC/00/167) on 12/8/2016 for 5 persons including the Mill Manager. Report indicated that all of them were fit to enter the confined space.

	2.1.2	A documented system, which includes written information on legal requirements shall be maintained Minor Compliance	YES	At Terusan POM, Terusan 1 Estate and Rumidi Estate, documented system for identifying, tracking, updating changes in legal requirements and to monitor the status of their legal compliance were available. Each sites had developed its own legal register. There were evidences of compliance to legal requirements which have been evaluated on annual basis. Both estates and mill had updated their legal registers on 12/2/17 to include Passports Act 1966 and Immigration Act 1959/63 (Revised – 1975)
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	NO	The compliance evaluation was carried out by the Sustainability Manager and his team on an annual basis. Among the mechanism in place for ensuring compliance include Internal Audits, RSPO audits, ISCC audits, and site visits by the relevant government agencies such as the Department of Environment, Department of Safety & Health, and the Labour Office. Each sites had lists that contain the obligatory licenses and permits, and their respective dates of expiry for easy monitoring. There was no evidence of a notice conspicuously displaying gazetted public holidays at the Terusan Palm Oil Mill. This is a non-compliance with Section 103 (2) of the Sabah Labour Ordinance. Thus, **Minor RZ 01 2017** was raised at Terusan CU
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	PPB Oil Palm Berhad Sustainability Department Senior Manager who is based in Sandakan is responsible for tracking any changes to the Acts and Regulations. This was done through communicating with the publisher of the documents. This mechanism was outlined in its procedure. The updating of the legal register was carried out on periodical basis. Any change in the legal register is communicated to the respective Unit within the Group. Terusan CU had used the above mechanism to identify, track, access and update their legal register. It had ensured that all applicable legal requirements pertaining to RSPO had been established, implemented and maintained. Each site within the CU had a list of all the applicable laws and regulations relevant to its operations. Among the identified legal requirements were Environmental Quality Act 1974 and its Regulations, Factories and Machinery Act 1967 and its Regulations, Occupational Safety and Health Act 1994 and its Regulations, Pesticides Act, 1974, & Worker's Minimum Standards of Housing and Amenities Act, 1990, National Forestry Act 1984, Wildlife Conservation Act 2010, Sabah Labour Ordinance.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal,customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance	YES	Evidence of legal ownership of the land including history of land tenure are as follows: For Terusan 1 Estate, the land title belongs to Sapi Plantations Sdn Bhd, and issued by the Sabah Director of Land and Surveys. The document specified that the land for oil palm plantation. For Rumidi Estate, there were two land titles. The land was originally belonged to Cadbury Brothers (for cocoa plantation), and on 9 December 1971, the land titled was transferred to Sabah Land Development Board (SLDB). Subsequently on 14 December 1990, the land was transferred to Sapi Plantation Sdn Bhd. However, the land-use status remains for cocoa plantation. Application for land use change was made on 17 September 2013 by Sapi Plantation Sdn Bhd to the Beluran District Office. Land inspection by the Assistant Agriculture Office of Department of Agriculture of Beluran was carried out on 25 September 2014. This status remains at status quo. For Rumidi Estate, the land title was originally issued to the Sabah Land Development Board

				dated 30 December 2009 for purposes of oil palm. As of the date of the audit, the land title remains under the name of SLDB.
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	During the site inspection to the Rumidi Estate and Terusan 1 Estate, it was observed that there were distinct red coloured wooden boundary markers and boundary stones. The boundary stones map had indicated and labelled the positions of the stones. During the site visits, boundary stones were maintained between Rumidi Estate and Kg Nangoh, Kg. Gana Jati and Kg Bakong-Bakong. The boundary stones also were maintained between Terusan 1 Estate with Kg. Mandoring, Kg. Toniting.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	YES	There was no evidence of any land dispute involving the Terusan Palm Oil Mill, Terusan 1 Estate and Rumidi Estate. This was confirmed by the Pemaju Mukim Sapi, whose area of coverage include the neighbouring villages of Kg Toniting, Kg Bangau-Bangau, Kg Sualok and Kg Lidong. Similar confirmation was given by the JKKK Chairman of Kampong Nangoh, which is located next to Rumidi Estate.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	YES	As stated in 2.2.3 above, there was no evidence of conflict and disputes on land during this audit. Hence, this criteria is not applicable.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). Minor Compliance	YES	As stated in 2.2.3 above, there was no evidence of conflict and disputes on land during this audit. Hence, this criteria is not applicable.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned	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.

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

		expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	YES	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.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	YES	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 (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	The Terusan 1 and Rumidi Estate continued to achieve long term economic and financial viability through documented management plan projected until year 2025. A Management Plan including crop forecast, profit and loss, infra-structure development (roads and houses), estate operation such as mature upkeep, manuring, estate overhead, harvesting and collection and FFB despatch covering the period of 2016 to 2025. It had been prepared for all the estates and made available to the audit team. This plan had also included mature area and also for the expected FFB production per hectare for the period from 2016 to 2025.

	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	YES	Replanting program made available and projected from 2013 until 2020. The percentage of the area that will be replanted are as follows: i) 2019RP : 24% , 244.76 ha ii) 2020RO : 38%, 380.69 ha No fragile soils in both Terusan 1 and Rumidi Estate.

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

Clause	Indicators		Comply *Yes/No*	Findings
C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	As for all PPB Oil Palm Berhad estates, both Terusan 1 Estate and Rumidi Estate continued to use the following documented SOPs: i. Wilmar International Limited, Agriculture Manual & SOP for Oil Palm 2011. ii. PPB Oil Palms Berhad (Sarawak Operations) Safe Standard Operating Procedure for Oil Palm Plantations (SSOP) iii. Safety and Health Manual iv. Wilmar International Plantation Malaysian Operations Standard Operating Procedures Checklist 2013. v. Environmental Management System Procedures The agriculture manual provides guidelines on Pre-Development Survey, assessment and planting, oil palm nursery, oil palm replanting practices, land clearing, establishment and maintenance of legume covers, oil palm planting, oil palm upkeep, FFB harvesting and etc. The details were as follows: a) Chapter 1: Pre-Development Survey, Assessment and Planting b) Chapter 2: Oil Palm Nursery Practices c) Chapter 3: Land Clearing and Preparation d) Chapter 4: Establishment and Maintenance of Legume Covers e) Chapter 5: Part 1: Oil Palm Planting and Supplying/Replacement & Part 2: Oil Palm Planting Density and Pattern f) Chapter 6: Upkeep and Maintenance of Oil Palm g) Chapter 7: Harvesting of Fresh Fruit Bunches h) Chapter 8: Plant Protection-Pest and Disease Management i) Chapter 10: EFB Mulching The Safe and Standard Operation Procedure, Doc No: PPB SWK PLT/SSOP (16)/(0)/0217 was updated on 20 February 2017. Some of the SSOPs cited were:

				1. Harvesting and Pruning 2. Spraying 3. Manuring 4. Palm Thinning 5. EFB Mulching / Decanter Cake application For environmental management, the Environmental Management System Procedures are used in carrying out works with consideration of the environmental aspects.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	NO	Both audited estates have mechanism to ensure consistency of standards being achieved through the following activities/inspection/visits: a) PA Reports dated 18th June 2015 (Rumidi) and 23rd April 2016(Terusan 1) contained field condition in mature, immature and replanting areas. b) Monthly progress report from Jan 2016 until May 2017 which contained FFB production and forecast, Cost/mt, Loose fruit collection percentage, Manpower and productivity, Weather and harvesting standard, Average bunch weight, Operation matters i.e mature upkeep, manuring, weeding, pest and disease, roads and monthly costing report for all operations. c) Internal audit RSPO dated 3/7/2017 by ESHS Coordinator about RSPO Internal audit finding. There was sighted action plan in order responses to the audit findings. However, During site visit at both estates it was found that procedure / plan of prevention on pollution was not consistent on implementation such as: • Oil trap not properly maintained. Traces of oil spills at Terusan 1 (Workshop) and Rumidi Estate (workshop and diesel storage). • At Terusan 1 Estate and Rumidi Estate water from emergency shower was directed into a field drain instead of a sump for reuse. Thus, a **#Minor NCR RAR 02 2017** has been raised
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Records of monitoring and the actions taken by both the estates were maintained and kept for a minimum of 12 months. The following was sighted and verified during visit: <u>Monthly work program</u> Monthly work program from January 2017 until December 2017 sighted in Terusan 1 and Division Office Rumidi (mature and immature areas). The work programs included, Poisoning woodies, Circle spraying, Path spraying, Selective spraying, Lalang spraying, Ablation, Roadside pruning and Progressive pruning <u>Field cost book</u> Costing book was available for manuring and spraying operation and updated until Jun 2017. It was meant for cost monitoring, actual against budgeted. <u>Bin cards</u>

<table>
<tr><td></td><td></td><td></td><td></td><td>Bin cards for fertilizer and chemical from January 2016 until May 2017 were sighted at both estate's chemical store. The bin cards were used to monitor the inventory records.

<u>Fertilizer Application Inspection</u>
EMU Independent Fertilizer Manuring Application Inspection on monthly basis and R&D – EMU Sabah Field Fertilizer Audit KPI Report was sighted. The key element inspected were supervision, dosage per palm calibration, method of application and spillage/wastages. The result categorized as ''Bad, Good, Very Good and Excellent''.

<u>Harvesting interval and yield statistics</u>
Harvesting interval record for Terusan 1 and Rumidi, which indicate average 2 rounds per month harvesting interval and it was recorded by daily basis.

Yield statistics record for Terusan 1 and Rumidi, which indicate:

<table>
<tr><th>Estate</th><th>Yield (mt/ha)</th></tr>
<tr><td>Terusan 1</td><td>16.86 (2016)
8.45 (as at May 2017)</td></tr>
<tr><td>Rumidi</td><td>16.54 (2016)
6.66 (as at May 2017)</td></tr>
</table>

Yield per hectare was recorded by monthly basis and accumulated in annual reports to see the crop performance.

<u>Rainfall records</u>
Monitor by daily basis and summarized on monthly basis. The record sighted for January 2016 until December 2016, also until May 2017.

<table>
<tr><th>Estate</th><th>Rainfall (mm)</th></tr>
<tr><td>Terusan 1</td><td>2,836 (2016)</td></tr>
<tr><td>Rumidi</td><td>2,207 (2016)</td></tr>
</table>
</td></tr>
<tr><td></td><td>4.1.4</td><td>The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB).
Major Compliance</td><td>YES</td><td>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.</td></tr>
<tr><td>C 4.2
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</td><td>4.2.1</td><td>There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible.
Minor Compliance</td><td>YES</td><td>Terusan 1 and Rumidi Estate continued to maintain and improve soil fertility to ensure optimal and sustained yield by monitoring the fertilizer inputs through annual fertilizer recommendations as per the SOP and made by Eco Management Unit (EMU) for year 2017. The fertilizer recommendation was as follow:
1) NPK (NPK Super K (13:8:27 + 0.5B)
2) Kie (Kieserite (26% MgO)
3) B48 (Borate 48 or Anchor Bor 48 (48% B2O3)
4) RP (Rock Phosphate 30% P2O5)
5) NK1 mixture (50% Ammonium Sulphate + 50% MOP (10:5:30)</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td></td><td>It was based on leaf sampling and the report was prepared on April 2016.</td></tr>
<tr><td></td><td>4.2.2</td><td>Records of fertiliser inputs shall be maintained.
Minor Compliance</td><td>YES</td><td>Summary of monthly fertilizer application record as at May 2017 available for mature area and immature area for Terusan 1 and Rumidi. It was extracted from SAP system. The type of fertilizer apply are as follows:

<table><tr><th>Area</th><th>Type of fertilizer</th></tr><tr><td>Immature</td><td>Rock phosphate, Kieserite, SOA, Borate, MOP, NPKS, NPKY, GML & Dolomite</td></tr><tr><td>Mature</td><td>NPKS, Dolomite, B48 & NK1</td></tr></table></td></tr>
<tr><td></td><td>4.2.3</td><td>There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status.
Minor Compliance</td><td>YES</td><td><u>Terusan 1 Estate</u>
Soil survey and assessment report were reviewed by the audit team. The soil survey was conducted by CH Plantation Management Sdn Bhd. The main objective was to produce a soil crop suitability map showing the suitability area for oil palm cultivation.
<u>Rumidi Estate</u>
Soil survey and assessment report were reviewed by the audit team. The soil survey was conducted in December 2006 by Param Agricultural Soil Surveys (M) Sdn. Bhd. The result of the soil survey indicated that the soils in the estate can be placed into two management groups based on soil depth, textural class, drainage class and fertility status of these soils.

Periodic foliar sampling were carried out in both estates with the latest carried out in November 2016. The sampling was carried out by the EMU of PPB. The results formed part of the basis for the fertilizers input recommendation.</td></tr>
<tr><td></td><td>4.2.4</td><td>A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues.
Minor Compliance</td><td>YES</td><td>EFB application record was sighted at Terusan Estate 1, which the volume is 9,746.89 mt involved 11 fields/blocks for the year 2016, while 1,198.00 mt was applied until May for the year 2017. There was no evidence of EFB application at Rumidi Estate and POME application at Terusan 1 and Rumidi Estate.</td></tr>
<tr><td>C 4.3
Practices minimise and control erosion and degradation of soils.</td><td>4.3.1</td><td>Maps of any fragile/marginal soils shall be available.
Major Compliance</td><td>YES</td><td>The soil series for Terusan 1 consisted of Ambun, Apas, Bergosong, Guan, Inanam, Klias, Kumansi, Lumisir, Nobusu, Paliu, Tamanong and Tanjong Lipat.

For Rumidi Estate, the soil series consisted of Bulanat, Chempaka, Lundang, Malawali, Medang, Pinjanakan, Sabor, Stom, Sungei Meranti, Tebok and Tok Yong.

There were no fragile soils in both visited estates. Major soil series are Bergosong (67.66%), Lumisir (8.75%), Inanam (6.58%) and Ambun (6.33%). Bergosong series consist of silty clay with presence of thin layer of decomposed organic top soil, Inanam consist of fine sandy clay to silty sandy clay and Inanam consist of sandy clay to clay.</td></tr>
<tr><td></td><td>4.3.2</td><td>A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company’s SOP. Minor</td><td>YES</td><td>Terusan CU had adopted the Agriculture Manual & Standard Operating Procedure For Oil Palm 2011, Chapter 3: Land Clearing and preparation, Part 1: Undulating to steep land. Terusan CU practiced soil erosion control by constructing terraces in all sloping areas with bund at regular interval of 20 meters to retain water. The slope classification of Terusan 1 and Rumidi Estate were varying degrees such as level flat-undulating (0-6º), undulating-rolling (6 º-</td></tr>
</table>

		Compliance		12 º), hilly (12 º-18 º), steep (18 º-25 º).
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	Regular maintenance programme (which included the road resurfacing, grading, compacting and culvert maintenance) was in place to ensure that the road is accessible. The financial support for these programmes were sighted in the annual budgets. Documented road maintenance programs for 2017 were available for both estate (Terusan 1 and Rumidi). Machineries used for road maintenance were motor grader, compactor and backhoe.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	YES	No peat area observed in Terusan 1 and Rumidi Estate. Hence, this requirement is not applicable
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	YES	No peat area observed in Terusan 1 and Rumidi Estate. Hence, this requirement is not applicable
	4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	YES	No peat area observed in Terusan 1 and Rumidi Estate. Hence, this requirement is not applicable
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	The CU continued to use water judiciously. A Water Management Plan for 2017 had been established and updated on 16/1/17 with improvement being made to add water irrigation at nursery. In the Water Management Plan, the CU has also identified actions to be taken in the event of water supply shortage (e.g. drought season). Programs to minimize water usage had been conducted in the estates as evidence through immediate repair on leaks detection, water efficient landscape and ULV (ultra low volume) toilet. The facilities for harvesting rain water had been constructed in the line sites and estate complexes. Gutters, down comers and rain water collection tank had been sighted at line sites. All water supplied were treated prior to usage and fit for human consumption. Rainfall records based on rain gauge reading were available on site. Records of rainfall data, for the last 10 years, to assist in the water management plans were sighted.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated	YES	Both estates continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways. During visits to Rumidi Estate and Terusan 1 Estate, 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

<table>
<tr><td></td><td></td><td>Major Compliance</td><td></td><td>restricting agrochemicals application and is left undeveloped during replanting</td></tr>
<tr><td></td><td>4.4.3</td><td>Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6).
Minor Compliance</td><td>YES</td><td>The monitoring of the treated effluent from the mill effluent treatment plant was reported to DOE through the ‘Borang Penyata Suku Tahunan’. The reports for 4th quarter 2016 & 1st quarter 2017 were reviewed and within the regulatory limit. It was noted that the DOE license stated that the treated effluent is to be used for ‘land Irrigation’ and no discharge into ‘water course’. It was observed that the ‘land Irrigation’ in Terusan 2 Estate was carried out via gravity flow through pipes.

Water sampling analysis on quarterly basis as stipulated in the procedure. Parameters include pH, BOD,COD, Suspended Solids(SS), Ammonical Nitrogen (AN), Total Nitrogen and Oil & Grease. The latest quarterly report from April – June 2017 dated 6th July 2017 was reviewed. It was noted that the all parameters were within the regulatory limit.

Monitoring of the river water was also carried out at both the upstream and downstream of the Sungai Bangau-Bangau. The analysis was carried out by Dynakey Laboratories Sdn.Bhd on 29 May 2017. Following were the results:
<table>
<tr><td></td><td>BOD mg/L</td><td>TSS mg/ L</td><td>O & G mg/L</td><td>Ammonical Nitrogen</td><td>Total Nitrogen</td><td>Status</td></tr>
<tr><td>Upstream</td><td>< 2.00</td><td>19</td><td>< 2</td><td>< 1</td><td>1.8</td><td>Complying</td></tr>
<tr><td>Downstream</td><td>< 2.00</td><td>3</td><td>< 2</td><td>< 1</td><td>2.0</td><td>Complying</td></tr>
</table></td></tr>
<tr><td></td><td>4.4.4</td><td>Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored.
Minor Compliance</td><td>YES</td><td>Monitoring of water usage in the mill was carried out as follow:

<table>
<tr><td>Month</td><td>Average 2016</td><td>Jan 2017</td><td>Feb 2017</td><td>March 2017</td><td>April 2017</td><td>May 2017</td></tr>
<tr><td>Consumption Water (Lit) / mt FFB Processed</td><td>1.61</td><td>1.66</td><td>1.50</td><td>1.42</td><td>1.38</td><td>1.48</td></tr>
</table></td></tr>
<tr><td>C 4.5
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</td><td>4.5.1</td><td>Implementation of Integrated Pest Management (IPM) plans shall be monitored.
Major Compliance</td><td>YES</td><td>Integrated Pest Management (IPM) for Terusan 1 and Rumidi plans were elaborated in Chapter 6: Upkeep and Maintenance of Oil Palm, Part 1 & Part 2 and Chapter 8: Plant Protection – Pest and Disease Management of Wilmar International Limited Agriculture Manual & SOP for Oil Palm 2011 as follows:
i) Monitoring / Pest Population
ii) Cultural
iii) Biological
iv) Physical / Mechanical
v) Pesticides usage
Action plan and standard measure are also identified by estate management. The most identified pest in the estate were listed as:
1. Weeds (weed, woodies and creepers)
2. Insects (cockchafers, grasshopper, bagworms, nettle caterpillar, bunch moth)
3. Fungi (leafspots, basal stem rot, upper stem rot and etc) - Sighted ganoderma census showing low infestation of 1.45% detection.
4. Rodents (rat, squirrel)
5. Mammalian</td></tr>
</table>

				There were evidences that monitoring of implementation of IPM in a documented P&D Census named - ''Estate Pest and Disease Monthly Detection Return''.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	NO	Training on Integrated Pest Management (IPM) was conducted on 20th June 2017 with participation from staffs and field workers from Terusan 1 Estate and Rumidi Estate (78 people). The training was carried out by the BASF technical personnel (i.e. chemical supplier). The content of the training were mostly about rat infestation. However, the training was found not comprehensive to demonstrate IPM implementation as per the Integrated Pest Management Plan. Therefore, previous Minor NCR no: MN 01 2016 was upgraded to **Major NCR MAR 01 2017**
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	YES	The CU continued to use agrochemicals for various fields operations. The use and application of these chemicals were based on the Agricultural Manual and Standard Operating Procedure for Oil Palm (Chapter 8: Plant Protection- Pest and Disease Management) and (Chapter 6: Upkeep and Maintenance of Oil Palm). The Manual has included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names as well as the specific targets and the correct dosage of agrochemicals to be used. All chemicals usage were based on the "need to do basis" to enhance field operations.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	YES	Records showed that pesticides were used in both estates are as listed in the chemicals hazardous to health. The records where herbicides had been used were made available to the auditors including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications. Pesticides were used only when justified and areas used are recorded in stock cards and in chemical usage sheets. Records of pesticides for the year 2016 and 2017 are available at the office. The pesticides used were Glyphosate Ispropylammonium, Triclopyr Butoxy Ethyl Ester, Metsulfuron Methyl and Warfarin (ebor baits).
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	Both estates as per their IPM plan continued to manage pests, other than weeds, at below threshold levels. In order to minimise pesticide usage, the estates did not carry out calendar baiting of rats. Rat baiting would only be done as and when required and only in areas where census showed damage above threshold level. Further, in order to minimise the use of weedicide, only spraying of circle and paths were carried. Spraying was carried as per program. Weeds in the inter rows are mainly slashed with minimum spraying. No chemicals were used for VOP control. The VOPs were manually removed.
	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 Terusan 1 Estate and Rumidi Estate only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A) This is in accordance to USECHH Regulations (2000). This compliance is supported by the following document/records:

		Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance		a) The chemical register has been established and was reviewed on 28th April 2017. It was confirmed that there was no chemical from Class 1A or 1B or listed by the Stockholm or Rotterdam Conventions were used in the estates. b) Annual chemical usage c) PPB Oil Palms Bhd Memo from CFO to Plantation Head East Malaysia dated 14.11.2007 on the directive to ban paraquat usage in their estates. d) No stock of such chemical sighted in the chemicals stores visited in both estates.
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance	YES	Training on chemical handling was conducted on 18th February 2017 and 21st June 2016 by the Environmental, Safety, Health and Social Coordinator at both estates. The training was attended by the storekeeper, store attendance and workers. From the interviews with the workers who handle the chemical (sprayers) found that they were aware of the safety standards and SOPs.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149)	YES	During the audit it was observed, that the storage of chemicals used by the estates was stored in accordance with the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Only authorised personnel can access to the chemical store.

		and Regulations. Major Compliance		
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Pesticide applications were guided by i. SOP Manual – page 1-6 Justification in SOPs on the use of Agrochemicals ii. Agriculture Manual – Chapter 6 -upkeep and maintenance of oil palm Part 1 – Immature oil palm Part 2 – Mature oil palm iii. SSOP chapter 2, 3, 4, 9 & 11 on safe handling of pesticides. iv. MSDS/SDS supplied by the manufacturer v. CHRA
	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	Aerial spraying was not practice at all PPB estates and there was no evidence to show that any had been carried out in both Terusan 1 Estate and Rumidi Estate.
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance	YES	In order to enhance the knowledge and skills of employees handling pesticides, training related to the handling of pesticides was conducted by the management of the CU. Review of the records confirmed that the following trainings have been conducted: i. "*Pengurusan Perosak Tikus*" - on 20/6/2017 by BASF technical personnel. ii. Training for Sprayers - on 9/2/2017 in Terusan 1 and Rumidi Estate - conducted by ESHS coordinator for all sprayers iii. Training for P&D Sprayers"- on 17/2/2017 in Terusan 1 and Rumidi Estate - conducted by ESHS coordinator for all P&D sprayers
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	YES	The CU has established a procedure for handling empty agrochemical containers. Accordingly, triple rinsing of all its empty agrochemical containers is used as a method of disposal. Based on interview with the workers, the procedure is fully understood by them. After triple rinsing was done, the containers were punctured and kept in a store before disposal. The wastewater from the triple rinsing will be reused in chemical mixture. The records of triple rinsing was available at the site.

	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	In Terusan 1 Estate, based on recommendation by CHRA 2015, Mr. Henry Wong Leh wei (JKKP HIE 127/171-2(71)) annual medical surveillance shall conducted for spraying operators, chemical store keeper, and workshop operator (foremen). Medical surveillance was conducted by an OHD (JKKP HIE 127/171-2(298)) on 15/04/2017 for 20 workers who were involved in the handling of chemicals. Results were satisfactory and all workers were reported to be fit to handle chemical. Audiometric test was also conducted by same doctor for gen set operator. The test was conducted on 03/06/2016 and the result showed that the operator having normal hearing. In Rumidi Estate CHRA 2016 conducted by same assessor as Terusan 1 Estate. The assessment was conducted to specific working units such as sprayer, nursery sprayer, manuring operator, water treatment plant operator and workshop operator (foreman). However, recommendation was made by assessor to conduct medical surveillance only for foremen and for sprayer shall conducted chemical exposure monitoring twice per year i.e. to monitor amount or concentration of a chemical that a worker may be exposed. Sighted Chemical Exposure Monitoring by a Hygiene Technician 1, (JKKP HIE 127/171-3/1(179)) on 28/06/2017, 17&18/01/2017, and 28/06/2017. The results from assessment showed that the employees exposure level to the chemical hazardous to health was not detected or below the Permissible Exposure Limit (PEL) (PEL: 12 mg/m^3 TWA 8) of Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000. From the conclusion of assessment, the control measures at Rumidi Estate were good. The estate management had an initiative to conduct monthly medical checkup internally by HA for sprayer and manuring operator. For medical surveillance was conducted for foremen and store keeper by an OHD on 15/04/2017. The results was satisfactory and workers was declared as fit to handle chemical. In Terusan POM CHRA was conducted by Ms.Christina Tiong Ching Ling (JKKP HIE 127/171-2(258)). The assessment was conducted for lab attendant, boiler plants operator, kernel plant operator, and workshop attendance (mechanic). The assessment recommended medical surveillance and spirometry to be conducted for all workers. Spirometry test was the most common of the pulmonary function tests (PFTs). It measures lung function, specifically the amount (volume) and/or speed (flow) of air that can be inhaled and exhaled by workers. Spirometry is helpful in assessing breathing patterns that identify conditions such as asthma, pulmonary fibrosis, cystic fibrosis, and chronic obstructive pulmonary disease (COPD). Sighted a medical surveillance and spirometry test conducted on 17/11/2016 to workers handling chemical such as boiler man, mechanic, electrician and storekeeper. The results show all workers were fit to handle chemical.
	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. A procedure on spraying activity - item 2.4 under "*Langkah-langkah Keselamatan"* clause 2.4.2 "*Tidak dibenarkan pekerja wanita yang MENGANDUNG/MENYUSUKAN anak membuat kerja-*

				kerja penyemburan racun.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety 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	The CU continued to adopt the PPB Occupational health and safety Policy dated September 2010. The policy was endorsed by the Group Plantation Head & the Group CSR Head. The policy had been communicated to all levels of employees within the organization through briefings. The policy is available in Bahasa Malaysia and English and displayed on notice boards at mill, estate office and Muster Ground. Random interviewed with employees showed that they generally understood the basic requirements of the policy. An Occupational safety and health plan for 2017 for each estate and mill were implemented. The plan covered workplace inspection, compliance monitoring, training / briefing, meeting, and hazard analysis. The implementation of OSH plan was monitored by SHO / SHC from sustainability team department.
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	YES	Terusan CU had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA reports were verified during this audit. At the estates, HIRARC was identified for activities like chemical mixing and spraying, chemical storage, harvesting and FFB collection and vehicles maintenance. Last review was done in 18/04/2017 regarding on the use of transport such as FFB loader, Tractor trailer, and FFB transporting using a tractor. In Terusan POM HIRARC was updated on 07/07/2017 for activity mill compound cleaning.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	YES	Training and briefings on the operations were provided to workers to educate them on safe working practices and to ensure applicable precautions are adhered. Training for employees were conducted from time to time through on the job training, briefings, meetings, etc. The staffs and workers such as storekeepers, harvesters, pruners, field workers, sprayers, fertilizer and rat bait workers were trained and they understood the hazards involved and how the chemicals should be used in a safe manner. Training records related to the safety and awareness of chemical handling among others included the following: • First aid boxes training on 24/05/2017 (Terusan 1) • Training SOP manuring on 24/05/2017 (Terusan 1) • Safety & PPE training on 21/04/2017 (Terusan 1) • Chemical handling training on 16/02/2017 (Terusan 1) • Training for sprayer, manure, chemical store & fertilizer store on 18/02/2017. (Rumidi Estate) • Safety & PPE training on 17/06/2017. (Rumidi Estate) • First aid training on 24/05/2017. (Rumidi Estate)

				All workers were provided with appropriate PPE and replaced when damaged. PPE issuance and replacement records were verified by the audit team. It was observed that PPE was used by workers working in the fields. The following PPE had been verified during site visit: • Harvester- safety helmet, sickle cover, hand glove. wellington boots • Sprayers- organic vapour respirator, nitrile glove (chemical resistant) goggles, wellington boots, Apron. • Manuring- Apron, wellington boots, dust mask • Boiler- safety helmet, safety shoes, safety vest, ear plug, leather apron, face shield, leather hand glove • Sterilizer station – Safety helmet, semi leather hand glove, cotton gloves, safety shoes, safety vest and ear muff. • Laboratory – respirator (double cartridge), nitrile glove (chemical penetration), safety boots, ear plug. • Workshop - safety helmet, safety shoes, safety vest, ear plug and leather hand glove (welder).
	4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	YES	Regular safety meetings with the workers were conducted at the estates and mill. Safety Committee Meeting was conducted once in every three months The meeting minutes were made available at the mill and estate office. <u>Terusan - POM</u> Safety and Health Committee chart dated 15th Jan 2017 was established. The members included the representatives of the workers and management. The committee is chaired by the Mill Manager, and the Assistant Mill Engineer as the secretary. Meetings were conducted on 23/06/2017, 27/02/2017, 24/11/2016, and 26/08/2016. In the November 2016 meeting, 1 accident which occurred on 20/10/2016 (i.e. accident during cleaning of mill compound) was discussed. The accident caused an 18 days of medical leave. The accident was reported to DOSH through the submission of JKKP 6 on same day of the incident. Noted that HIRARC was revised on 07/07/2017 by the OSH committee. <u>Terusan 1 & Rumidi Estate</u> Safety and Health committee chart dated 15th Jan 2017 was established The members included the representatives of the workers and management. The committee is chaired by the Estate Manager and the Senior Field Officer as the secretary. The following meeting were sighted: - At Terusan 1 Estate, safety committee meeting was conducted on 29/06/2017, 23/03/2017, 22/12/2016, and 21/09/2016. In the meeting on 23/03/2017, 1 issue of accident was discussed. It was noted that the accident had been reported to DOSH (JKKP 6) on 09/03/2017. The OSH committee had conducted an investigation to prevent that accident recurrence and HIRARC was revised on 18/04/2017. - At Rumidi Estate, OSH meeting was conducted on 28/06/2017, 30/03/2017,

				30/12/2016, and 15/08/2016. There were 3 issues regarding accident motorcycle discussed on last meeting. Sighted a report to DOSH (JKKP 6) on 22/06/2017, 24/05/2017, and 08/4/2017. The OSH committee has revised the HIRARC and SOP "Penggunan Motorsikal di Ladang" on 14/06/2017.
	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, mill/field staffs, Mandores, Admin clerk, workshop operator and Security personnel. Interviews with mill/estate staffs and mandores revealed they had understood of the emergency procedures requirements. It was observed on site that all operating units had been provided with first aid boxes which were checked on a monthly basis by the Hospital Assistants. At the mill, first aid box was located at supervisor room, laboratory, engine room, workshop and office. At the estates, first aid box was given to mandores and available at estate office. Records of replenishment were verified by the auditor. Telephone numbers and names of the members of the Emergency Response Team (ERT) were communicated to all employees and displayed at notice boards. Telephone numbers of the PIC, Police Station, Fire Brigade, and Klinik Kesihatan Telupid were also included. Terusan CU had emergency response plan which was prepared by the ESHS officer. Among of plans included: • Bund break – document no: TE/ERP/001 • Suicide attempt and prevention – document no: TE/ERP/002 • Bushfire – document no: TE/ERP/003 • Chemical and fertilizer spillage – document no: TE/ERP/004 • Fire – document no: TE/ERP/005 • Flood – document no: TE/ERP/006 • Injury and illness require medical attention – document no: TE/ERP/007 • Poisoning – document no: TE/ERP/008 • Workplace violence - document no: TE/ERP/009 • Earthquake - document no: TE/ERP/010 • CPO pipe burst and fire – TE/ERP/011 • Exhaust chamber explosion – TE/ERP/012 • Oil room pipe leak - TE/ERP/013
	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 (HA). Any serious injury will be send to the nearest hospital. Local workers were covered by SOCSO while Foreign workers were protected through insurance. The following were sighted: <u>Terusan POM</u> There were evidences for local employees at Terusan POM, the SOCSO for March, April and May 2017 were verified. For foreign workers, insurance policy from Chubb Insurance Malaysia Berhad was available. The policy number W0190656 valid from 01/01/2017 until 31/12/2017. <u>Terusan 1 Estate:</u> There were evidences that local employees at Terusan 1 Estate, the SOCSO for December 2016, April and May 2017 were verified. For foreign workers, insurance policy from Chubb Insurance Malaysia Berhad was available. The policy number W0190657 valid from 19/01/2017 until 31/12/2017.

				Rumidi Estate There were evidences for local employees at Terusan 1 Estate, the SOCSO for December 2016, April and May 2017 were verified. For foreign workers, insurance policy from Chubb Insurance Malaysia Berhad was available. The policy number W0190657 valid from 01/01/2017 until 31/12/2017. Generally, the insurance cover for workmen compensation, repatriation expenses, personal accident including accidental death, permanent total disablement, temporary disablement and medical expenses. Rumidi Estate clinic had resumed the activity, so that monthly medical check for female sprayers with respect to their 'Pregnancy and Breast Feeding' status can be carry out. Therefore, previous minor NCR No: JS02 – 2016 was closed.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	Both estates and the mill had monitored the occupational injuries using Lost Time Accident (LTA) metrics. The JKKP 8 was reviewed during this audit. The following was verified: • Terusan 1 estate: JKKP 8 submit on 12/01/2017 – last accident (2 days MC) on 12/01/2017. • Rumidi Estate: JKKP 8 submit on 12/01/2017 – last accident on 30/08/2016 without no lost time incident. • Terusan POM: JKKP 8 submit on 26/01/2017 – last accident on 31/10/2016 without no lost time incident.
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	YES	Training programmes covering all aspects of RSPO P&C was made available to the auditor. Training schedule that related to RSPO Principle and Criteria for staff, workers, security personnel and contractors was established for year 2017.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Training programme for all level of employees has been established for 2017. The following were reviewed. Terusan Palm Oil Mill: • ERT & Fire Fighting training with Jabatan Bomba on 12-14/05/2017. • ERP training – Bund Break & effluent pond collapse on 06/06/2017 • ERP training – oil room pipe leak on 16/06/2017 • First aid kit training on 03/06/2017 • ERP training – chemical spillage on 02/03/2017 • Schedule waste handling – on 07/06/2017 • Firefighting, fire drill, and fire extinguisher training on 11/02/2017 • Policy Awareness Training on 25 August 2016 • PPE Training on 16 September 2016 • Food Safety Hygiene Training on 27 January 2017

				• Social Policy Awareness on 2 March 2017 • Environmental Management Plan on 10 June 2017 • Reduce, Reuse, Recycle awareness on 13 June 2017 <u>Terusan 1 Estate</u> • First aid boxes training on 24/05/2017 • Safety operation procedure for manuring on 24/05/2017 • Firefighting training on 01/07/2017 • Chemical handling SOP training on 16/02/2017 • PPE training on 21/04/2017 <u>Rumidi Estate</u> • Training ERP firefighting & earth quake on 07/07/2017 • Training for sprayer, manure, chemical store & fertilizer store on 18/02/2017. • Safety & PPE training on 17/06/2017. • First aid training on 24/05/2017.

Principle 5: <u>ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY</u>

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 impact aspect assessment has been conducted by external consultant (Ekohandal Sdn Bhd – EPD Reg. No: F016) on May 2017 to cover all activities in Terusan CU. The main purposed of for this assessment were to evaluate and analyse the impact on soil erosion, water quality deterioration, and biomass disposal. Other environment impact associated with agrochemical applications, land and water contamination from hazardous material and farm vehicles, human settlement disturbance and abandonment were also assessed. 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 receptors are the air emission from the boiler stack, the generation of the palm oil mill effluent (POME) and land contamination which related to the management of scheduled wastes and domestic waste.

made, implemented and monitored, to demonstrate continual improvement.	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	YES	No changes were made to the environmental aspects and impacts or current practices which require changes in the environmental action plans. Nevertheless, the existing environmental action plans had identified timeframes and responsible person at each operating units 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	Terusan CU developed a "Waste and Pollution – identification, assessment, prevention, mitigation, and improvement plan" to monitor the effectiveness of the mitigation measures taken. The following activities are being monitored: • Loose soil or fine gravel and diesel usage from activity grading and compacting roads. Action taken - construct silt pit, build speed bump to slow down the traffic and proper new road construction. • Fertilizer leaching, excessive agrochemical and chemical spillage. Action taken – do not apply chemical near water course, use secondary containment when filling up spray pump, use chemical premix tank, do not apply during wet season, chemical apply based on recommendation. • Misused of containers and empty fertilizer bags. Action taken – all containers were triple rinsed and proper disposal, collect all fertilizer bags and return to the store, disposed as a SW, educate and awareness program to workers. • Spillage / leachate at chemical store, fertilizer store, POL store, and diesel tank. Action taken – keep all items in designated area, use pallet, construct concrete bund surrounding stores, provide spill kit at work station, designated proper oil trap.
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	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance	YES	The HCVF assessment of the estates entitled "*High Conservation Value Identification and Management, Terusan Palm Oil Estates 2009*" report dated 15 May 2009 was reviewed. The sites with attributes HCV 4 (Sg. Bangau-Bangau) and HCV 6 (Bidu-Bidu Forest Reserve) were identified. For Bidu-Bidu Forest Reserve a survey was conducted by HUTAN and Sabah Wildlife Department between 2002 and 2003. The survey had reported the existence of orang utan, sun bears, mouse deer, barking deer and bearded pig within the Forest reserve.
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill	YES	As mentioned above, there were two HCVs area i.e. Sg. Bangau-Bangau located in the CU and Bidu-Bidu Forest Reserve which is located nearby to the CU. Bidu-Bidu Forest Reserve is bordering the Rumidi Estate and about 20 km from the Terusan 2 Estate. The Forest Reserve and Terusan CU is separated by local villagers such as Kg. Lidong, Kg Lubuk Dungun, Kg

to best ensure that they are maintained and/or enhanced.		operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance		Sualok, Kg Nangoh, Kg Gana Jati, Kg Bakong-Bakong and private oil palm plantation Andamy Properties Sdn Bhd. Terusan CU had established action plan for both HCVs area titled 'HCV Monitoring and Action Plan Terusan Estate' which was reviewed on 31 May 2017. There were no major changes to the HCV Plan, except that awareness training and continuous monitoring for HCVs area. There was no RTEs found during the last monitoring although HCV main assessment found signs of wildlife as mentioned in 5.2.1.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	YES	A summary of management actions had been proposed in the 'HCV Monitoring and Action Plan Terusan Estate' which was reviewed on 31 May 2017. From the monthly HCV monitoring report by the estates, there was no RTEs species found at Rumidi Estate and Terusan 1 Estate. The CU had conducted HCV training on 25-26/8/2016 titled as 'HCV Refresher Training 'and HCV awareness on 4 July 2017 (Terusan 1) and 3 July 2017 (Rumidi) for their field workers in order to create awareness among them. The participants 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 had conducted monthly wildlife monitoring along the riparian zone and forest boundary in order to detect the presence of wildlife in the plantation area. The latest monitoring on HCV at Rumidi Estate was on 15 May 2017 and Terusan 1 Estate on 3 June 2017. From the reports, it was recorded that there were no RTE species found during this monthly monitoring. HCV monitoring report with notes as well as pictures on the sightings of animals along Sg. Bangau-Bangau has verified by auditor. Poaching is prohibited. Warning signages were placed at the entrances of each estate. Posters on protected animals were displayed at the guard posts and estate's office. Evidence of commitment to discourage any illegal or inappropriate hunting have been instituted through control at the entrance gates and monitoring teams.
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	The HCV or land with slope more than 25^{o} within the Rumidi Estate and Terusan 1 Estate were set asides. The villagers were not allowed to hunt on encroach HCV area without getting permission from Rumidi Estate and authority department such as Sabah Wildlife Dept and Sabah Forestry Dept.

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 had documented identification of all waste product and sources of pollution. The "Waste and Pollution – identification, assessment, prevention, mitigation, and improvement plan" were established to mitigate applicable identified waste product. The plans were updated accordingly. For Terusan 1 and Rumidi Estates, the plans were updated by the ESHS officer on 03/01/2017, while at the TPOM, the plan was updated by the Assistant Manager on 07/01/2017. The most significant environmental receptors for the estates and mill operations were: • Air emission from boiler (smoke and particulate), vehicle & generator (smoke and gases), and from the anaerobic processes (ETP, EFB dumping). • Water discharges from cleaning water/run-off/process station waters (hydro cyclone /sterilizer condensate/clarification waste) & boiler quenching water and blowdown. • Land contamination from the spillages of scheduled waste, disposal of domestic waste and industrial/process waste, Nursery Operation, Estate operation, workshop, line site, office. • Clinical waste from Clinics.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	NO	Terusan CU had appointed a competent person for scheduled wastes Mr. Simin Bin Hadabongia from sustainability unit (CePSWam, series no: GPSWam / 01310) to handle the scheduled wastes. All SW were collected and disposed at central office at Terusan 2 Estate (centralize SW store). Sighted among of disposal records during audit were: • 21/04/2017, consignment note: 2017042608BV01XJ to Lagenda Bumimas Sdn Bhd, • 19/04/2017, consignment note: 20170426080583DN to Lagenda Bumimas Sdn Bhd. • 21/11/2016, consignment note: 2016112610RZ1HY6 to Lagenda Bumimas Sdn Bhd. Chemical containers were disposed using "Program Kitar Semula Bekas Racun Makhluk Perosak" by approved company from Jabatan Pertanian- Sighted a letter from "Bahagian Kawalan Racun Perosak, Jabatan Pertanian Malaysia" reference no: JPKKP (SBH) 207/12/467/19 date 18/03/2011 to Newgates Industries (Borneo) Sdn Bhd as a recycle contractor. Chemical containers were disposed on 05/01/2017, 21/01/2017, and 22/02/2017. However, during site visit at Terusan 1 Estate, it was found that grease container was left inside a scrap iron area and were not disposed properly. Thus**, #Major NCR RAR 01 2017** was raised.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	YES	The waste management plan for Terusan CU sighted during the audit were: 1) Activities: office, housing, landfill, gen set, workshop. Types of wastes: used papers, plastics, glass bottles, aluminium cans, metal, spent lubricant oil, contaminated debris, hydraulic oil, used PPE, spent grease, etc. Waste handling: • wastes were segregated and keep in recycle store before send to license recycling centre or to be given to charity body. • all SW was collected at least once in three months and disposed to DOE's license contractor. 2) Activities: POL store, chemical store, repair and maintenance Types of wastes: contaminated soil / debris substance spillage of soil, scrap metal. waste handling: • proper with bund, oil sump inside the containment, locked and roofing store.

				• ensure store in dry condition and spill kit on site • adequate on labelling of chemical, • scrap metal and woods are taken by contractor or will be placed at temporary area "tempat penyimpanan sementara logam terpakai". • Reused scrap metal / woods 3) Activities: milling operation types of waste: EFB, kernel shell, bunch ash, boiler ash, fiber, decanter cake, waste water. waste handling: • return to the estate for mulching to enhance moisture retention and organic matter. • residue shell was used for firing of boiler and as resurfacing material for estate road. • can be used as fuel for the boiler. • apply to the field as fertilizer supplement. • reused water. 4) Activities: palm oil mill effluent types of waste: liquid waste, POME sludge waste handling: • contained inside the effluent pond before discharge into the waterway. • effluent sample at final discharge point for every month and the result of analysed parameter must comply with DOE requirement. • Treated effluent can be used as manure and water source for irrigation. • Accumulated sludge in the ponds was periodically removed and as fertilizer supplement.
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	Fossil fuel such as diesel & petrol were use in both operation of estates and POM especially for the FFB transportation and gen set. Both estates had developed plan to ensure that uses of fossil oil are efficient and monitored properly. Both estates had developed the "Management Plan on Efficient Use of Fossil oil and Optimize Renewable energy". The main target of this plan was to reduce use of diesel usage on vehicles, heavy machineries, and gen set by 0.6% compare to 2016 usage. Among of the programmes were: • To ensure all vehicle / machineries to follow preventive / maintenance schedule • To replace old vehicle that had been used more than 15 years (consume more diesel). • To conduct awareness program to the driver. • To identify and develop a proper time table and monitored power supply to line site for ensure gen set are fully utilized. • To ensure gen set to follow maintenance schedule. For Terusan POM plan for improving fossil fuel was to reduce diesel consumption to FFB process by 0.1 liter / FFB. Among of programme conducted were: • Diesel generators only run when the mill is not running. • Diesel generator only will be synchronies with the turbine when the mill need to start or to stop. • Reduce mill breakdown. • Increase the FFB production. • Maximise the usage of biogas gas engine.

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 that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	YES	An assessment of identified polluting activities was conducted and monitored. These included the gaseous emissions, particulate / soot emissions and effluent. The environmental aspect impact and aspect (EIA) 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 receptors were the air emission from the boiler, the generation of the palm oil mill effluent (POME) and land contamination which related to the management of scheduled wastes and domestic waste. The emissions from the boilers were monitored accordingly. The following monitoring report was reviewed : i) Boiler No. 1, Chimney No. 1 – Report Ref No : MS/ TPOM / 2017/ Boiler NO 1 (S1) – 1st Half – date of sampling : 4th May, 2017. Date of reporting: 7th June 2017. Average dust particulate concentration was 0.287 g/Nm^3 ii) Boiler No. 2, Chimney No. 2 – Report Ref No : MS/ TPOM / 2017/ Boiler NO 2 (S2) – 1st Half – date of sampling : 24th February, 2017. Date of reporting: 17th March 2017. Average dust particulate concentration was 0.299 g/Nm^3 Terusan CU has also commissioned the biogas plant in March 2016 to reduce the usage of diesel in the mill and Terusan 2 Estate

<table>
<tr><td rowspan="3">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.</td><td></td><td></td><td></td><td></td></tr>
<tr><td>5.6.2</td><td>Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented.
Major Compliance</td><td>YES</td><td>Greenhouse gas emissions were identified from Land Conversation, Crop Sequestration, Fertiliser, N_2O from fertiliser, peat oxidation, fuel consumption, fertilizer transport and transport of diesel. Plans to reduce the diesel consumption (generator) & petrol consumption are in placed and has been monitored by the Mill and Estate Management.
Terusan CU also using Biogas (commissioning on March 2016) for Electricity at Mill Compound and Terusan 2 Estate to reduce the usage of diesel in Mill and Terusan 2 Estate</td></tr>
<tr><td>5.6.3</td><td>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</td><td>YES</td><td>Terusan CU had used RSPO PalmGHG version 3.0.1 Calculator as a tools to calculate the GHG emissions. Sighted report send to RSPO on 3 July 2017. The records pertaining for this calculation were kept for ease retrieval and made available at the Terusan POM and both estates during this assessment. The following were determined:

Mill emissions:
<table>
<tr><td>Emission sources</td><td>tCO2e</td><td>tCO2e/tFFB</td></tr>
<tr><td>POME</td><td>18060.45</td><td>0.08</td></tr>
<tr><td>Fuel consumption</td><td>1013.84</td><td>0.00</td></tr>
<tr><td>Grid electricity utilisation</td><td>0</td><td>0</td></tr>
<tr><td>Export of excess electricity to housing</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>19,074.29</td><td>0.09</td></tr>
</table></td></tr>
</table>

				Estate emissions Emission sources / tCO2e / tCO2e/tFFB Land Conversion 59077.63 0.7 CO2 Emissions from Fertiliser 4014.73 0.62 N2O Emissions 4582.47 0.7 Fuel Consumption 1637.41 0.26 Peat Oxidation 0 0 Sinks Crop Sequestration -55997.76 -0.66 Conservation Sequestration -478.6 -0.01 **Total 12835.88 0.15** The final emissions value per product was determined as 1.01 tCO_2e/tCPO and PK.

Principle 6: <u>RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS</u>

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 Social Impact Assessment (SIA) for Terusan CU was conducted in March 2009. The process of conducting the SIA and the findings were documented and compiled in the SIA report. The SIA covered 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. Based on the Public Stakeholder Meeting minutes dated 2 April 2009, a total of 106 participants had attended the Stakeholder Consultation for purposes of the Social Impact Assessment. The SIA and records of meetings are documented and made available during the audit.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	YES	Based on the SIA Report dated April 2009, there was evidence that the assessment was done with the participation of affected parties. These included discussion with 106 stakeholders held on 2 April 2009, 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.
	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	Following to the SIA, Action Plans were established to mitigate any negative impacts and promote positive ones. The Action Plan was updated annually, and takes into account feedbacks/inputs received from various stakeholders during annual Stakeholders' Meetings, Social and Welfare Committee meetings and Gender Committee Meetings. The following SIA Action Plans for Terusan Palm Oil Mill, Terusan 1 and Rumidi Estates were sighted and verified. These Action Plans were sighted during the audit and it contains issues raised/impacts parameter, recommendations/comments, proposed action/mitigation, location, person in charge and timeline, and progress/remarks/status. For Terusan Palm Oil Mill: Social and Welfare Committee meetings were held on 18 April 2017 and 23 November 2016. For Terusan 1 Estate: Social and Welfare Committee meetings were held on 28 March 2017 and 18 November 2016.

				For Rumidi Estate: Social and Welfare Committee meetings were held on 28 March 2017 and 14 December 2016. It was verified that based on the minutes of the above meetings, the issues raised were captured in the subsequent SIA Action Plans.
	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 were reviewed once a year. For the Terusan Palm Oil Mill, the Action Plan was updated on 8 July 2017, and for Terusan 1 and Rumidi estates, the SIA Action Plan was updated on 4 July 2017. There was evidence that the review was conducted with participation of affected parties, such as external stakeholders (minutes of meeting dated 23 May 2017), and internal employees via the Social and Welfare Committee meetings Terusan 1 (dated 18 November 2016 & 28 March 2017), Terusan Palm Oil Mill (23 November 2016 & 18 April 2017) and Rumidi Estate on 28 March 2017 and 14 December 2016.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	YES	There were no smallholder schemes in the Terusan CU. Only independent smallholders and the smallholders under the Wild Asia Group Scheme (WAGS) sent their FFBs to the Terusan Palm Oil Mill,
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 were in accordance to the “Standard Operating Procedure for Consultation and Communication [Document No. RSPO 6.2(2)]” that was prepared by the RSPO Unit of PPB Oil Palms Bhd. The CU has continued to use internal communication means, such as morning assemblies, notice boards and posters, suggestion boxes and complaint forms. External communication was mainly through mail correspondence.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	The Terusan CU had appointed management official responsible in the communication and consultation with external stakeholders as follows: a. At Terusan Palm Oil Mill: Senior Mill Manager was appointed on 23 January 2017. b. At Terusan 1 Estate: Estate Manager was appointed on 2 January 2016. c. Rumidi Estate: Estate Manager was appointed on 17 February 2017. A memorandum dated 4 February 2017 was also issued by Sapi Plantations Sdn Bhd informing of these appointments, including their respective mobile telephone numbers, and designations. Copies of this memorandum were placed at the main gates, and workers' housing quarters.
	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	NO	Stakeholder Lists for the Terusan CU were sighted and these have been verified to be maintained and updated accordingly. The list contain details of their entity names, addresses and contact details. Evidence of communications is available in the form of letters of request from stakeholders and replies are maintained. a. Terusan Palm Oil Mill: the list of stakeholders included the contractors, government agencies, NGOs and associations, panel doctors, nearby villages, and sundry shop

		stakeholders, shall be maintained. Minor Compliance		operator. The list included their addresses and contact details. Evidence of communications - correspondences from SMK Ulu Sapi Tongod seeking donation for the school sports day, which was responded to by the PBB Oil Palms Berhad via letter dated 20 June 2017 agreeing to give RM2,000. This was subsequently acknowledged by SMK Ulu Sapi Tongod on 5 July 2017 b. Terusan 1 and Rumidi Estates: the list of stakeholders were shared and they included the shops owner in the estates, contractors, villages, nearby plantations, schools, panel doctors, clinics/hospitals, government agencies, consultants, suppliers and NGOs. Evidence of communications - correspondences from Beluran District Office requesting contribution for Harvest Festival, which was responded to by PPB Oil Palms Berhad dated 2 May 2017 agreeing to donate RM2,000. This was acknowledged by the District Office on 8 August 2017. Another correspondence was the Parents & Teachers Association of SK Ulu Sapi seeking contribution for plastic chairs for the school. Response was given by PBB Oil Palms Berhad via letter dated 8 May 2017 agreeing to provide 50 chairs to SK Ulu Sapi. There was a complaint letter received from Abdul Rahman Bajau @Isah from Lot 4, Kg Bangau Bangau, Terusan Sapi, Beluran on 8 May 2017. The complaint was about the presence of about 20 buffalos on his land, destroying the road and causing safety concerns. A meeting was held on 22 May 2017 between the management of Terusan 1 and Terusan 2 Estates with the buffalo owners. The decisions made in the meeting were: a. The owners to decide by 31 May 2017 whether to sell the buffalos to the Estates b. Buffalo owners can sell the remaining buffalos to third parties. c. Male buffalos are to be used in the field (re-arrange empty fruit bunches) d. The issue to be settled by 30 July 2017. However, none of the progress, or the above decision was communicated to either the Complainant. This was verified by looking at the documents, interviews with the complainant. Therefore, it was concluded that there was no evidence that Terusan 1 had communicated to the stakeholders confirmation of receipt and no efforts were made to ensure understanding by affected parties. Thus, a minor NCR RZ 02 2017 was raised against this indicator.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistle-blowers, where requested.	YES	The CU had a documented system to deal with complaints and grievances. This system is open to all affected parties. This is contained in the Group's No Deforestration, No Peat, No Exploitation Policy dated 5 December 2013 under the paragraph entitled "Resolve All Complaints and Conflicts Through an Open, Transparent and Consultative Process". The Dispute and Resolution Procedure (PPB/RSPO 6.3 (2.2)/(1) which was last updated on 27 December 2015 was also available. This procedure applies to negotiation procedures involving

implemented and accepted by all affected parties		Major Compliance		external and internal stakeholders. It also explains the Group's conflict resolution process in a flowchart. The procedure starts with the receipt of complaint from any party, its investigation, proposed solutions and acceptance of the solutions or otherwise. If the proposed solution was rejected, the dispute will be brought for third party arbitration. The negotiation and mediation process specifies that parties are to commit to observe the timeline and to act on the arrived decision and agree on punctuality. Additionally, parties are also to agree to a timeline of progress and other details. Protection for whistle blowers is available under the Terusan CU "Whistle Blowing Policy" which was issued on 5 August 2016.
	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 was no other evidence of dispute recorded. At the Terusan Palm Oil Mill, Complaint Forms were kept in a file. Sample of records assosciated with requests from workers related to house repairs was made. Among them include one received from Martina dated 23 June 2017 who complained about a defective fridge plug. Records show that the complaint was received on the same date, and repair was carried out on the same day. At Terusan 1 Estate, the Complaint Form was filled up by Salma Misi on 8 June 2017 complaining about a damaged backdoor at her house. Records show that the repair works was carried out on the same day and acknowledged by the Salma Misi on 9 June 2017. There is no evidence of any complaints received at Rumidi Estate.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	For cases involving 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", version 1.0 which was adopted since 30 July 2009
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups'	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" version 1.0 which was adopted in 30 July 2009. The process of determining compensation was addressed in the document. There was no evidence of any land dispute involving loss of legal, customary or user rights at the Terusan CU. Hence, the efficacy of the procedure could not be ascertained.

		proof of legal versus communal ownership of land. Minor Compliance		
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	There was no evidence of any negotiated agreements and compensation claims sighted in the documents, and confirmed during interviews with Terusan CU management and the local communities.
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 CU, documentation of pay and conditions were contained in the workers' salary slips and contracts of employment. Each pay slip contains the information such as workers' name, code, month of pay, basic salary, piece-rate income, allowances, 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 workers at TPOM, Terusan Estate and Rumidi Estate were sighted and verified Based on interviews with workers, (both foreign and local), the workers confirmed the accuracy of the calculations in their slips, and that they understand the contents of the same.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	The CU adopt the same employment contract format. Sample on contracts of employment both for foreign and local workers were examined at the audited sites. All the contracts sampled were in Bahasa Malaysia, and contained information such as the wage rate, work days, overtime, annual leave, paid annual leave, public holidays, 60-day maternity leave, medical treatment benefits, retirement age for local and foreign workers, contributions to SOCSO for local workers, coverage under Workmen's Compensation Act 1952 for foreign workers, termination of contract, period of termination notice etc. For foreign workers, their contracts of employment also mentioned that the employer would pay for the costs of repatriation upon expiry of the employment contracts. Interviews with workers at the Terusan Palm Oil Mill, Terusan 1 Estate and Rumidi Estate, (harvesters, manurers, sprayers, male and female, Indonesian and Malaysian), confirmed that they understood the terms in their contracts. They were allowed to read the agreement, and briefed on the salient points of the contract before they appended their signatures on the contracts. They were also allowed to seek clarifications on any point they did not understand. The contracts all contain payment of minimum wages or more, and comply with the requirements of the Minimum Wages Order 2016 which stipulates that basic pay should not be less than RM920 per month, or RM35.38 per day (if working a 6-day week). The employment contracts were sampled and verified to be valid and current, duly signed and witnessed. The terms contained therein are in compliance with the requirements stipulated by the Sabah Labour Ordinance:

	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical,educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). Minor Compliance	YES	Workers and staff were provided with housing. For family, one house per family, while for unmarried workers, one house is shared with 2 to 4 workers. Housing was maintained in good condition with free amenities provided for workers including bed frame, lighting, free electricity and water supply, water storage tanks (separate for rain water and treated water) for each house. Interviewed with workers revealed that the houses provided were comfortable and well maintained. Solid wastes were cleared twice a week, and grass was mowed regularly and grass kept well-maintained. Electricity supply at the workers' quarters for the Mill and estate are provided from 6.00PM to 11.00PM, and recommences from 4.00AM to 6.00AM. Treated water is provided every alternate day, and is stored in large water tanks which ensures adequate water supply at all times. Interviews with workers also confirm that they have not incurred any water shortage, and the electricity supply is adequate. PPB Oil Palms Berhad has an SOP for Treated Water and Water Tank Sampling Water (PPB SWK /SOP 13/(1)/0317) which requires water sources from treated water (water catchment, river) and water tank (rain water) to be sampled and tested at least twice a year. Drinking water analysis for Terusan Palm Oil Mill, Terusan 1 Estate and Rumidi Estate were carried out by Advance Chemtech and base on the analysis, total coliforms and E.coli was absent from the samples taken. The samples were taken on the following dates: a. Terusan Palm Oil Mill: 13 Jan 2017 and 25 April 2017. b. Rumidi Estate: 6 December 2016 and 21 April 2017. c. Terusan 1: 6 December 2016 and 21 April 2017. The facilities available at the workers' housing complexes include playing field, children playground, *surau*, creche, and sundry shops. A medical facility is provided at Terusan 2 Estate and is accessible to all employees at the Terusan CU. Free medical treatment and medication were made available to all employees, their spouses and dependents, irrespective of age. The clinic is manned by a Hospital Assistant and 2 support staffs. A Visiting Medical Officer (VMO) from Klinik Dr Kelvin in Sandakan visits on a monthly basis to see patients and review complex medical cases where necessary. The last VMO visit was on 24 June 2017. Regular inspections of the housing complexes and creches were carried out by the Hospital Assistant. The inspection covers aspects of cleanliness, and health. Inspection records are sighted as follows: a. Terusan Palm Oil Mill (28 June 2017, 25 May 2017, 10 May 2017, 4 February 2017). b. Terusan 1 Estate (20 June 2017, 24 May 2017, 4 April 2017, 7 March 2017) c. Rumidi Estate (4 June 2017, 7 May 2017, 8 April 2017, 7 March 2017) Local workers sent their children to the nearest government schools such as SK Ulu Sapi and SMK Ulu Sapi. Free transportation (to and fro) is provided by the estates for the school children. Foreign workers sent their children aged between 4 – 15 to the Humana school. Older children go to the Community Learning Centre (CLC) located at Terusan 2 Estate.

				Crèches are also available at Terusan 1 Estate and Rumidi Estate. Visits to the two creches confirmed that the crèche are clean, well maintained and well supervised. Parents bring their own milk formula and food. The creches typically open between 4.30am to 3.00pm for children aged up to 5 years. The creche workers were paid monthly salaries by the estate, and interviews confirm that they were paid minimum wages. Both creches have toys and playthings, and the services are provided free of charge.
	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	Three sundry shops (one at each audited sites) were visited during the audit. These shops sell sufficient supply of daily requirements such as rice, flour, eggs, sugar, milk, cooking oil, frozen food, beverages, vegetables and other daily requirements. The price of each Item is clearly marked, and they differ slightly between cash purchases and those bought on credit. Prices of goods were monitored by the respective site's management through submission of the price list to the Mill and Estate offices once every three months. Records of submission of the price list to the mill and estates were evident during the audit.. In addition, spot checks were also carried out. On 13 March 2017, there was a record of a spot check carried out by a Field Officer at shop in Terusan 1 Estate. Interviews with workers also confirm that the goods sold in the shops were with reasonable priced, and site observations also revealed that the food were 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 freedom of association written in Bahasa Malaysia and updated on 6 July 2017 were displayed 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.	YES	Although there were no official trade unions available in the Terusan CU, workers appointed their own representatives to sit on the Social and Welfare Committees. The Social and Welfare Committees comprised of worker and management representatives.

		Minor Compliance		Minutes of the Social and Welfare Committee meetings were documented, sighted and verified as follows: a. Terusan Palm Oil Mill: dated 23 November 2016 and 18 April 2017. Issues discussed included safety, cleanliness and repairs needed at the housing complex, electricity and water supply, prices of goods sold at the sundry shops, payment of wages, etc. b. Terusan 1 Estate: dated 28 March 2017 and 18 November 2016. Issues discussed included cleanliness at the housing complex, workers' request for an additional water tank, requests such as drain repair works, workers selling items without permission at the housing complex, etc. c. Rumidi Estate: Dated 28 March 2017 and 14 December 2016. Issues discussed included replacement of a taller fence near the Humana school, stray dogs near the housing complex, reminders on the prohibition to keep birds as pets, etc.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	YES	The Wilmar Group Child Labour Policy dated September 2010 is publicly available at the offices of the Terusan Palm Oil Mill, Terusan 1 Estate and Rumidi Estate. The Policy included the Wilmar Group's commitments not to employ children, and will comply with all applicable child labour laws. Based on the workers list sighted at the Terusan CU, copies of passports sighted, and further verified during field interviews and field observations, there was no evidence that the CU employed workers below 18 years.
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 dated 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 was no evidence that they were 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 dated 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.	YES	As stipulated in the “Recruitment selection, Hiring and Promotion” (PPB/HR/(0)/0752015) dated 7 May 2015 for staff and “Recruitment of Workers” PPB/HR/RSPO 6.12.3/220515 dated 22/5/2015 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 were done before a panel of interviewers who would

		Minor Compliance		objectively assessed the candidate for suitability. Promotions were based on recommendations and performance. For example, at the Terusan Palm Oil Mill, a mechanic, was promoted from a worker to staff. Candidate interview assessment forms that were filled up by interviewers were also sighted.
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 displayed prominently at the Mill and Estate offices, notice boards, muster grounds and housing complexes. Among other things, this Policy states 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 confidentiality nature of the investigations. The policy had been communicated to all staffs and workers during morning musters and trainings. Among the issues highlighted during the training included understanding what is sexual harassment, domestic violence and violence at the workplace, reproductive rights, how to lodge a complaint and the procedures involved. The trainings were attended by both male and female employees. They were conducted as follows: a. Terusan Palm Oil Mill: 5 July 2017 (30 participants) b. Terusan 1 Estate: 5 July 2017 (31 participants) c. Rumidi Estate: 3 July 2017 (33 participants) Site interviews conducted with the female workers (manurers, sprayers) confirm their understanding of what constitutes sexual harassment and violence, and how complaints can be lodged.
	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 displayed prominently at the Mill and Estate offices, notice boards, muster grounds and housing complexes. Among other things, this Policy states what is sexual harassment, violence, abuse and reproductive rights, as well as implementation and enforcement of the Policy. The policy was communicated to all staffs and workers during morning musters and trainings. Among the issues highlighted during the training included the definition of workers' reproductive rights, i.e. rights and freedom to plan a family without any threats of discrimination, force or abuse. The trainings were attended by both male and female employees. They were conducted as follows: a. Terusan Palm Oil Mill: 5 July 2017 (30 participants) b. Terusan 1 Estate: 5 July 2017 (31 participants) c. Rumidi Estate: 3 July 2017 (33 participants) Site interviews conducted with the workers (manurers, sprayers, harvesters) confirm their understanding of what constitutes their reproductive rights.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established,	YES	A Dispute and Resolution Procedure PPB/RSPO 6.3 (2.2)/(1) which was last updated on 27 January 2016 (Rev No 3) which was devised to facilitate a dispute and grievance resolution process between management, growers and millers and employees, local communities and other affected external parties. The scope covers matters pertaining to social, environmental issues,

		implemented, and communicated to all levels of the workforce. Minor Compliance		etc. Clause 6.3 assures Confidentiality of complainants, if requested, and that information will be kept as confidential as possible. This grievance mechanism was communicated during training on the following dates: d. Terusan Palm Oil Mill: 5 July 2017 (30 participants) e. Terusan 1 Estate: 5 July 2017 (31 participants) f. Rumidi Estate: 3 July 2017 (33 participants)
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	YES	Terusan POM continues to conspicuously display on the notice board at the weighbridge the prices of FFB from January to June 2017, and publicly available.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance	YES	Interviews were held with FFB suppliers: representatives from Kpg Bakong-Bakong and Kpg Bangau-Bangau. Based on the interviews conducted, there was 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 pricing is based on MPOB prices, and weighing and fruit loading at the Mill ramp are done in a fair and transparent manner. FFB prices are also conspicuously displayed near the Terusan Palm Oil Mill weighbridge, where prices from January 2017 to June 2017 were displayed. Additionally, the Terusan Palm Oil Mill also provide the following services to the smallholders: • Extra payment of RM5/tonne for RSPO certified smallholders • Supply of commercial fertilisers to be paid on instalments • Supply of decanter cakes and empty fruit bunches for free • Road repairs leading to the smallholders' estates for free
	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 were 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. Two agreements between Sapi Plantations Sdn Bhd and Simgaya Enterprise were sighted during the audit. Both contracts were signed on 25 January 2017 for the construction of drains and palm felling and chipping. However, no clear contract duration was sighted in the agreement. Based on interview held with Wan Sim Yin of Simgaya Enterprise, Sandakan, and the review of agreements signed between both parties, there was evidence that the contractor understood the agreements signed, the terms and conditions are fair and payments are made within approximately one week of the issuance of invoice. Copies of the agreement are kept at the Sandakan Regional Office, the Estate office. However, copies of the contracts have not been given to the contractor for safekeeping.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Based on documents sighted and interviews held with FFB suppliers and contractor, there was evidence that payments were made timely. For the FFB suppliers, payments were made no later than 15th of the month, and for the contractor, payments were made within one week of the issuance of invoice.
C 6.11	6.11.1	Contributions to local	YES	The development needs of the local community werecarried out on a regular basis. This was

Growers and millers contribute to local Sustainable development where appropriate.		development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance		verified during interview held with the Pemaju Mukim Sapi who confirmed that the Terusan CU have been regularly providing assistance either financially or in-kind. These contributions were given upon requests by the local communities. Among them include the monthly maintenance of the football field at Kg Toniting, allowing part of Block 1 at Terusan 1 to be used for the construction of water tank for the villagers of Kg Toniting, selling of fertilisers for smallholders to be repaid on monthly instalments, donations to schools, contributions during festivals. These are further verified by the letters sighted at the Terusan Palm Oil Mill, Terusan 1 Estate and Rumidi Estate. For example: a. Request by YDP PIBG SK Ulu Sapi for plastic chairs. PPB Oil Palms Berhad contributed 50 plastic chairs on 8 May 2017 b. Request by Beluran District Officer for Harvest Festival. PBB Oil Palms Berhad gave some contribution 2 May 2017. Request 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 by the Pemaju Mukim Sapi.
	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 decanter cakes, empty fruit bunches.
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. The Terusan CU allows the foreign workers' to keep their passports. Foreign workers is allotted with 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 (general workers, harvesters, sprayers, manurers), 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	6.13.1	A policy to respect human rights	YES	A Wilmar Human Right Policy dated June 2014 is available and verified. The Policy was

Growers and millers respect human rights		shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance		displayed at the Mill and Estate offices. The policy was also communicated to all levels of workforce and operations via training sessions. The attendance list and pictorial report were verified during the audit. The most recent training sessions are as follows: a. Terusan Palm Oil Mill: 5 July 2017 b. Terusan 1 Estate: 5 July 2017 c. Rumidi Estate: 3 July 2017
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	YES	Indonesian workers at the Terusan Palm Oil Mill, Terusan 1 Estate and Rumidi Estate send their children to the Humana School located at Terusan 1. The school generally accept children aged between 4 to 15 years who are taught Bahasa Malaysia, English, Science and Mathematics. Currently there were 68 students and 2 teachers. The Humana school opens from 7.30AM to 11.00AM from Monday to Friday. Children who have completed their education at the Humana school can further their education at the Community Learning Centre (CLC) located at Terusan 2 Estate. Free transportation is also provided for the children to attend the Humana and CLC. Among the contributions provided by the Company include maintenance and upkeep of the Humana school building, maintaining a well-equipped library, purchasing books, computers and school uniforms for the children, books, and sending the teachers for training.

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Terusan CU has no plan for any new planting and no new development of area was observed during the visit. Auditors has verified through checking the www.globalforestwatch.com , GOOGLE Maps Data, Estate Maps and also through site visit there were no new planting or new development of areas at the Terusan CU. Thus Principle 7 is not applicable.

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

Clause	Indicators		Comply *Yes/No*	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	YES	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.
	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 on 11/07/2017, 09/07/2017, and 07/06/2017. 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 2017 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 is identified in the Identification Environmental improvement action plan'. This plan also included the waste products and sources of pollution. Terusan POM has built a biogas as part of the mitigation plan to reduce the GHG emission from the ETP. The plant was completed in March 2016. However, due to some technical issues, the plant has yet to be fully commissioned.
	e)	Social impacts (Criterion 6.1);	YES	Terusan CU continues to provide and improve facilities for all level of their employees. This include: - 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 - Ad-hoc requests from smallholders for road maintenance was responded as soon as possible depend on the available budget - 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	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 : • 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 • Avoid blanket spraying and allowed for natural vegetation as to improve soil moisture

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 2.1.3	Minor	**#NCR No : RZ 01 2017** 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). Objective evidence: No notification of the gazetted public holidays for 2017 was displayed at the Terusan Palm Oil Mill	**Corrective Action:** A Checklist will be developed and Implemented by end of September 2017 to ensure all required documents are displayed accordingly. **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 : RAR 02 2017** Finding: Plan to avoid or reduce pollution not effectively implemented. Objective evidence : 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.	**Corrective Action:** 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). **Auditor Verification:** Corrective action plan accepted **Status: The effectiveness of the corrective action will be verify during next audit.**
Indicator 4.5.2	Minor Upgraded to Major	**#NCR No : MAR 01 2017** Finding: Training was not demonstrated overall concept for those involved in IPM implementation. 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.	**Corrective Action:** - The training on IPM concept to all Terusan Certifcation 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. **Auditor Verification:** Auditor has verify attendance list and training report dated 25/8/17 and auditor also verified the form for monitoring the IPM. **Status: Closed** **The effectiveness of the corrective action will be verify during next audit.**

Indicator 5.3.2	Major	**#NCR No : RAR 01 2017** Finding: The containers was not disposed responsibly Objective evidence : During site visit at Terusan 1 Estate, it was found that Grease container was left inside a scrap iron area.	**Corrective Action:** 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. **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 Ismail Muhammad, the staff who was in charge of the wastes was also provided to the audit team. **Status: Closed** **The effectiveness of the corrective action will be verify during next audit.**
Indicator 6.2.3	Minor	**#NCR No : RZ 02 2017** Finding: No effort was made to confirm receipt of letter and communicate the action taken to a local community who had lodged a complaint 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.	**Corrective Action:** 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. **Auditor Verification:** Corrective action plan accepted **Status: The effectiveness of the corrective action will be verify during next audit.**

ATTACHMENT 5

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

Item No	Requirement NOV 2014	Findings Standard Nov 2014
E.1 E.1.1	**Defination** To verify : a) the volume of certified and uncertified FFB entering the mill b) the volume sales of RSPO certified The claim only the volume of oil palm products produced from processing of the certified FFB as MB	**Actual (July 2016 – June 2017)** **a)** FFB Received **220,552.48** RSPO 94,188.78 Non-RSPO 126,363.70 FFB Processed **221,228.09** RSPO 94,188.78 Non-RSPO 127,039.31 CPO Production 44,511.24 PK Production 9,605.23 **b)** Delivery of CPO **44,511.24** RSPO(MB) 13,394.99 Non-RSPO 31,014.69 Delivery of PK **9,605.23** RSPO (MB) 4,123.11 Non-RSPO 5,561.61
E 2 E..2.1	**Explanation** Estimate total tonnage of CPO and PK potentially produce in a year	**Projection (July 2017 – June 2018)** **(1)** FFB Received **187,363.00** RSPO 84,393.00 Non-RSPO 102,970.00 **(2)** FFB Processed **187,363.00** RSPO 84,393.00 Non-RSPO 102,970.00 **(3)** CPO Production 40,216.38 **(4)** PK Production 8,255.80 **(5)** Delivery of CPO **40,216.38** RSPO(MB) 18,116.38 Non-RSPO 22,100.00 Delivery of PK **8,255.80** RSPO (MB) 3,718.30 Non-RSPO 4,537.50

E. 2 E 2.2	**Explanation** The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organiztion (RSPO IT platform or book and claim.	TPOM has registered with the RSPO e-trace system. The mill's RSPO e-trace member ID is RSPO_PO1000000130.
E 3 **E 3.1**	**Documented procedures** The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	**a)** Terusan Palm Oil Mill (TPOM) has replaced its previous documented procedure Safe Standard Operating Procedure (Traceability)" [dated 31/3/2015] with "Safe Standard Operating Procedure (Mass Balance)" [dated 10/7/2017] describing the implementation of the elements in the supply chain system. **b)** Ms Umah Sarigoh and Norilahwati Bte Awang, the Chief Clerk and Admin Officer has been appointed the person having overall responsibility for and authority over the implementation of the SC Standard since 18/1/2017
E 3.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Mechanism is stated in the procedure "Safe Standard Operating Procedure (Mass Balance)", Clause 22.4.1 Purchasing and Goods In (for certified and non-certified FFB) for receiving FFB from certified and non-certified Estate. For Processing in Clause 22.4.2 (Processing), two documents are involved i.e.: i) FFB Despatch Chit from the estates brought by lorry driver – included the name of the estate, date of delivery, Field No. or collection ramp no., vehicle no and name of driver ii) Weighbridge Ticket – to indicate the weight, FFB Despatch No. and date of receipt Processing of FFB is done in normal way as guided by its SSOP, which covers the entire operation from receiving of FFB until dispatch of CPO & PK.
E.4 E.4.1	**Purchasing and goods in** The site shall verify and document the volumes of certified and non-certified FFBs received.	TPOM had continued to receive certified FFBs from it's own supply base and outsider as well as non-certified FFBs from outsiders. There were 3 supply base (estates) and 1 (Outsider) sending certified FFBs to TPOM. They were Terusan 1, Terusan 2, Rumidi Estate and WAG's (Outsider). For non-certified FFBs, TPOM had sourced them from 52 FFB Supplier some of them are Germas Sdn Bhd, Germas Sdn Bhd, PL Sawit Sdn Bhd, Casem Sdn Bhd, George bin Luis, Binjal bin Bangkit, Yong Chee Fah and Andamy Properties Sdn Bhd. The Weighbridge Clerk checked and verified the consignment notes issued by the supplying estate for the incoming RSPO and non-RSPO FFBs. TPOM kept copies of the FFB Consignment Notes or FFB Delivery Notes issued by the supplying estates. TPOM had also continued to keep records on (1) Daily Certified CPO production record and (2) Quarterly Report of incoming sustainable material. The Monthly Crop Report provides a detailed monthly account

		on the receipt of FFBs, production of CPO and PK as well as on the actual oil extraction rate (OER) and kernel extraction rate (KER). For the period July 2016 – June 2017, TPOM had received a total of 220,552.48 MT of FFBs of which 94,188.78 MT were RSPO certified while the remaining 126,363.70 MT were non-RSPO certified FFBs. A total of 10 randomly selected FFB delivery notes/dispatch tickets for RSPO-certified FFBs issued by the supplying estates on the in-coming FFBs were verified. It was found that all delivery notes/dispatch tickets had indicated the estate's RSPO Certificate number, the name of the supplying estate and the quantity (weight in Kg) of the FFBs.
E 4.2	The site shall inform the CB immediately if there is a projected overproduction.	There was no overproduction of certified FFBs during the period under review (July 2016 – June 2017).
E.5 E.5.1	**Record keeping** a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis. b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The site can only deliver Mass Balance sales from a positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (i.e. product can be sold before it is in stock)	a) TPOM had continued to keep record and balances all receipts of RSPO-certified FFBs and deliveries of RSPO-certified CPO and PK on a three-monthly basis in the table 'Quarterly Report / Fixed Inventory Period'. b) For the period July 2016 – June 2017, TPOM had delivered a total of 13,394.99 MT of RSPO-certified (MB) CPO and 4,123.11 of RSPO-certified (MB) PK. All the certified CPO and PK was delivered to Sandakan Edible Oil Sdn. Bhd. c) The Quarterly Report / Fixed Inventory Period – TPOM indicated both positive balances for the certified CPO and palm kernel. A total of 37 randomly selected weighbridge tickets issued during July 2016 – June 2017 by TPOM for delivery of RSPO-certified CPO were verified and found to have indicated all the required information including the status of the products (RSPO MB): With respect to the delivery of PK, a total of 27 randomly selected weighbridge tickets issued by TPOM during the months of July 2016 – June 2017 were verified. All weighbridge tickets issued had indicated the status of the PK (RSPO MB).
E 5.2	In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	NA - No outsource activity.

ATTACHMENT 6

Status of Non-conformities Previously Identified

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Auditor
Indicator 2.1.3	Minor	**#NCR No : JS01 - 2016** The mechanism for ensuring compliance with the relevant legal requirements and the mechanism to follow-up on the compliance status is not effective. The following anomalies noted at the legal compliance check carried out Terusan POM i) For Requirements which were marked as ' Non Compliance', the justification and explanation to justify the status is not clear. ii) For Requirements which were noted as 'non-complying', the follow-up mitigation plan and corresponding actions were not clearly established.	**Corrective Action:** - The legal compliance was not conducted in accordance with the internal SOP. - Correction: The Justification, follow up mitigation and corresponding action will be conducted in accordance with SOP	Auditor has verify the evidence of mill conducted meeting regarding The Legal compliance Justification for status Non-Compliance on 7/7/17 and the meeting will conduct annually which is comply with the internal SOP. The follow-up on the mitigation Plan was established in the meeting on 7/7/17 and the compliance status was checked on 12/7/17 under the MRM Legal Register Meeting. **Status: Closed**
Indicator 4.5.2	Minor	**#NCR No : MN 01 2016** Terusan 2 and Rumidi Estates do not comply to the indicator 4.5.2. - It was found that Terusan 2 and Rumidi Estates do not undergo any form of training on the overall concept of IPM for those involved in the implementation of IPM.	**Corrective Action:** - The training on IPM concept will be conducted for entire Terusan Certification Unit	Training has not demonstrated overall concept for those involved in IPM implementation. 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. **Status : Recurrent issue (Upgraded to Major NCR) see NCR MAR 01 2017**
Indicator 4.7.6	Minor	**#NCR No : JS02 - 2016** The mechanism for ensuring adequate Medical Care at Rumidi Estate is not effective. - The site clinic at Rumidi Estate has ceased operation, which has resulted in the monthly Medical check for female sprayers with respect to their 'Pregnancy and Breast Feeding' status, not consistently carried out.	**Corrective Action:** - The Medical Care unit at Rumidi Estate was being used as temporary store. - Correction : The medical care will be upgrade and equip with proper facility	A new Hospital Assistant (HA) has been appointed at Rumidi Estate clinic to resume the clinic operation. The monthly medical check for female sprayers with respect to their 'Pregnancy and Breast Feeding' status was carried out since then. **Status : Closed**