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PUBLIC SUMMARY REPORT

RSPO INITIAL ASSESSMENT

TDM Plantation Sdn. Bhd Kemaman Palm Oil Mill, Kemaman, Terengganu, Malaysia

Report Author:

Senniah Appalasamy – Revised August 2013

BSI Group Singapore Pte Ltd (Co. Reg. 1995 02096-N)
1 Robinson Road
#15-01 AIA Tower
SINGAPORE 048542
Tel +65 6270 0777
Fax +65 6270 2777
Aryo Gustomo: aryo.gustomo@bsigroup.com
www.bsigroup.sg

BSI Services Malaysia Sdn Bhd (Co.Reg. 804473 A)
B-08-01 (East), Level 8 Block B, PJ8,
No. 23, Jalan Barat, Seksyen 8
46050 Petaling Jaya, Selangor
MALAYSIA
Tel +6 03-7960 7801
Fax +6 03-7960 5801

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SUMMARY

BSi has conducted the Initial Certification Assessment of Kemaman Palm Oil mill and supply base operations located in Kemaman, Terengganu, Malaysia comprising one palm oil mill, six company own oil palm estates, support services and infrastructure. Kemaman Palm Oil Mill is belongs to TDM Plantation Sdn Bhd. (RSPO Membership number: 1-0095-11-000-00).

TDM Plantation Sdn Bhd owns two palm oil mills in Malaysia. Both palm oil mills are located in the State of Terengganu, Malaysia. TDM Plantation Sdn Bhd engaged an independent consultant to implement the RSPO requirements in these two certification units since 2011 after becoming RSPO member. TDM Plantation Sdn Bhd prepared a time bound plan to certify both palm oil mills by end of 2013.

BSi conducted the Initial Certification Assessment in two stages. Stage 1 was conducted on 28 – 30 May 2012. Stage 2 Assessment was conducted on 4 – 6 December 2012. The assessment was conducted against the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011) and Supply Chain Certification Standard: November 2011, Module D-CPO Mills: Segregation]. There was a major nonconformity raised during the certification assessment. The major nonconformity was appropriately closed.

BSi concludes that Kemaman Palm Oil Mill and Supply Base operations comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011) and Supply Chain Certification Standard: November 2011, Module D – CPO Mills: Segregation].

BSi recommends for the approval of Kemaman Certification Unit's operations as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

ASA1	Annual Surveillance Assessment 1
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
KPOM	Kemaman Palm Oil Mill
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
PK	Palm Kernel
PPE	Personal Protective Equipment
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 Identity of Certification Unit

Kemaman Palm Oil Mill and estates are located in Terengganu, Malaysia (Appendix E: Figure 1). The oil mill is central to the estates located near Kemaman. Kemaman Palm Oil Mill process FFB from own company estates. No FFB from outside source received/processed by the mill. Additional maps are included in the Appendix F (Figures 2) and Appendix G (Figure 3) showing Plantoh Estate and Jernih Estate field map and surrounding entities. The GPS location of the mill is shown in Table 1.

Table 1: Mills GPS Locations

MILL	EASTING	NORTHING
Kemaman Palm Oil Mill (Capacity: 60mt/hr)	103.248	4.403

1.2 Production Volume

The estimated tonnages reported during the Initial certification Assessment are detailed in Table 2. The projected tonnages for the year 2013 period of the Certificate are based on the annual budget.

Table 2: Production tonnages

Kemaman Palm Oil Mill	Actual 2012	Projected for 2013
CPO	60,913	64,816
PK	16,482	16,830
OER	19.55	20.47
KER	5.29	5.50

1.3 Certification details

RSPO Membership No: 1-0095-11-000-00
 BSi RSPO Certificate No: SPO 587626
 Date of Pre Assessment: 28 – 30 May 2012
 Date of Initial Certification Assessment: 4-6 Dec. 2012
 Date of certification: Subject to RSPO Approval of Summary Report

1.4 Description of Supply Base and Supply Chain

The supply base is the FFB from six company owned estates that supplied 100% of the FFB processed at the Kemaman Palm Oil Mill. The actual FFB production for the year ended 2012 and projected FFB for the year 2013 are listed in Table 3. There is a slight drop in the projected FFB production due to replanting in Tebak Estate, Air Putih Estate and Gajah Mati Estate. Approximately 1,190.55ha was replanted in 2012. These immature areas contribute to the drop in the projected FFB production.

The projected FFB production tonnages shown in Table 3 were based to the potential yield could be achieved by the supply base estates in KPOM Certification Unit. KPOM using the Segregation mechanism for the incoming FFB and outgoing palm products. This is possible because KPOM receives FFB from company owned estates which are included in the certification scope. There is no FFB supply from outside source.

Table 3: Estate FFB Tonnages Production

Estate	Actual 2012	Projected 2013
Tebak	63,503	65,700
Pelantoh	68,674	69,500
Jernih	51,188	54,600
Air Putih	64,002	53,400
Gajah Mati	54,865	50,900
Majlis Agama Islam	9,342	11,900
Sub Total	311,574	306,000

All the replanting area is going into the second planting cycle. The age profiles of the palms are shown in Table 4a. The immature areas are those replanted in 2012. There are no any new planting. It was noted from the age profile that the palms are approaching end of the first planting cycle.

Table 4a: Age Profile of Palms

AGE (years)	% of PLANTED AREA					
	TE	PE	JE	APE	GME	MAIE
26 – 30	0	0	0	25.42	8.16	0
21 – 25	23.87	31.54	6.00	20.89	34.53	0
11 – 20	72.35	68.46	46.34	39.09	44.18	100.00
4 – 10	0	0	47.66	0	0	0
0 – 3	3.78	0	0	14.60	13.13	0
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Note:

TE – Tebak Estate; PE – Pelantoh Estate;
JE – Jernih Estate; APE – Air Putih Estate;
GME – Gajah Mati Estate; MAIE – Majlis Agama Islam Estate

The areas of mature and immature palms are detailed in Table 4b for each of the estates.

Table 4b: Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total Planted Area
Tebak	3,015.75	118.53	3,134.28
Pelantoh	3,228.00	-	3,228.00
Jernih	2,998.60	-	2,998.60
Air Putih	3,508.61	599.62	4,108.23
Gajah Mati	3,125.26	472.40	3,597.66
Majlis Agama Islam	792.40	-	792.40
TOTAL	16,668.62 (93.33%)	1,190.55 (6.67%)	17,859.17 (100%)

Table 4b shows that 93.33% of the palms in KPOM Supply base are matured. The immature palms are located at Tebak Estate, Air Putih Estate and Gajah Mati Estate.

1.5 Other Certifications Held

No other certification held by the Kemaman Palm Oil Mill and Supply Base.

1.6 Organizational Information / Contact Person

TDM Plantation Sdn Bhd
Kemaman Palm Oil Mill,
KM 121, Jerangau – Jabor Highway,
24101 Kemaman, Terengganu,
Malaysia.
Contact Person: Mr. Azlan Mokhtar
Tel: +609 6204842
Fax: +609 6204803
Email: azlan.hldg@tdmberhad.com.my

1.7 Progress against Time Bound Plan

TDM Plantation owns oil palm operation in Malaysia with two palm oil mills located in Kemaman District and Terengganu District, State of Terengganu, Peninsular Malaysia. TDM Plantation is implementing a programme to achieve RSPO Certification for the two palm oil mills by end of 2013. TDM Plantation Sdn Bhd is a RSPO member (Membership number: 1-0095-11-000-00). RSPO certification of its Kemaman Palm Oil Mill operation at Kemaman District, Terengganu was planned end of 2012. Whereas certification for the second palm oil mill in Terengganu District, Sungai Tong Palm Oil Mill was planned in 2013. Both mills were undergone the RSPO Certification Assessment at the time of finalising this summary report.

TDM Plantation Sdn Bhd's Time Bound Plan was completed in May 2013 with the completion of the Sungai Tong Palm Oil Mill and Supply Base Initial Certification Assessment. BSi has continued involvement with assessments of TDM Plantation Sdn Bhd Sungai Tong Certification Unit in 2013. TDM Plantation Sdn Bhd consistently has kept BSi informed of any emerging issues and claims made against it. At the time of preparation of this Report, BSi is not aware of any new issues involving:

- Any unresolved significant land disputes;
- Any replacement of primary forest or loss of HCVs;
- Any labour disputes that are not being resolved through an agreed process;
- Any evidence of noncompliance with any law at any of the landholdings.

BSi considers TDM Plantation Sdn Bhd conform to the RSPO requirements for Partial Certification.

Progress of Associated Smallholders/Out-growers towards RSPO Compliance

KPOM does not purchase FFB from smallholders or out-growers. There is no any associated FFB suppliers.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSI Group Singapore Pte Ltd
1 Robinson Road
#15-01 AIA Tower
Singapore 048542

RSPO Scheme Manager: Mr Aryo Gustomo
Phone: +65 6270 0777
Fax: +65 6270 2777
Email: aryo.gustomo@bsigroup.com

BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi provides independent, third-party certification of management systems. BSi has a Regional Office in Singapore, and an Office in Kuala Lumpur, Jakarta and Bangkok.

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalasmay - Lead Assessor

He holds degree in Resource Economics from Agriculture University, Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, International Sustainable Carbon Certification (ISCC) Lead Auditor training and Sustainability Report Assurance (SRA) Assessor Training. Besides RSPO, he is also qualified as ISCC lead auditor and SRA Lead Assessor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

Isman Yusoff – Team member

He holds Executive MBA from University Technology Mara and a degree in Electrical Engineering from University of Missouri, USA. He worked as an ISO 9001 Lead Auditor with SIRIM and as an ISO 9001, ISO 14001 and OHSAS 18001 Lead Auditor with Det Norske Veritas (DNV) for the past 6 years. He is also experience in Bio Mass CDM Projects. Currently he is a Lead Auditor with BSI for ISO 9001, ISO 14001 and OHSAS 18001. Isman Yusoff attended RSPO internal training on September 2012. He attended RSPO Certification Body workshop on October 2011, February 2012, June 2012 and Supply

Chain Training organised by RSPO Secretariat on February 2012. He has involved in auditing palm oil mills as well as wood industries. He has been involved in RSPO assessment since September 2012 as a team member covering assessment with RSPO P&C in Malaysia. During this assessment, he assessed on the aspect of legal, environment, safety and health and mill best practices.

Muhammad Haris B. Abdullah – Team member

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and currently pursuing his Master's Degree in Business Administration from the University Utara Malaysia. He has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He will be attending the RSPO Lead Auditor Training in April 2013. He had assisted with conducting audits of oil palm plantation for more than 7 companies against the RSPO P&C in Indonesia and in Malaysia for the past 3 years. During this assessment, he assessed on the aspect of Legal, Social and community engagements, Stakeholders consultation, and workers welfare.

2.3 Assessment Methodology, Programme, Site Visits

The Initial Assessment was conducted from 4 - 6 December 2012. The audit programme is included as Appendix C. Prior to the certification assessment, pre-Assessment Audit was conducted on 28-30 May 2012.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates (Gajah Mati Estate, Jernih Estate and Plantoh Estate). A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

The Nonconformities that were assigned during the initial certification assessment were followed up to check the effectiveness of corrective actions and evidence of the implementation. The Initial Certification Assessment findings are detailed in Section 3.2 Page 12.

This report is structured to provide a summary for each Principle, together with details for each indicator. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

2.4 Stakeholder Consultation

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss TDM Kemaman's environmental and social performance.

Meetings were held with stakeholders during the certification assessment on 4 December 2012 to seek stakeholders' views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Internal stakeholder interview such as worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field during the field visit. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing site. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix C.

2.5 Date of Annual Surveillance Assessment

The 1st Annual Surveillance Assessment will be scheduled within twelve months of RSPO Certificate.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for each Principle, together with details for Criteria and Indicators for the Mill and the Estates. The results for each indicator have been aggregated to provide an assessment of overall conformance of the Company's operations with each indicator. A statement is provided for each of the Indicators to support the finding of the assessment team.

During the Initial Certification Assessment there was a major nonconformity, two minor nonconformities and five Observations/Opportunities for improvement were identified. Kemaman Palm Oil Mill and Supply Base operations have prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSi.

PRINCIPLE 1: Commitment to Transparency

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

All operating units have maintained up to date policies, procedures and management plans for provision of information to the public upon request. The company has effective system for receiving and responding to the request for information from the public. Records of request and responses are documented. Requests are directed to managers. He prepares response. It is noted that all correspondence is in local language. Recently all the operating units responded to the information request from Labour Department regarding total manpower utilisation through letter dated 24/6/2012 (Ref. P/PTB/001/2012). Operating units responded on 11/7/2012 (1.1.1)

Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

Inspection of document confirmed that mill and estates visited held each copy of management documents (land titles/user right, health and safety plan, plan and impact assessment relating to environmental and social impacts, pollution prevention plan, details of complaints and grievances, negotiation procedures and continues improvement plan) and this are available to public on request. (1.2.1 – 1.2.7)

The total number of employees for the mill and estates sampled under Kemaman Palm Oil Mill (KPOM) Certification Unit as follows:
KPOM: 156 workers (all local employees).

Pelantoh Estate: 309 employees (122 locals and 187 foreigners); Air Putih Estate: 392 employees (154 locals and 238 foreigners); Gajah Mati Estate: 258 employees (103 locals and 155 locals) Jernih Estate: 256 workers (89 locals and 167 foreigners). The overall average employee ratio at the estates was 40% local and 60% foreigners.

The management documents include other key indicators of performance like waste management and disposal plan on estates and mill.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Inspection of records showed that Kemaman Palm Oil Mill and supply base estates complied with all of their respective permit conditions and legal requirements which are applicable to their operation. This confirmed that the internal audits and checks were effective for monitoring compliance. No land issues or disputes were sighted for Kemaman Palm Oil Mill and supply base operation. Boundary stones were maintained at each of

the Estates visited. Originally the land was from the state government.

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

The Mill and Estates have kept an up to date list of legal requirements with review dated 1/5/2012. Company has owned mechanism to ensure all relevant legal requirements are comply. In addition, each operation has a List of Licenses showing the expiry dates and displayed in the office. Inspection of a sample of licenses and permits confirmed all were current. At the mill and estate compliance found on OSH Act 1994, USECHH Regulations 2000, Pesticide Act 1974, Environmental Quality Act 1974 (Scheduled Waste), Environmental Quality Regulation on control of emission, Factory and Machinery Act 1967, Electric Supply Act 1990, Poison Ordinance 1952, MPOB Act 1998, “Akta Timbang dan Sukat 1972”, Worker’s Minimum Standards of Housing and Amenities Act 1990, Terengganu Land Rules 1966, CHRA requirements, Guideline for Implementation of Zero Burning, Road Transport Act 1987, Employment Act 1955, Employee Provident Fund Rules 1991, Immigration Act 1959, Employee Social Security Act 1969, Workmen Compensation Regulations etc.

Example of permits inspected: MPOB license (501374002000), Steam Engineer (Certificate No. 091/20060), Boiler man (Certificate No. 10721), Engine Driver (Certificate No. 031614), Sodium Hydroxide license (No. 023541), Fire Arm License (No. 323419), Weighbridge (No. B250147 and B250148), DOE License (No. 00059), etc. All the permits are valid and current. (2.1.1)

The mill manager is in possession of grade 1 steam certificate (Certificate No. 091/20060). All the foreign workers have work permits. There is no foreign worker at the mill. Foreign workers passports were checked during the document audit at the estates. It was noted that all foreign workers are in possession of valid work permit and comply with the law. Mill has boiler register which indicate the date of cleaning, repairing (if carried out), inspection and tested date. The register is available and was checked during the document audit. The DOSH officer interviewed during the stakeholder consultation confirmed that inspection carried out by officers from DOSH Terengganu. Last inspection was on 6/3/2013. Certificate is available for Boiler and diesel generators. They comply with local laws. Boiler certificate number PMT12383. Generator certificate number: 0848. All operating units comply with the employment Act. Local and foreign workers are treated equally. All the employees entitle for Public Holiday, rest day and annual leave. Records were checked are complying with regulation. The Quarterly Return Form as per First Schedule of the Environmental Quality (Prescribed Premises) (Crude Palm-Oil) Regulations, 1977, was checked and verified by auditors.

1st Quarter -7th April 2013 – BOD: 48

2nd Quarter – 8th July 2013 – BOD: 44

3rd Quarter – 10th October 2013– BOD: 48

Documented system to ensure compliance include includes written information on legal requirements which includes list of all applicable laws (2.1.2).

The manager and compliance executive at the operating unit is responsible for ensuring that all applicable regulations are implemented. (2.1.3).

All operating units have a system for tracking any changes in the law. Legal department is responsible to track, monitor and update changes in the applicable law. Legal department notify operating units and the changes registered in legal register list. (2.1.4)

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

The Mill and Estates are on government lease Land. The land is not encumbered by customary rights and the right to use the land is not disputed by stakeholders who were interviewed during the stakeholder consultation. All the estates hold land titles from Terengganu State Government. Copies of the land titles are available at the operating units. Land titles inspected are found to be valid. Examples of the land title are QT(R) Kemaman II No. 12509, 12618, 12497, 12512, 12510, 12511. (2.2.1).

All the estates are complying to the terms of the land title provided. Gajah Mati estates in the progress of getting the revised land title from the state government to amend the crop to specifically to oil palm. The progress will be followed up during the annual surveillance assessment. (2.2.2)

Observation 1 (2.2.2): Gajah Mati Estate - Process of amending the term of crop is in process with the State Government since 26/8/2012 and awaiting for the amended copy from the government.

The Estates have maps showing the locations of boundary stones that have been physically located and marked. Inspection of the boundary stones at the estates during the field visit reveal that it is clearly marked with red and white paint and maintained. (2.2.3.1)

There is no a land dispute or boundary disputes. (2.2.3.2)

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

The Mill and Estates are on the State Government Land from the Terengganu State Government. All operating units are not restricting access by stakeholders through the estates, except in relation to FFB trucks as a security control to avoid any FFB theft. Interview with local

community representatives confirmed that there is no land dispute or any claim of customary land within the estates. (2.3.1 – 2.3.3)

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

Kemaman Palm Oil Mill and Supply Base estates have well developed internal management system for monitoring and improvement of their operating unit against operation target to achieved long term economic and financial viability.

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

Mill and estate has annual budget which includes operating cost and production cost and reviewed annually. The annual budget contain data on FFB yield/ha, OER, CPO yield/ha, PK and cost of production. Two year projection includes FFB forecast, CPO, PK production forecast and replanting plans. (3.1.1)

The management monitor the cost of operation on monthly basis through monthly report and compared with the budget. Justification is provided by the managers when the cost exceeds the budget. The quality is inspected through quality assurance team from head office to maintain the quality.

No replanting programme at estates during the audit, There are about 33.58ha which exceeded the 25years replanting cycle at Air Putih Estate and Gajah Mati Estate. The replanting plan was reviewed and re-scheduled to 2014. Major replanting is planned in 2017 onwards. Example (Pelantoh estate): 1,018.43ha will be replanted in 2017. (3.1.2)

PRINCIPLE 4: Use of Appropriate Best Practices by the Growers and Millers

Kemaman Palm Oil Mill and Supply Base estates have implemented management systems with standard operating procedure for monitoring and control of best practice implementation at its mill and estates. This includes a programme of regular checking by the Manager, visiting adviser (Mill and Estate), internal audit and on-site compliance audit.

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

TDM Plantation Sdn Bhd Agriculture Policy covers land preparation, planting material, upkeep, harvesting, transport etc. SOP for mill dated 1st May 2011 edition TDM/KPOM/01 Revision – 01/2011. Revised SOP dated 28/7/2012 covers all operations for the estate (4.1.1). There are 40 SOPs covering all aspects of oil palm management. A Separate work instruction is available at

the mill to cover all the work stations at the mill. Work Instructions in Bahasa Malaysia have been derived from SOPs and are posted at work stations at the mill and at certain locations at the estates, such as the Muster Notice Boards and at the Pesticide Store. There is a separate SOP on safe working practices for estates. The safe operating procedure for the estates includes pesticide application. Palm Oil Mill has its own SOP for safe working practices covering all the work stations. SOP dated 1/5/2011, edition TDM/OSH/KPOM/01. The mill has SOP (TDM/WI/KPOM/10) for monitoring the mill effluent which includes a flow chart of the whole procedure. There is evidence that there was compliance with legislation. The staff responsible for the key environmental control were identified and trained. The person in-charge is the on-site compliance executive En. Izwan (4.1.1)

However it was noted that the SOP for the security control at the main entrance to the Kemaman Palm Oil Mill complex was not sufficiently documented to address all aspects of security. The present security monitoring system is conducted but did have formal SOP to cover all aspects of security. Inspection and interview at the main entrance point reveals that the security personnel lack of SOP awareness. A major nonconformity was raised due to lack of appropriate SOP for the security personnel.

Major nonconformity against indicator 4.1.1 - Documented Standard Operating Procedures (SOP) for estates and mills: During the stakeholder consultation, feedback received that security check on incoming and outgoing vehicle and personnel is lacking. During interview with the security at the post and security manager reveal that there is lack of awareness and understanding on the procedure. As per the feedback from the security guard at the post the auto-gate is faulty for the past two months. There is no Standard Operating Procedure describing the responsibility of the security at the guard house.

All operating units have a system of regular inspections of the mill and estates to ensure consistent implementation of SOPs, together with monthly reporting to head office. At the estates, Supervisors and Assistant Managers carry out daily checks on work practices and the Manager undertakes random inspections. At the mill, operating parameters are monitored hourly at each of the work stations and recorded on log sheets. Shift Supervisors review operating logs and prepare daily reports on milling performance.

Mill Advisor and a Estate Advisor from Head Office inspect and report on the operations every two months. The on-site managers develop Action Plans from the Advisory Reports for improvement of the operations. Review of Advisory Reports, Action Plans and site inspections confirmed consistent records of implementation of SOPs. For example, a check during the audit of log sheets at mill work stations showed that operating parameters were consistently recorded by the

operators. All the monitoring records are maintained for more than 12 months. Mill adviser visited the operating units in the month of October 2012 and the estate adviser visit was in August 2012. Agronomist visited on 19/9/2012 to advice on the agronomist practices. Government regularity bodies such as DOE visited on 25/11/2012 to monitor legal compliance (4.1.2).

Observation 4 (4.1.1): All estates - SOP and Safe working procedure are available. It can be further improved by standardising with details such as approval date, document number, revision date and detail of person approved.

Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility, to a level that ensures optimal and sustained yield.

External Agronomist from Sime Darby Seeds and Agriculture Services Sdn Bhd visited estates on 19/11/2012 to carry out physical observation prior to the fertilizer recommendation. Leaf and soil sampling was conducted on July 2012. The visual analysis and the leaf analysis result which shows the nutrient level was used as guidance for the fertilizer recommendation. The soil analysis includes periodic tissue and soil sampling to monitor changes in nutrient status. Fertilizer application records held on file "Fertiliser Application Records". Records of compound fertilizer 12:6:22:3 application records were checked and verified (4.2.1 and 4.2.2).

EFB application only applied to selected fields, with the last application of 240.69mt EFB applied in field 93B1 on the 28/11/2012 at Pelantoh estate which is close to the palm oil mill. Average about 35mtha EFB applied. No POME application. Zero burning is carried out during replanting (4.2.3).

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

All of the areas in Pelantoh Jernih and Gajah Mati estates are undulating and no step planting; as such there are no significant erosion risks. Recently replanted area was constructed with terraces. Inspection at the field found good ground cover with soft weed and cover crop (*muccuna*) in replanted areas. The soil map at the estates has confirmed there are no fragile soils such as peat, high sand content or acid sulphate soils (4.3.1 and 4.3.2).

Estate has implemented annual Road Maintenance Programme. Roads inspected during field audit are generally in a good condition. Road maintenance carried out internally with grader and compactor. Road maintenance includes road stoning activities, road side grain upkeep, culvert upkeep etc. Monthly progress records are prepared and sent to head office (4.3.3).

Observation 2 (4.3.3): Gajah Mati Estate - Road maintenance programme available. Progress work and detail of the work is documented as well. Identification

of future area to be maintained will help the operating units.

There are no peat soils or soil categorised as problematic or fragile soil at all estates visited. Majority soil categorised as both "Rengam and Jerangau" with mix of clay (4.3.4 and 4.3.5).

Criterion 4.4: Practices maintain the quality and availability of surface and groundwater.

Estate has implemented a programme to reinstatement of riparian strips of 3.5 meter at both side of the stream during replanting and is implemented. This was observed during the field visit to the replanted area. Buffer zones are marked with yellow paint. Reference was made to Department of Irrigation and Drainage regulations and guidelines from the state authorities. Buffer zone policy dated 1/9/2012 gives guidelines on the buffer zone management (4.4.1).

No bunds/weirs/dams were constructed across the main waterways in the estate (4.4.2).

TDM Plantation Sdn Bhd engaged Felda Agricultural Services Sdn. Bhd to carry out water analysis of the river (upstream and downstream) water sample to reflect the estates and mills current activities which may have negative impacts. Recent sampling was on 4 September 2012 (Certificate number: 815/2012). The results shown all parameters are complied with Class III of WQI (Water Quality Index). The class III classification was from the Department of Irrigation and Drainage. The mill record shows that the mill activities did not contribute to the water quality. The mill operates within the DOE's permit. The mill did not construct bunds/weirs/dams across the river. The downstream users have unrestricted access to river water with continuous flow.(4.4.3).

Estates maintained a monthly monitoring of rainfall data. Rainfall monitored and also checked by agronomist. Pelantoh estate rainfall records shows 2012:2030mm, 2011:2937mm and 2010:3516mm. Jernih estate was 2012: 3379mm; 2011:4461mm and 2010:3617mm. The rainfall records show high rainfall during the month of November – February. Record held on file "Rainfall Record" (4.4.4).

Water supplies for estate and mill housing were from Government water supply. Kemaman mill has maintained monitoring on water usage for processing which recorded on daily and summarised month end. Average water usage was range from 1.24 – 1.48mt/mt of FFB processed (4.4.5).

During the mill visit and estates field visit it was noted that there is no water drainage into protected areas such as housing site and river 4.4.6).

Water management plan at the operating units covers all the water usage activities such as water usage at the mill for processing, cleaning and water conservation is given emphasis to save water. Houses are provided with

water tanks. Regular inspections of leaks are carried out to ensure no water wastage (4.4.7).

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

IPM is documented in Agriculture Manual. The estates continue to implement biological control for the oil palm pest in the plantation such as leaf eating pest and rat. The IPM techniques applied at the estates include monitoring of pest numbers and the use of triggers for initiation of control measures. Barn owls *Tyto alba* have been introduced for biological control of rats. Barn owl boxes are constructed at the rate of 1 box to 20ha. Latest barn owl occupancy record at Plantoh estate was 58.15%. Census records show that there is no outbreak of leaf eating pest. Although there have been no outbreaks of leaf eating pests, beneficial plants are being established along roadsides to attract natural predators. The estates have planted beneficial plants such as *cassia* and *Turnera* (4.5.1 & 4.5.2).

Records of areas where pesticides have been used are recorded with details of block number, quantity, date of application, number of applicator and costing (4.5.4).

Usage of pesticide is monitored by the estates. For example, at Jernih estate during the recent rat baiting with active ingredient (brodifacoum) 0.00285gm active ingredient was applied per hectare (4.5.4).

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

TDM Plantation Sdn Bhd with the advice from the Agronomist makes recommendations on which chemicals are allowed for use at the estates. This advisory information was consistent with the Work Instruction displayed at the Agrochemical store (4.6.1).

A check of the stocks held at the pesticides store confirmed that the chemicals used are officially registered under the Pesticides Act (1974) and USECHH Regulations (2000). Written justification is also available in Standard Operating Procedures (SOP) for the use of agrochemicals use. CHRA report dated 14/6/2012 done by Occumed Consultancy & Sevice Sdn. Bhd. includes all the agrochemicals used by the operating units (4.6.2).

All operating units have upgraded the existing agrochemical stores to comply with OSH and the Pesticides Act requirements. Inspection confirmed the adequacy of spill containment, ventilation, separation of chemicals, labelling, provision of protective equipment

and emergency preparedness. There is a permit from the DOSH for the hazardous waste storage (No. 000597 valid until 30/6/2014). (4.6.3).

MSDS was displayed in local Bahasa Malaysia language at the agrochemical store for each chemical stored as well as a Work Instruction on safe handling for the easy understanding of the agrochemical handlers (4.6.4).

Medical surveillance carried out once a year for all agrochemical handlers. Medical check-up for sprayer was conducted on 23/5/2012 and 22/11/2012 by Dr. Aisam from clinic Medic Bestari Paka & X-Ray (DOSH Reg. No.: HQ/08/DOC/00/352. Report shows that no serious medical problems were detected and recommendation was given to applicators to continue work. Beside physical check, complete medical check up by Occupational Doctor is carried out annually. During the field visit workers were interviewed to find out if they suffer from skin disorders or rashes, breathing difficulties or nail problems. No issues were highlighted by workers and workers union representatives. Further interview with DOSH officer confirm that there is no any issues (4.6.5).

Interview of female workers confirmed knowledge of the policy of transfer to alternative duties if they wished to continue working when pregnancy was confirmed. Records held at the Clinic showed that none of the female sprayers had worked with pesticides after pregnancy was confirmed (4.6.6).

Records held shows that paraquat is being used but the management is committed to reduce the usage as per the RSPO requirement. As highly toxic pesticide like paraquat is still being used, The Auditors have checked on the following:

- All the remaining pesticides are kept in the store and securely locked and comply with regulation.
- Form II is maintained whenever highly toxic pesticide is used to monitor the hours worked. The information included is date, site treated, pesticide used, quantity, total working hour and method of application.
- First aid kits are issued to workers handling all type agrochemicals including highly toxic pesticide.
- Notice is displayed “Kawasan di racun” at the area treated.

Records with regards to use of toxic pesticides and hours worked is maintained. Spill containment is provided at the storage area and pre-mixing area to contain any spillage. The store supervisor is in-charge of managing these spill containers.

There is no other class 1 agrochemical. Leaf eating pest is treated with class IV agrochemical, Dipel (Bacillus

thuringiensis) (4.6.7). Records and interview of staff confirmed there is no aerial application of agrochemicals (4.6.8). There is no requested from buyers to conduct chemical residues in CPO and buyer did not conduct the chemical residues test either (4.6.9). Records of the quantity of pesticides used, location of application, active ingredient and these are reconciled monthly against the stocks held at the store (4.6.10).

Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented.

Kemaman Palm Oil Mill and Supply Base estates has maintained an approved Health and Safety Policy dated 1 September 2012 that is displayed prominently on notice boards in English and local language Bahasa Malaysia. The Policy is implemented through the OSH activities by the on-site safety officers (4.7.1).

The Mill and Estates have reviewed and updated the health and safety risk assessments associated with each task. CHRA assessor Dr. Yasriza Bin Yahata (JKKP IHE 127/171-2(08) conducted the CHRA assessment all operating units. Hazard Identification Risk Assessment Control (HIRAC) was carried out by consultant in 2011 and reviewed in 2012 for all tasks at the mill and estate operations. Hazard Identification and Risk Assessment includes noise exposure risk. Workplace inspection by the onsite compliance executive includes audit on PPE used. PPE used are in compliance to DOSH requirement. Hearing loss prevention audit done for employees exposed to noise levels by external consultants Specialist Mobile Sdn Bhd on 15 October 2012. Monitoring of the hearing hazard is carried out by external consultant Environmental Science (M) Sdn Bhd. High noise area is covered and only authorised personnel with ear protector are allowed to enter these area. Regular lubrication and periodically maintenance of noisy machine parts carried out. Limiting the amount of time a workers spends in noisy areas and allowing them to exit to quiet areas throughout the working hours. Employees exposed to high noise levels are given ear protector such as ear muffs and ear plug. Employees exposed to high noise levels interviewed by the auditors during the mill visit. During the interview with employees no complaints were raised. Monitoring noise level was done at the mill by DOSH certified competent person [Certificate number JKKP HIE 127/5/3-1(N069)] on 15 October 2012. The noise level at the sterilizer plant below 85dBa and boiler station was above 90dBa. Baseline audiogram and occupational and medical history records for every employee kept as required by Regulation 21. Employees exposed to high noise levels provided with training as required by Regulation 27. The training was conducted by DOSH Officer from DOSH Terengganu on 21 March 2013. The annual training includes explanation on the effects of noise on hearing, purpose of using ear plug and how to use. The trainer is DOSH officer from the state Department of Occupational Safety and Health. -Evaluation conducted by the trainer and the on-site compliance officer.

Content is prepared by the DOSH officers and prepared based on the guideline from DOSH. Managers, Assistant Managers, Compliance Executive and Supervisor involved.

The company has a safety awareness training programme for staff and workers at the mill and estates. Safety information is posted on notice boards at Muster areas and briefings are given regularly at morning muster.

Field inspections, observation of tasks and interview of sprayers, estate and mill workers and staff confirmed awareness of safety precautions associated with their tasks. Records confirmed workers also had received training in emergency procedures and interview showed that they understood the instructions. There is a list of PPE supplied to workers and staff for the various work tasks. Workplace inspections and review of stores issues confirmed supply of PPE and first aid kits to workers and that PPE was being worn correctly.

Training records confirmed that supervisor (mill and estate) and mandors are trained in first-aid. Checks showed that appropriately stocked first-aid kits were taken into the field and also were available at the mill and other Work Stations. At the mill first aid equipment includes fire extinguishers and fire hydrant. During mill visit it was noted that these equipments are in working order.

The mill's compliance officer and the estate's assistant manager at each of the estates are appointed as OSH Coordinators. OSH Committees meeting conducted quarterly and meeting minutes includes issues raised and action taken. Last meeting minutes dated 4/9/2012 was checked and verified. No any unresolved safety and health issues noted. Safety training is conducted regularly during morning muster and at the start of mill shifts to reinforce safe work practices.

All operating units maintain records of accidents and LTAs. The last reported LTAs were on 30 November 2012 for the mill and estates with zero lost time incident. There is no any fatal accident. Minor common injuries are reported such as thorn prick incidents during the harvesting. Records are maintained in the form of accident register, dangerous occurrence, poisoning and disease (Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Penyakit Pekerjaan". Reports are sent to DOSH annually (4.7.2).

Malaysian workers are covered by the SOCSO insurance scheme. Foreign workers are covered with the compensation insurance scheme by Takaful Malaysia Insurance valid till 21/2/2014 (Certificate No.: 1302110008488) (4.7.3).

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

The Mill and Estates have a Training Programme that is based on a training need assessment carried out at the

individual operating unit level for each work-station/work type. The training program includes staff, workers, contractor's workers and contractors.

It was noted that most of the trainings/briefings are informal "on the job" instruction. Detailed records are maintained of formal training of individuals. The mill and estate maintains records of informal and formal training for workers. Daily briefings are recorded in a note book of the executives, mainly "on the job" instructions. Training program was inspected and complies with regulation 27 (Factories and Machinery Regulation 1989 (4.8.1)).

Some of the trainings conducted are Agrochemical handling training (21/11/2012), Safe driving (29/05/2012), Harvesting training (6/08/2012), Supply Chain Certification Standard Training (25/06/2012 and 28/11/2012), First Aid Training (5/04/2012), Fire Fighting Training (14/06/2013), RSPO training (4/03/2012), Fire Fighting Team is available at the mill and understands the Emergency Evacuation Plan at the mill. Fire Drill and evacuation drill is conducted annually with the assistance from the Kemaman Fire and Rescue Department.etc.

PRINCIPLE 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity

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

The Mill and Estates carried out the annual review of environmental impacts in term of Environmental Aspect Impact Assessment. Based on the result Management Action Plans are developed and implemented as part of continuous improvement. Review for the 2012 was carried out on 10/05/2012. Operating units use the Environmental Aspect Impact Identification Form (EAI/2012/10-1) which includes details of the activities that can impact the environment. The results are later included in Environmental Impact Evaluation Form [EIE/2012/10-1 (1)] to evaluate the impact and develop plans to mitigate if negative impact is identified (5.1.1).

Observation 3 (5.1.1): All units - Environment Impact and Aspect identification review was dated 10/5/2012. The issues identified can be a guideline for the 2013 training program for staff and workers to create awareness.

The management of the impacts and the progress with implementation of the improvements activities were checked during the field and document audit. Examples of the improvement include reinstatement of riparian buffer zones, construction of oil traps, management of schedule waste etc. However it was noted that the implementation of mitigation plan is lacking. A minor nonconformity was raised at the mill (5.1.2).

A Minor nonconformity raised against indicator 5.1.2- Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. There is an oil trap at the Kemaman Palm Oil Mill's FFB Ramp for the monsoon drain. It is noted during the mill visit that it is not well maintain and the contaminated water from the ramp is already enter into this drain during rain. There is no maintenance carried out to clean the oil trap to ensure no contaminated water over flow from the oil trap.

Criterion 5.2: The status of rare, threatened or endangered species and 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 their conservation taken into account in management plans and operations.

At the time of the original development in early 1970s all of the land within the estate was planted to oil palm. Kemaman Palm Oil Mill and Supply Base estates carried out an assessment of the possible presence of HCVs within and adjacent to the Estates. The HCV assessment was conducted in November 2011 by an independent consultant from SRA Consultancy with working experience in conducting HCV and Social Impact Assessment. HCV Toolkit for Malaysia by WWF – Malaysia was used. There were appropriate consultation processes as per the HCV Toolkit-Malaysia which covers the three main components of identification, management and monitoring. There were no HCV area within the mill and plantation. However the HCV assessment report has identified conservation area totaling 214.59ha, mainly water-log and steep area. There is no any ERT identified within the plantation. Species found within the conservation area are wild boar (*Sus scrofa*), Cobra (*naja sp.*) and monitor lizard. After consultation with the forestry department, tree planting (*Shorea sp.*) was carried out to enhance biodiversity at the conservation area (5.2.1).

All operating units have developed Management Plan for the conservation area to protect from any encroachment. Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. The Estates have installed signboards at prominent areas to prohibit hunting, disturbance of protected areas and the lighting of fires. Inspection of housing areas and interview of residents confirmed workers were aware of the company policy that prohibits hunting and collecting activities (5.2.2 and 5.2.3).

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

Kemaman Palm Oil Mill and estates have identified waste products and sources of pollution in the Environmental Impact Assessment and Action Plan that

was prepared in 2011 with the latest review on 10/05/2012 (5.3.1).

Inspection to estates confirmed solid wastes were well controlled, with consistent separation at source into recyclables and non-recyclables. Solid wastes that cannot be recycled are disposed in a small landfill that was located away from housing and water source. The management is consistent with guidelines for municipal waste disposal. Landfill is monitored to ensure it is as per the municipal waste disposal guideline. (5.3.2).

Scheduled waste is managed well with designated storage area at the mill and each of the estates not to less than 180 days in accordance with the requirements of the Environmental Quality Act 1974 (Scheduled Wastes), Regulations, 2005. Disposal was through licensed collector Hiap huat Chemicals Sdn Bhd (License number: 004390), consignment note number F137024 dated 28/11/2012 was checked and verified. Medical wastes, such as sharps, are sent to the the government clinic located within the Kemaman Palm Oil Mill Complex and records are held on file (5.3.2).

However the schedule waste management at the palm oil mill and Jernih estate was lacking. A minor nonconformity was raised.

Minor nonconformity against indicator 5.3.2 was raised. Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. During the visit to the Kemaman Palm Oil Mill found that empty plastic container and rubber tube were disposed at the scrap iron storage area. At Jernih Estate, oil contaminated Cotton glove and cloth rag was disposed near the workshop area. The action causes pollution. There was no operational plan to avoid or reduce polluted material.

EFB, decanter cake and mill boiler ash are presently recycled to the field as mulching material. Majority of the mill process waste materials are applied to the estate closest to the mill due to transport costs. Mill effluent is treated in ponds prior to discharge. Kemaman Palm Oil has a permit from DOE (permit number: 000597) for water course discharge with BOD level 100ppm. Mill prepares quarterly BOD monitoring report and sent to DOE. POME land application was not suitable due to high rainfall in this area which may cause overflowing during heavy rain. Latest effluent analysis result dated 4/9/2012 shows BOD is 88ppm (5.3.3).

Criterion 5.4: Efficiency of energy use and use of renewable energy is maximised.

The Mill monitors and reports monthly energy usage to head office. The company has optimized the use of renewable energy as sighted in report books. The mill has access to electricity from the government for power supply during low production. Fibre usage was 0.10 – 0.13mt/Mt CPO produced. Shell usage is 0.05 – 0.06mt/mt CPO. Diesel is used for the back-loader at the

ramp in the mill range from 0.63 – 0.72lit/MT FFB processed. The action plan to reduce the fossil fuel usage is complimented by maximising the use of renewable energy. Fossil fuel is used only when there is no processing and no government power supply. (5.4.1 and 5.4.2).

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

The company has a documented Zero Burn Policy. Land preparation at the the recently replanted area was carried out with zero burning techniques (5.5.1). Inspection to the replanted area at Air Putih Estate and Gajah Mati Estate confirmed that palms are felled, chipped and mulched (5.5.2). During the facility visit and visit to the landfill no evidence of burning waste (including domestic waste) (5.5.3).

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

The Mill and Estates Pollution Prevention Plan are documented in the Environmental Impacts Identification and Improvement Plan reviewed on 10/5/2012. Inspection confirmed the Mill and Estates have implemented appropriate controls for preventing pollution from point source emissions to air and discharges of wastewater. Smoke emission quality test at the mill was done every 6 month in accordance to the Environmental Quality (Clean Air) Regulation 1928. The test was conducted by the external consultants. The latest test was for the period ending June 2012 shows all parameters were complied with the standard requirements. E.g. dust, NOx, Sox, and Dark Smoke (5.6.1 and 5.6.2).

Boiler dust particulates and emission monitoring is carried out and complies with DOE regulations. External consultants from Environmental Science (M) S/B conducted the monitoring. . Continuous Emission Monitoring System (CEMS) which linked with DOE is in place to monitor and record smoke emission.

There is compliance with the requirement of the Factories and Machinery (Noise Exposure) (Regulations) 1989. Initial noise monitoring was done on 17 July 2011 by external competent person from Environmental Science (M) S/B. Positive noise monitoring was conducted on 15 October 2012. Latest Audiometric Test was conducted on 26-27 May 2013 by Specialist Mobile.

The effluent discharged is below the DOE permit (100ppm). Assessment team verified the monthly effluent quality result and quarterly return report.

No peat soil within the Kemaman Certification Unit's supply base (5.6.3).

PRINCIPLE 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers

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

SIA assessment was conducted by external independent consultant from SRA Consultancy. The assessment was through meeting with the effected parties and stakeholders. SIA Report dated November 2011 covering the mill and all supply base began on 23/10/11 – 1/11/2011. Survey form and Focus Group Discussion was used as a tool to identify the impact. Assessment also covered social amenities, environment, road users, employee changes, safety and health issues, surrounding communities, government official, police, labour department, health department, contractors and suppliers (6.1.1 and 6.1.2).

Based on the SIA findings and recommendation from the consultant, a timetable with responsibilities for mitigation and monitoring of the social impacts were developed and reviewed as necessary. The assistant manager is responsible for the social issues and communication with the stakeholders. Latest review was conducted on 11/5/2012 (6.1.3).

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

Communication and consultation procedure for the company is available. This procedure was communicated to the internal and external stakeholders during meeting i.e. Join Consultative Meeting, Union Meeting and Stakeholder meeting (6.2.1).

The mill and estate managers are responsible for communication with local communities and other stakeholders. Since implementation of the procedure, communications are being consistently recorded. Interview of local community representatives confirmed that they are able to take issues to the managers for discussion and action (6.2.2).

Management staff and has prepared a list of stakeholders who were identified following the Social Impact Assessment carried out by SRA Consultancy in November 2011. A formal list of stakeholder has been prepared consisting of local communities, neighbouring estates, government offices, suppliers, contractors, workers, NGO, consultants, banks, external auditors complete with address, contact number and persons in charge. Records are held on file List of Stakeholders (6.2.3).

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

A grievance procedure has been developed. The "Grievance/Complaints" book is used to record all enquiries not only complaints and grievances (6.3.1). Inspection of the records indicated that the system resolved all disputes in a timely manner (6.3.2). Workers interview confirmed that the procedure was implemented. There were no documented external disputes at the time of the audit. However the community representative attended the stakeholder meeting with the audit team on 4/12/2012 confirmed that he has access to the complaint procedure (6.3.3).

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

Procedure for identifying legal and customary rights and for identifying people entitled to compensation is available. However there is no legal customary land issue found in the vicinity of the Kemaman Palm Oil Mill and Supply Base estates. Interview with local community leaders and elderly community members confirmed that no outstanding land dispute in this certification unit (6.4.1 – 6.4.3).

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

The total number of employees for the mill and estates sampled under Kemaman Palm Oil Mill (KPOM) Certification Unit as follows:

KPOM: 156 workers (all local employees). Pelantoh Estate: 309 employees (122 locals and 187 foreigners); Air Putih Estate: 392 employees (154 locals and 238 foreigners); Gajah Mati Estate: 258 employees (103 locals and 155 locals) Jernih Estate: 256 workers (89 locals and 167 foreigners). The overall average employee ratio at the estates was 40% local and 60% foreigners.

Pay and conditions are documented in the employment agreement between the company and workers and calculated in line with the current MAPA/NUPW award rate. The foreign workers treated equally as per the local workers. They are covered by the NUPW-MAPA collective agreement similar to the local workers. Inspection of contracts of both local and foreign workers confirmed that pay and conditions are available. Foreign workers policy dated 1/09/2012 established to ensure there is no any form of discrimination practices.

For example, payslip of worker (Irsan) with passport number AP746258 (harvester from Division G16 in Pelantoh estate) was checked for the month of October

2012. The payslip shows his overtime payment, allowances, wages, tool allowance and incentive are clearly written in local language which understood by the foreign workers from Indonesia. Translations in a language understood by other nationalities are available (6.5.1).

Contracts of employment contains detail of payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) available in the language understood by the workers. Those unable to read are explained carefully to them by the executives accompanied by the workers representative. Utilities are subsidies by the company. (6.5.2).

Palm Oil Mill and estates provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). Some houses are recently converted to three rooms. There is on-going upgrading of housing. The company have ambulance standby 24hours to send employees and dependents to hospitals. Water is from the government supply by Terengganu Water Department (Jabatan Bekalan Air Negeri Terengganu). The Hospital Assistant carries out daily routine inspection at housing site. Monthly visit is conducted by the Visiting Medical Officer (VMO). The company used to have crèches for the dependents. However the crèche is not active anymore because all the local women workers are old and already pass the reproductive periods. There are no young women working in the plantation. The wife of young male workers is housewife and they take care of their children. Foreign workers are bachelors. The employees engaged by the contractors are staying in their own house at the nearby Town (6.5.3).

Observation 5 (6.5.3): Improvement for the housing to convert from two rooms to three rooms is available and project is in progress. Some houses already converted to three rooms. This will be followed up for continuity during the annual assessment.

Criterion 6.6: The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

Worker Union was formed by the workers. Formal meeting with the management was conducted on 17/10/2012. Workers have freedom to join the workers union. Policy on Freedom of Association dated 1/09/2012. This was confirmed by the Terengganu State NUPW Secretary who attended the stakeholder meeting with the audit team on 4/12/2012 (6.6.1 and 6.6.2).

Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under

adult supervision and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

Inspection to employees' work contract agreement confirmed that workers are above 18 years of age. Copy of Identification Card for locals or passport for foreign worker is held together with the work contract. During field visit children were not observed at any of the working place at both mill and estate (6.7.1).

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

Social Policy dated 1/09/2012 includes statement on equal opportunity and fair treatment and any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited. The policy is displayed at notice board at muster ground in the mill and estates. Interview of male and female workers confirmed understanding and awareness of the policy. Male, female, local and foreigners are paid equally based on NUPW/MAPA Agreement (6.8.1 and 6.8.2).

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

Sexual Harassment Policy is available for the whole TDM Plantation Sdn Bhd. dated 1/09/2012. Sexual harassment complaint procedure ("Tatacara Aduan Gangguan Seksual) has been communicated and displayed on the notice boards. No cases were reported. There were lot of activities schedule by Gender committee members. Female workers interview confirmed understanding of the mechanism and no issue was raised during the audit. The last gender committee meeting for the Kemaman Palm Oil Mill Complex was held on 27 July 2012. No issue were raised. Record held on file "Gender Committee" (6.9.1 and 6.9.2).

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

There is no smallholder dealing with the palm oil mill. Pricing mechanism for FFB is not applicable because the FFB sourced is from own company estates (6.10.1 and 6.10.2).

Interview confirmed that contractors/suppliers and workers understand contractual agreement and stated that the contract is transparent and fair. The company has standard term and condition of contract agreement (6.10.3).

Interview of contractors and workers confirmed payment is made promptly. Inspection to the

“Grievance Book” indicated no complaint was raised in relation to processing of the payment. For example, agreement with Solid Agricultural for FFB transport was checked. Latest payment for the month of September 2012 was made on 4/10/2012 amounting RM 10,335.44 by Pelantoh estate management (6.10.4).

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

Contributions are regularly made to school activities and community activities. This was confirmed by school teachers and local community during interview. Company also allow access to local community to access through the estate roads. Consultations with the local communities are held to encourage them to highlight and suggest any activities for local community development (6.11).

Principle 7: Responsible Development of New Plantings

All the Supply Base Estates in Kemaman Palm Oil Mill Certification Unit did not carried out any new oil palm developments and there are no plans for expansion of plantings. Therefore Principle 7 is not applicable to this Assessment.

PRINCIPLE 8: Commitment to Continuous Improvement in Key Areas of Activity

Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

All estate are not using any class 1 pesticides. Management is committed to reduce the use of paraquat (8.1.1).

The significant environmental impacts of the operations were identified. An Environmental Impact Management Plan prepared in May 2012 details the impact mitigation measures and actions required to improve environmental performance for the identified significant impacts. An example at the estates is placing greater emphasis on controlling point source pollution from workshops, diesel generator sets and chemical stores (8.1.2).

The management has identified waste generation as one of its significant impacts. A program has been implemented for segregation of all wastes at source and recycling of materials where practical (8.1.3).

Pollution Preventive Plans have been prepared for the mill and estates. Mill is planning to construct a EFB bio-composting plant which will reduce the quantity of EFB requiring disposal by land application and reduce the transportation cost (8.1.4).

Social impacts associated with operations have been prepared and an Action Plan for mitigation of negative social impacts is available. This Action Plan is aimed at

addressing the identified significant social impacts. An example is the building of new housing (8.1.5).

All the operating units have an informal system to capture the performance and expenditure in social and environmental aspects. This will be followed up during the annual surveillance (8.1.6)

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions

During the initial certification assessment there was a major nonconformity and two minor nonconformities were raised. There were five observations raised as an area for improvement.

KPOM Certification Unit submitted Corrective Action Plans for all the nonconformities. Corrective actions plans with respect to the nonconformities raised during the initial assessment have been reviewed by the BSI audit team and found to be effectively addressing the nonconformities. The implementation of the corrective action plans to address the major nonconformity raised during the initial certification assessment was verified during the special visit on 19 May 2013. The corrective actions were implemented effectively and the major nonconformity was appropriately closed on 30 May 2013 after verifying additional documents from the operating unit.

Major Nonconformity

Ref. A819714/1M: Major nonconformity against indicator 4.1.1 - Documented Standard Operating Procedures (SOP) for estates and mills: During the stakeholder consultation, feedback received that security check on incoming and outgoing vehicle and personnel is lacking. During interview with the security at the post and security manager reveal that there is lack of awareness and understanding on the procedure. As per the feedback from the security guard at the post the auto-gate is faulty for the past two months. There is no Standard Operating Procedure describing the responsibility of the security at the guard house.

It was identified that the root cause was due to lack of training and review on the SOP. Corrective Action Plan and Close out evidence:

The operating unit submitted corrective action plans and evidence for implementation on 27/12/2012. The plan and records include:

- Revised SOP.
- SOP Training records, attended by 23 security personnel dated 27/12/2012.
- Visitor form and visitor pass dated 20/12/12.
- Visitor log book dated 19/5/2012.
- Vehicle inspection log book.
- Palm product incoming/outgoing inspection log book dated 17/5/2013.
- Service report for the main entrance gate.

Special visit was conducted to verify the implementation on 19/5/2013 and found that the corrective action plans

were appropriately implemented. After further review of the relevant documents, the major nonconformity was appropriately closed on 30/5/2013.

Minor Nonconformities

The corrective action plans to address the minor nonconformities were verified by BSI audit team and found to be appropriate to address the minor nonconformities. The progress towards closing this nonconformity will be followed up during the next surveillance assessment.

Two nonconformities were assigned against Minor Compliance Indicators 5.1.2 and 5.3.2. Kemaman Palm Oil Mill and Supply Base operations has prepared corrective action plan for addressing the non conformities which BSi has reviewed and accepted. Progress towards resolution on the action taken will be followed up at the annual surveillance assessment. The details of these minor nonconformities are provided below:

A819714/1N: Minor nonconformity against indicator 5.1.2 - Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. There is an oil trap at the Kemaman Palm Oil Mill's FFB Ramp for the monsoon drain. It is noted during the mill visit that it is not well maintain and the contaminated water from the ramp is already enter into this drain during rain. There is no maintenance carried out to clean the oil trap to ensure no contaminated water over flow from the oil trap.

A819714/2N: Minor nonconformity against indicator 5.3.2 - Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. During the visit to the Kemaman Palm Oil Mill found that empty plastic container and rubber tube were disposed at the scrap iron storage area. At Jernih Estate, oil contaminated Cotton glove and cloth rag was disposed near the workshop area. The action causes pollution. There was no operational plan to avoid or reduce polluted material.

Observation/Opportunity for improvement

There were five Observations/Opportunities for improvements were identified. The progress with the Observations/Opportunities for Improvement will be checked at the Annual Surveillance Assessment. The details of the observations are as per below:

Observation 1 (2.2.2): Gajah Mati Estates - Process of transferring the term of crop is in process and application sent to the Government Department on 26/8/2012 and awaiting for the reply from government.

Observation 2 (4.3.3): Gajah Mati Estate - Road maintenance programme available. Progress work and detail of the work is documented as well. Identification

of future area to be maintained will help the operating units.

Observation 3 (5.1.1): All units - Environment Impact and Aspect identification was dated 1/5/2012. The issues can be included in the 2013 training schedule for staff and workers to create awareness.

Observation 4 (4.1.1): All estates - SOP and Safe working procedure are available. It can be further improved by standardising with details such as approval date, document number, revision date and detail of person approved.

Observation 5 (6.5.3): Improvement for the housing to convert from two rooms to three rooms is available and project is in progress. Some houses already converted to three rooms. This will be followed up for continuity during the annual assessment.

Noteworthy Positive and Negative Components

- ✓ Reinstatement of riparian buffer zones has been consistently implemented at replanting areas.
- ✓ The Mill has improved safety of access through the processing workstations by upgrading and clearly marking walkways and handrails of ladder-ways.
- ✓ The Mill has maximized the use of renewable fuel for generating electricity by running the steam turbine to generate power.
- ✓ The mill and estates has placed high priority on the training and awareness of its workers in health and safety aspects on their jobs. The programme of conducting safety awareness and training regularly and consistently at morning muster briefings and at safety toolbox meetings at the mill.
- ✓ Land that is unsuitable for planting to oil palm has been set aside as conservation area and is now protected from disturbance.
- ✓ Joint Consultative Committees at the mill and at each estate for liaison and consultation between management, staff and workers are available beside the workers union. Workers elect their representatives and there is at least one woman on each of the committees. Workers confirmed that the JCC Meetings are useful.

3.3 Issues Raised By Stakeholders and Findings with Respect To Each Issue

During this Initial Certification Assessment, the majority of stakeholders had positive comments about Kemaman Palm oil Mill and Supply Base estates. The detail of stakeholders' feedback is provided in each criterion as part of this summary report.

1.) The Fire and Rescue Department suggested that the mill should consider a fire drill annually.

Company Response: The management agreed to discuss the suggestion with Fire and Rescue Department.

2.) The head of JCC and estate house occupant complaint that the security checking at the main entrance is very poor. Sometime no checking. The auto gate is not functioning for some time. He highlighted that the security should be given attention by the management.

Later the audit team visited the main entrance and interviewed the security personnel at the main entrance. It was noted that the auto gate is faulty. There is lack of understanding on the security SOP and not aware of the procedures. The finding was later raised as nonconformity (**Ref. A819714/1M**) because further document audit reveal that there is no appropriate SOP for the security personnel at the main entrance.

Company Response: The management and the security manager agreed that the gate is out-of-order. The management will review the SOP and conduct training for the security personnel.

3.) Representative from DOSH informed that there is no issue on legal compliance. OSH requirements are implemented in all estates.

Company Response: The management took note of the comment.

4.) The village representative highlighted that the management and village community have good relationship. No any disputes. The company provide job opportunity and donations for village activities.

Company Response: The management highlighted that the assistance given are based on the head office approval. It will be continued as long as applications for assistance are supported with request letter.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Annual Surveillance Assessment

The Annual Surveillance Assessment will be scheduled within twelve months of the certification approval by RSPO.


4.2 Date of Closing Nonconformities (Major and Minor)

CAR Ref.	CLASS	ISSUED	STATUS
A819714/1M	Major	6/12/2012	Closed on 30/05/2012
A819714/1N	Minor	6/12/2012	Open
A819714/2N	Minor	6/12/2012	Open

4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

Kemaman Palm Oil Mill Certification Unit acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. Kemaman Palm Oil Mill and Supply Base accepts the responsibility for implementing the corrective actions and addressing the opportunities for improvement detailed in the Assessment Report.

Signed for on behalf of
Kemaman Palm Oil Mill and Supply Base



.....
Mr. Shahbudin Bin Usop

Mr. Shahbudin Bin Usop
Manager
Kemaman Palm Oil Mill
Date: 26/09/2013

Signed for on behalf of
BSi Group Singapore Pte Ltd



Mr. Senniah Appalasamy
BSi RSPO Lead Auditor
Date: 17/09/2013

Appendix A: TDM Plantation Sdn Bhd – Kemaman Palm Oil Mill Certification Unit’s RSPO Certificate Details

TDM Plantation Sdn Bhd
 Kemaman Palm Oil Mill,
 KM 121, Jerangau – Jabor Highway,
 24101 Kemaman, Terengganu,
 Malaysia.

BSI RSPO Certificate No: SPO 587626

Date of Initial Certificate Issued: Subject to RSPO Approval of the summary report.

Applicable Standards: RSPO Certification System June 2007 (revised March 2011); RSPO P&C MY-NIWG 2010; relevant element of Supply Chain requirements for CPO Mills; SCCS Standard Nov 2011 Module D: Segregation.

Kemaman Palm Oil Mill and Supply Base	
Location	District of Kemaman, Terengganu, Malaysia.
Address	KM 121, Jerangau – Jabor Highway, 24101 Kemaman, Terengganu, Malaysia.
GPS	103.248E; 4.403 N
CPO Tonnage Total Production (Certified)	64,816
PK Tonnage Total Production(Certified)	16,830
Company Estate FFB Tonnage (Certified)	306,000
Estates FFB Tonnage (Certified)	Tebak Estate : 65,700
	Pelantoh Estate : 69,500
	Jernih Estate : 54,600
	Air Putih Estate : 53,400
	Gajah Mati Estate : 50,900
	Majlis Agama Islam Estate: 11,900

Appendix B: Assessment Programme

Date	Time	Subjects	Senniah	Isman	Muhd Haris
Monday 03/12/2012	AM	Audit Team travelling to Kemaman. Overnight at Kemaman.	√	√	√
Tuesday 04/12/2012 Kemaman Palm Oil Mill	08.00 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Presentation by the Estate and mill managers • Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation). 	√	√	√
	09.00 – 12.00	Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection.	√	√	-
	10.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	-	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Kemaman Palm Oil Mill: Document Audit, SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	√	√	√ <i>(Ladang Air Putih)</i>
Wednesday 05/12/2012	08.00 – 12.00	Ladang Gajah Mati Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	-	√	√
	08.00 – 12.00	Ladang Jernih Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	-	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Ladang Jernih Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	-	-
	13.00 – 17.00	Ladang Gajah Mati Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	-	√	√
	Evening	Auditor meeting.	√	√	√
Thursday 06/12/2012	08.00 – 13.00	Ladang Plantoh Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc. And Document Audit.	√	√	√
	13.00 – 14.00	Lunch	√	√	√
	14.00 – 16.30	Continue Document Audit. Preparation for closing meeting	√	√	√
	16.30 – 17.30	Closing Meeting	√	√	√
19/5/2013	PM	Verification of major nonconformity close out evidence	√	-	√

Appendix C: List of Stakeholders Contacted

<p>Internal Stakeholders</p> <p>Managers and Assistants</p> <p>Male Mill Staff/Workers</p> <p>Female Mill Staff/Workers</p> <p>Foreign Worker</p> <p>Male and Female Estate workers</p> <p>Hospital Assistant</p> <p>Hospital Assistant at Clinic</p> <p>Union Representatives</p> <p>Gender Committee Secretary</p> <p>1 boiler operators</p> <p>1 engine room operators</p> <p>1 warehouse officer</p> <p>1 chief of central workshop</p> <p>1 Clinic/hospital assistants</p> <p>Join Consultative Committee</p>	<p>External Stakeholders</p> <p>Head of the Village</p> <p>Kampung Seri Bandi Village Head</p> <p>Kampung Air Putih Village Head</p> <p>Mosque Committee</p> <p>Join Consultative Committee at village</p> <p>Indian Settlers at Kamiri Division</p> <p>Contractors & Consultants</p> <p>Electrical Contractor</p> <p>General Supplier</p>
<p>Government Departments</p> <p>School</p> <p>Labour Department</p> <p>Fire and Rescue Department</p> <p>Kuala Terangganu Labour Department</p> <p>Department of Safety and Health (DOSH)</p> <p>Nurse at the Government clinic</p> <p>Police Officer at on-site Police Station</p> <p>School Teacher – SK Seri Bandi, Jernih</p> <p>Representative from Immigration Department</p>	<p>Workers Union</p> <p>National Union of Plantation Workers, Kuala Terangganu Branch</p>

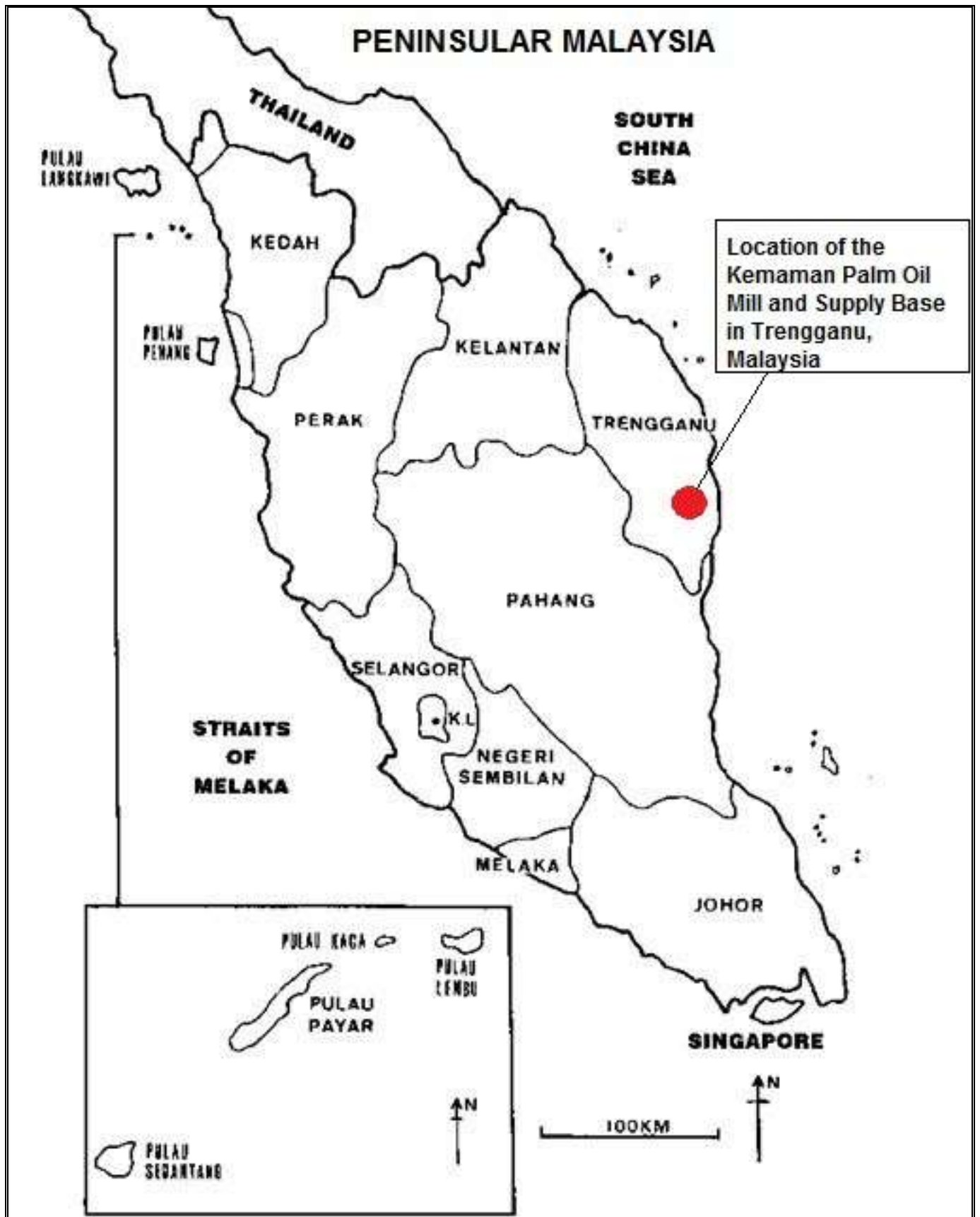
Appendix D: Kemaman Palm Oil Mill Supply Chain Assessment (Module D: Segregation)

Requirements	Compliance
D.1. Documented procedures	
D.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Segregation (SG) supply chain requirements. a) Complete and up to date procedures covering the implementation of all the elements. 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.	Kemaman palm oil mill have written documented procedures (TDM/KPOM/01 rev. KPOM 01/2012 dated 1/5/2012) for the chain of custody with SG and MB model covering all the RSPO Supply Chain Certification Standard for handling certified and non certified FFB. The mill manager has the responsibility to ensure implementation assisted by the on-site compliance executive. The SG model is used because only certified FFB is received and processed at KPOM.
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Kemaman Palm Oil mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received. Sample documents were prepared as a guidance documents to be implemented once certified.
D.2. Purchasing and goods in	
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit. During the time of initial certification assessment no certified FFB received. Certified FFB will be available once the Certification Unit is certified.
D.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure and stated in the SOP.
D.3. Record keeping	
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
D.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years in SOP and financial documents retained longer based on the local regulation requirement.
D.3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis and monthly report shows monthly inventory. Computerized system in place. No PKO and Palm kernel meal at Kemaman Palm Oil mill. PK is sold to external kernel crushing plant.
D.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	System in place to indicate CPO/SG on the documents related to the supply chain. Sample documents are available as reference.
D.4. Sales and goods out	
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	No sales of certified palm product during the initial certification assessment. The mill has system to carry out sales of certified palm products and makes traceability records as per RSPO requirement. The documents relevant to sale of certified product only available after certified. Sample documents for the present conventional palm product sales checked have the following information:
(a) The name and address of the buyer	Name and address of buyer written on the existing invoice dated 21 November 2012.
(b) The date on which the invoice was issued	Date is written on all dispatch and relevant documents. Weighbridge ticket number 000175 was dated 21/11/2012 was checked.
(c) A description of the product, including the applicable supply chain model (Segregated)	System in place to write product description and supply chain model is written. Product description written such as CPO/SG for certified product delivery.
(d) The quantity of the products delivered	Quantity in tone (weighbridge ticket number 00175) was 30.630mt.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references. Sample document checked weighbridge ticket number 00175 dated 21/11/2012, transport by vehicle number TE2203.
D.5. Processing	
D.5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed	During this assessment it was confirmed that only certified source of FFB from own plantation is processed. This ensures that there is no possibility of mixing during processing.

D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	Processing and storage records can trace back to only certified segregated FFB and finish product (CPO and PK).
<p>D.5.3 In cases where a mill outsources activities to an independent 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:</p> <ul style="list-style-type: none"> • The crush operator conforms to these requirements for segregation • The crush is covered through a signed and enforceable agreement 	There is no outsourcing activity directly handled by the mill. The kernel is sold to a kernel crushing plant in Kuantan. The kernel crushing plant have own supply chain certificate and it is independent from the mill.
D.6 Training	
D.6.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training. Latest SCCS training was conducted on 25/6/2012 and 28/11/2012 attended by all the staff handling supply chain documents such as all executives, weighbridge clerk, store clerk, administration clerk, dispatch clerk, lab assistant and processing assistants .
D.7. Claims	
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.

Appendix E

Map shows location of the Kemaman Palm Oil Mill and Supply Base in Trengganu, Malaysia



Appendix F

Pelantoh Estate field map with surrounding entity

