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## PUBLIC SUMMARY REPORT

### INITIAL RSPO CERTIFICATION ASSESSMENT

# TDM Plantation Sdn Bhd Sungai Tong Palm Oil Mill and Supply Base Terengganu, Malaysia

*Report Author:*

**Senniah Appalasamy – Revised September 2013**

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**SUMMARY**

BSI Group Singapore Pte Ltd (BSI) has conducted initial certification assessment of Sungai Tong Certification Unit's operations comprising one palm oil mill, six supply base estates, support services and infrastructure. BSI concludes that Sungai Tong 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 E – CPO Mills: Mass Balance]

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 approved RSPO member on March 2011. TDM Plantation Sdn Bhd prepared a time bound plan to certify both palm oil mills by end of 2013. Both mill already undergone RSPO initial certification assessment at the time of finalising this report.

BSI conducted the Initial Certification Assessment on 20 - 23 May 2013. Pre-assessment was conducted in January 2013 prior to the initial certification assessment. Both 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 E-CPO Mills: Mass Balance]. There were two minor nonconformities raised during the certification assessment. Operating units submitted corrective action plans for both nonconformities which was reviewed and accepted by the BSI audit team.

BSI concludes that Sungai Tong 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 E – CPO Mills: Mass Balance].

BSI recommends for the approval of Sungai Tong 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
IPM	Integrated Pest Management
KER	Kernel Extraction Rate
OER	Oil Extraction Rate
STPOM	Sungai Tong 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
EIA	Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

**1.0 SCOPE OF CERTIFICATION ASSESSMENT****1.1 National Interpretation Used**

The operations of the mill and its supply bases of FFB were assessed against the RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011) and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance.

**1.2 Certification Scope and Certificate Detail**

The scope of Certification covers CPO and PK production from Sungai Tong Palm Oil Mill that is sources FFB from six company owned supply base estates.

RSPO Membership No: 1-0095-11-000-00  
BSI RSPO Certificate No: SPO 595564  
Date of Pre Assessment: 30- 31 January 2013  
Date of Initial Certification Assessment: 20 - 23 May 2013  
Date of certification: 27 December 2013

**1.3 Identity of Certification Unit**

The Sungai Tong Palm Oil Mill and estates are located in Setiu, Terengganu, Malaysia (Appendix E). Additional field map of Pelong and Fikri Estates are shown below (Figure 1 and 2). Sungai Tong palm oil mill is central to the estates. The GPS location of the mill is shown in Table 1.

**Table 1: Mills GPS Locations**

MILL	EASTING	NORTHING
Sungai Tong Palm Oil Mill Processing Capacity: 60mt/hour	102.9105 E	5.3083 N

**1.4 Production Volume**

The projected tonnages of CPO and PK production on the basis of projected FFB production from the estates for the year of 2013 is detailed in table 2.

**Table 2: Approximate CPO and PK Tonnages**

MILL	FFB	CPO	OER	PK	KER
Sungai Tong Palm Oil Mill	290,000	59,450	20.50	15,950	5.50

**1.5 Description of Supply Base and Supply Chain**

The supply base is the FFB from six company owned estates that supplied 94% of the FFB processed at the Mill. In addition, FFB received from outside suppliers from time to time accumulates to about 6% of the total processed. This external FFB tonnage is excluded from the Table 2 and from the certified tonnages. Therefore, the palm oil mill is using mass balance supply chain

mechanism even though the FFB from the company owned estates are considered segregated. Certified and noncertified FFB is mixed during the processing.

The projected FFB production tonnages shown in Table 3 were based on the potential yield could be achieved by the supply base estates in Sungai Tong Certification Unit.

**Table 3: Estate FFB Production Tonnages**

Estate	Actual 2012	Projected 2013
Taylor	40,310.30	45,500.00
Pelung	21,063.23	24,400.00
Jaya	70,260.45	77,100.00
Fikri	57,966.75	67,700.00
Pinang Emas	48,319.21	56,500.00
Jerangau	30,524.75	18,800.00
<b>TOTAL</b>	<b>268,444.69</b>	<b>290,000.00</b>

\* The 6% production from the outside suppliers is excluded from the above tonnage and Certificate of Sungai Tong Palm Oil Mill.

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

Palm Oil Mill: 192 workers (all local employees). Taylor Estate: 215 employees (76 locals and 139 foreigners); Pelung Estate: 148 employees (52 locals and 96 foreigners); Jaya Estate: 338 employees (119 locals and 219 foreigners) Fikri Estate: 318 employees (112 locals and 206 foreigners), Pinang Emas Estate 298 employees (105 locals and 193 foreigners) and Jerangau Estate: 145 employees (51 locals and 94 foreigners). The overall average employee ratio at the estates was 35% local and 65% foreigners.

#### 1.6 Date of Plantings and Replanting Cycle

Oil palms were first planted in early 1980's. The palms are in the first and second planting cycles. The age profile of the palms is shown in Table 4. The palms aged 0-3 years old are palms replanted since 2010.

**Table 4: Age Profile of the Palms at each supply base**

Age (Years)	% of Planted Area					
	Taylor	Pelung	Jaya	Fikri	Pinang Emas	Jerangau
0-3	0	0	0	2.8	3.4	44.9
4-10	3.3	0	49.3	9.4	5.5	0
11-20	76.4	100	50.7	87.2	70.0	11.0
21+	20.3	0	0	0.6	21.1	44.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The areas of mature and immature palms are detailed in Table 5 for each of the estates. Total area planted is 14,679.13ha. Conservation area is 1,214.40ha. Total land area including infrastructures is 17,521.90ha.

**Table 5: Estates and Areas Planted**

Estate	Mature (ha)	Immature (ha)	Total (ha)
Taylor	2,155.07	0	2,155.07
Pelung	1,480.49	0	1,480.49
Jaya	3,386.85	0	3,386.85
Fikri	3,094.58	90.00	3,184.58
Pinang Emas	2,916.15	102.65	3,018.80
Jerangau	801.67	651.67	1,453.34
<b>TOTAL</b>	<b>13,834.81</b>	<b>844.32</b>	<b>14,679.13</b>

#### 1.7 Other Certifications Held

TDM Sungai Tong holds no other certifications.

#### 1.8 Organizational Information / Contact Person

TDM Plantation Sdn Bhd  
Sungai Tong Palm Oil Mill,  
Lot 7663, Batu 23, Jalan Kuala Terengganu – Kota Bharu,  
21500 Setiu, Terengganu, Malaysia.  
Contact Person: Tuan Haji Azlan Mokhtar  
Email: [azlan.hldg@tdmberhad.com.my](mailto:azlan.hldg@tdmberhad.com.my)

#### 1.9 Progress against Time Bound Plan

TDM Plantation owns 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 assessment of its Kemaman Palm Oil Mill operation in Terengganu was completed in December 2012. During this assessment the second palm oil mill, Sungai Tong Palm Oil Mill is being assessed.

TDM Plantation Sdn Bhd's Time Bound Plan was completed in May 2013 with the completion of this Sungai Tong Palm Oil Mill and Supply Base Initial Certification Assessment. 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

STOM does not have any associated smallholders or out-growers. There is no any associated FFB suppliers.

Figure 1: Pelong Estate Field Map

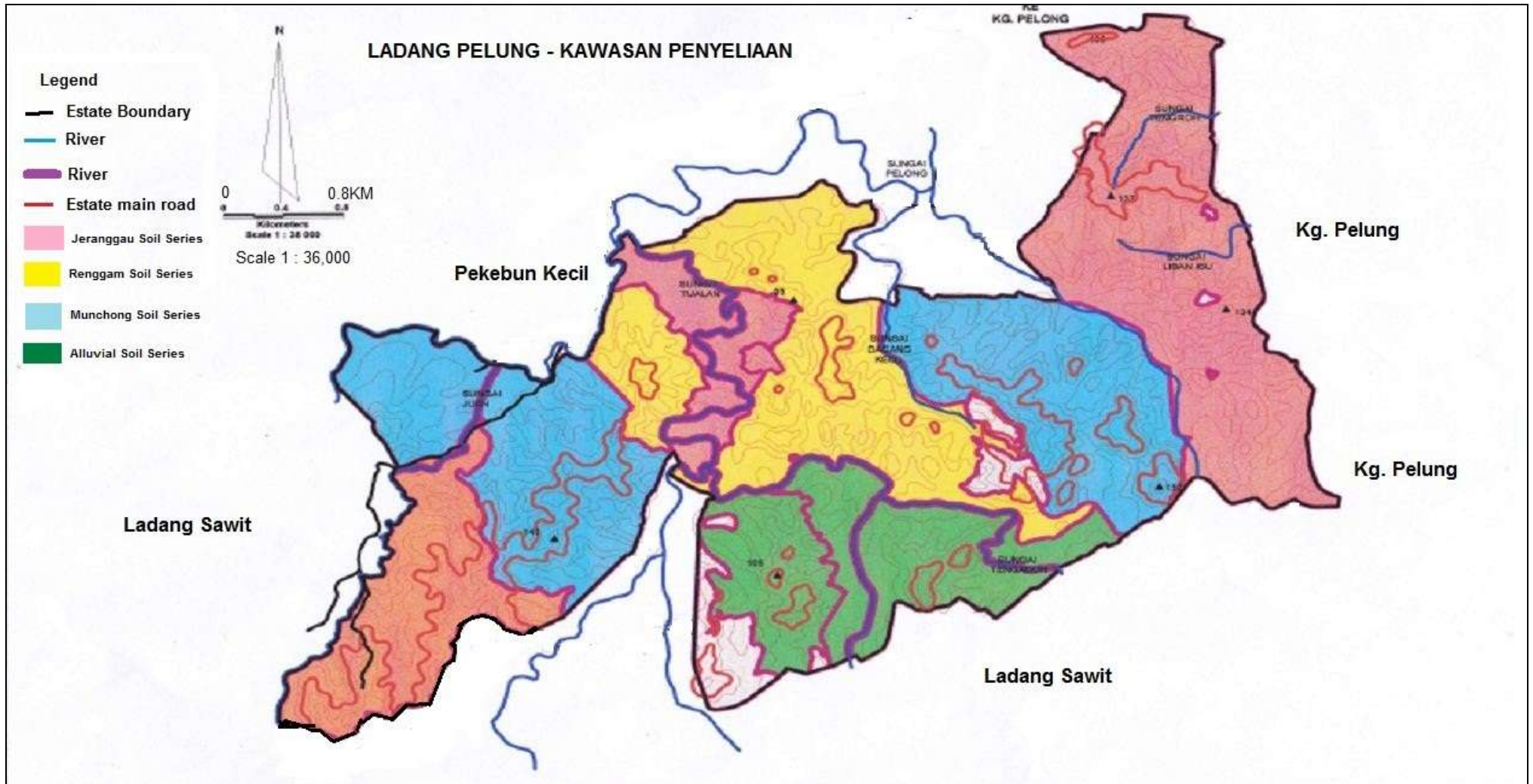
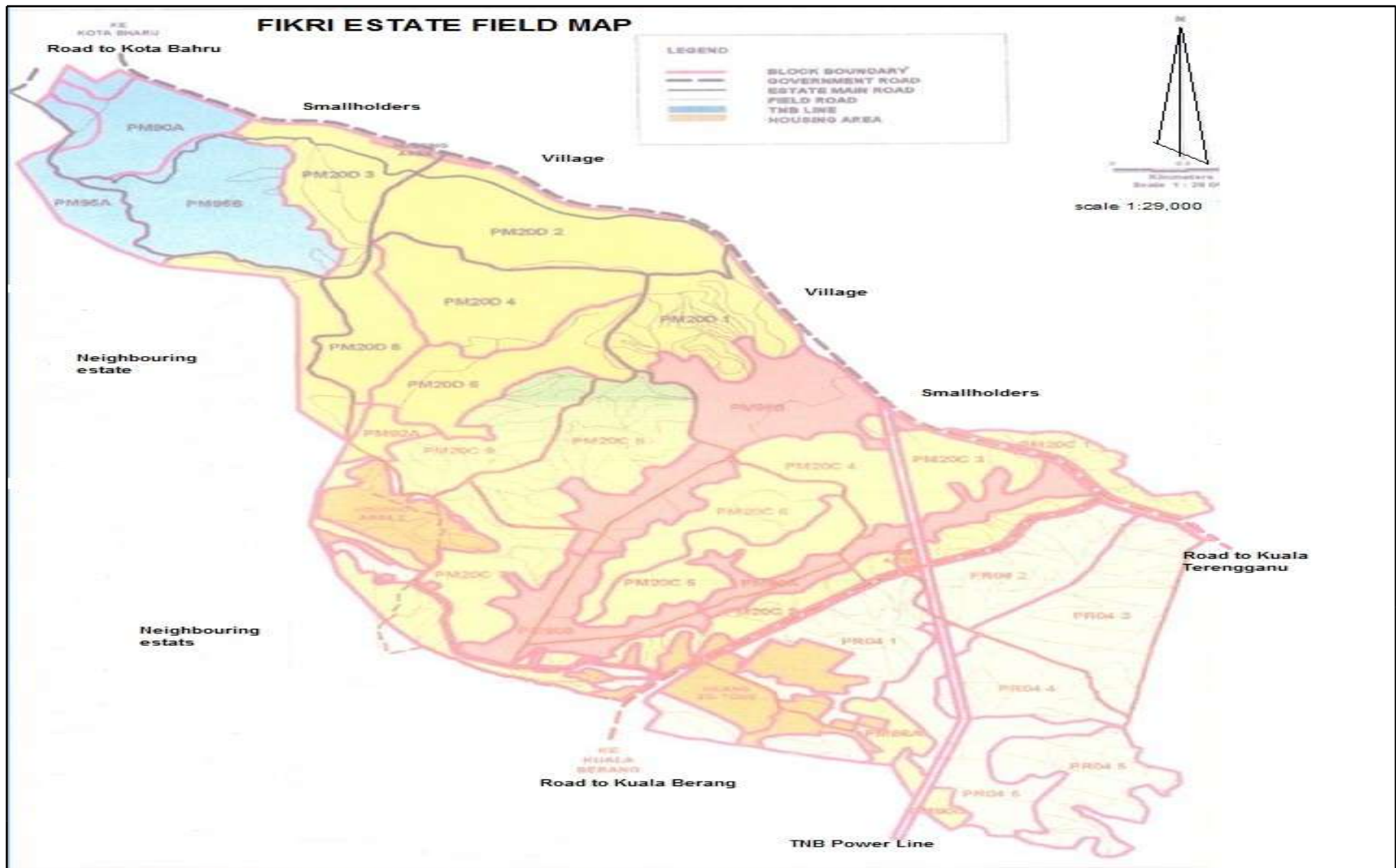


Figure 2: Fikri Estate Field Map



## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

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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 Appalasaamy – 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 Bin Yusoff - Assessor

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 attended 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.

#### Nabila Seth Nivan – Team member

Nabila Seth Bt Mohd Niven is a fulltime employee with BSI Services Malaysia. She graduated in Business Administration from University Technology Mara, Malaysia. She attended internal RSPO training in September 2012. Currently she is an ISO 9001:2008 auditor with BSI. She has audited more than 17 companies against the ISO 9001 standard for the past 2 years and recently involved as Social Auditor during the RSPO Assessment to assess the social aspects and gender issues.

### 2.3 Assessment Methodology, Programme, Site Visits

BSI conducted a pre assessment on 30 – 31 January 2013. The Initial Assessment was conducted from 20 - 23 May 2013. The audit programme is included as Appendix B.

The approach to the initial certification assessment was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates (Pelong Estate, and Fikri 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.

This report is structured to provide a summary for each Principle, together with details for selected indicators. 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 environmental and social performance.

On-site meetings were held on 22 May 2013 with stakeholders by social auditor in the team to seek their 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 auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions continued. The auditor recorded comments made by stakeholders and verified with the management before incorporating into the assessment findings.

Employee 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 at their housing during the visit to the housing and facilitates. Separate meetings were held with the local community leader and head of village by visiting them at village. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix C. Issues raised by stakeholders are listed in section 3.4.

#### **2.5 Date of Annual Surveillance Visit**

The surveillance assessment visit is planned to be carried out within the twelve months following the date of issuance of the 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 Indicator for the mill and the estates. The results for each indicator from each of the operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each indicator. A statement is provided

for the indicators to support the finding of the assessment team.

Two minor nonconformities were assigned during the Initial Certification Assessment against Minor Compliance Indicator 6.1.3 and 6.6.2 together with eight observations/Opportunities for improvement was identified. Sungai Tong Certification Unit has prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSI audit team.

#### **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.**

The Mill and Estates maintained record of request and replies to the request from external and internal stakeholders. Records were held in communication record file. Summary of all the requests and responses are also made available. Workers housing repair request is recorded in the same file as well. For example, Sultan Idris Education University (University Pendidikan Sultan Idris) students have requested some information on the Mill processes for study purpose and promptly replied by the mill manager. (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 keep copies of all the documents listed under criterion 1.2 and these are publicly available upon request. Copies of the Government Leases for the land that it uses are held at the estates. (1.2.1)

A copy of the Health and safety Policy signed by the Top Management dated 1 September 2012 is displayed prominently at public access areas at the Mill and Estates offices and is available to the public. (1.2.2)

Copies of both the EIA and SIA carried out in May 2012 by SRA Consultancy are available onsite, together with Environmental and Social Improvement Plans. (1.2.3)

The Mill and Estates have prepared Pollution Prevention Plans following the identification of environmental impacts assessment through the hired consultant from SRA Consultancy. The management documents include other key indicators of performance like waste management and disposal plan on plantations and mill (1.2.4)

The Mill and Estates maintain registers for recording issues raised by staff, workers and external stakeholders. The Registers include records of complaints and action



taken to address the issues raised. (1.2.5)

Procedure for handling Land disputes, including boundary and squatter issues is available. Negotiation procedures are documented in the TDM Procedures for Handling Social Issues is part of the TDM Agriculture Management System Manual. (1.2.6)

A Continuous Improvement Plan has been prepared and is made up of Pollution Prevention Plan, Social Action Plan, HCV Management Plan and items included in the Capital Equipment Budget. Further details are in indicator 8.1 below. (1.2.7)

**PRINCIPLE 2: Compliance with Applicable Laws and Regulations**

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

The Mill and Estates have kept a list of legal requirements. Company has owned mechanism to ensure all relevant legal requirements are comply. Examples of documents checked are listed below.

MPOB license no: 502826702000 valid till 31/03/2014, Diesel Permit valid till 20 Mac 2014 (Ref. No: B.PGK.BST.004/9/14 (SK/D), Petrol Permit valid till 12 Jun 2014 (Ref. No B.PGK.KT.003/1/14). Test certificate for pressure vessel manufactured by Tong Cheng Iron Works Co. Ltd, Cert no 010701, date of issue Jul 01, 2012. Test Form Number JKKP IS 127/453/2-201024514(2). Boiler emissions were tested 23 March 2013 and the level of dust particulate was within compliance with Regulation 25 of the Malaysian Environmental Quality (Clean Air) Regulations, 1978. License for electricity sub-station number: 101202 valid till 26 December 2013 which in compliance with (Akta Bekalan Elektrik 1990). Permit to employ foreign workers from ministry: KHEDN 14020-131029(2) for 980 workers. All the foreign workers have valid work permits. The permits were checked during the document audit. Copies of licences for drivers, boiler attendants and engineers are held on personnel files. The Mill Engineer maintains a log book with details of boiler operating hours, inspections, testing and repairs. The noise level at the Sterilisation plant is below 85dBa and Boiler station was above 90dBa. Other area such as kernel plant was above 90dB, workshop below 85dB, Store below 85dB, water treatment plant below 85dB, CPO despatch area below 85dB and Boiler station above 90dB. The boiler log book indicates the date of cleaning, repairing/servicing, inspection and tested date. DOSH officer interviewed during the stakeholder consultation confirmed that inspection carried out by officers from DOSH Terengganu. Certificate is available for Boiler and diesel generators. They comply with local laws.

All operating units comply with the employment Act. Local and foreign workers are treated equally. All the employees entitle for Public Holiday, rest day pay and annual leave. Records are available for each worker and were checked and found to be complying with

regulation.

A noise survey of the Mill has been carried out and high noise areas such as the engine room and kernel station clearly demarcated with signs prohibiting entry except for persons wearing hearing protection. Operators at these locations were observed to be wearing hearing protection correctly. The noise survey includes monitoring of noise level at the mill. Inspection of a sample of Mill and Estates pay records confirmed all overtime hours were within the approved limit. Pay records also confirmed pay and conditions complied with employment terms and conditions current at the time of the Assessment visit. (2.1.1)

**Observation 1 (2.1.1):** Mill - There were two new unit of air compressor air receiver noted at the mill waiting to be commissioned. This was noted by DOSH as well. The mill is in progress of obtaining approval from DOSH.

The Mill and Estates hold a legal register that lists the legislation and Permit requirements and conditions for OSHAS, Environment and Labour. In addition, the Mill and Estates hold copies of the applicable regulation. (2.1.2)

Mill and Plantation Advisory together with Compliance and Safety Unit conduct annual audits of the operations, which include applicable legal requirements. In addition, the Mill conducts quarterly internal audits of compliance with DOE and DOSH requirements. (2.1.3)

MAPA, MPOA, AMESU and NUPW provide legal updates on changes to labour laws and worker pay and conditions. TDM Plantation Compliance Unit provides legal updates on all applicable legislation. For example, the Mill and Estates held a copy of MAPA Circular number 34/2010 in relation to Employee Provident Fund amendment. (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 Estates are on Government Leased land. For example, Fikri Estate Government Lease was initially issued on 1 January 1973 for a period of 99 years [Number: PTG.TR.236B/65 (63) under Kumpulan Ladang – Ladang Terengganu Sdn Bhd]. There is a management agreement dated 1 September 2012 between Kumpulan Ladang – Ladang Terengganu Sdn Bhd and TDM Plantation who act as a managing entity. (2.2.1)

The Sungai Tong operations are consistent with the terms of the land title, which is for oil palm. (2.2.2)

The Estates have maps showing the locations of boundary stones that have been physically located and marked. Inspection of a sample of boundary stones during the field visit at Pelong and Fikri Estates confirmed they were clearly marked and maintained. There is no a land dispute or boundary disputes (2.2.3)

**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 Government Leased land. There is no restriction for stakeholders to access through the estates, except in relation to outside FFB trucks need to get a written permission from the operating units to access the internal estate roads (2.3.1). Interview of local community representatives confirmed there is no land dispute or any claim of customary land within the estates (2.3.2). All of the Estates operations are on Government Leased land. There are no negotiated agreements. (2.3.3)

**PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability**

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

Mill and estates have annual operating cost and production projected for five years. Mill and estate has prepared 5 Year Business Plan for period covering 2011 - 2015 and reviewed annually during the annual budget preparation. The last review was carried out on December 2012 prior to end of financial year 2012. The plan includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure for improvement. The annual budget document contain data on FFB yield/ha, OER, CPO yield/ha, PK and cost of production. The measures taken to ensure cost and quality are maintained includes monitoring of the cost of operation by management on monthly basis through monthly report and compared with the budget. Justification is provided by the mill and estates managers when the cost exceeds the budget. The quality is inspected through quality assurance team from head office to maintain the quality. Periodic visit by the mill and estates advisers, internal and external auditors are carried out to ensure there is a system to identify, monitor and to control and ensure the cost of operation is within the budget. (3.1.1)

Replanting programme has been prepared for next 5 years. There are replanting has been scheduled for all the Estates in 2013. Replanting is planned for palm older than 25 years old. (3.1.2)

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

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

TDM has prepared Agriculture Policy Standard Operating Procedures (SOPs) for mills and estate covering all the relevant operations. There is a separate SOP on safe working practices for mill and estates. The safe operating procedure for the estates includes pesticide application. Sungai Tong Palm Oil Mill has its own SOP

for safe working practices covering all the work stations. SOP dated 1/5/2011, edition TDM/OSH/STPOM/01. There is a SOP covering spraying management at the riparian area and cover crops.

Inspection to the field and mill confirm that the SOPs are implemented. Assistant Managers and staff monitor the implementation. At mill, SOP dated 1 May 2011 edition TDM/STPOM/01 Revision – 01/2011 covering all work station is displayed at each work station in Bahasa Malaysia. (4.1.1)

Mill advisor and Planting Advisor make annual visit to evaluate the performance of the mill and estates. Latest planting advisor visit was in January 2013. Issues highlighted were rectified by the estate management. All operating units maintain DOSH and DOE Visit Records as well. DOE last visited on 21 April 2013. DOSH last visit was on 6 May 2013. There were no major issues. All identified minor non compliance was addressed by the operating units. (4.1.2)

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

Sime Darby Seeds and Agricultural Services Sdn. Bhd agronomist visits the estates prior to fertilizer recommendation. Result of the leaf and soil sampling done on June 2012 together with visual observation used as guidance to prepare the fertilizer recommendation. The soil analysis includes periodic tissue and soil sampling to monitor changes in nutrient status. To reduce use of top soil for nurseries, the operating units using EFB compost to top up with top soil. The current fertilizer recommendation was based on the Agronomist visit on 3 July 2012. (4.2.1)

The Estate managers and assistants check and ensure that fertilizer application matches the recommendation. Application records are documented in the daily costing book. EFB are applied at the estates were recorded and monitored. Agronomist recommendation for fertilizer also covers the EFB applications. EFB applied 35mt/ha (4.2.2)

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

TDM has a policy on slope protection & river buffer zone dated 01 September 2012. The policy highlight that the company committed in protecting slope and rivers by emphasize terrace planting during replanting program and vegetation shall be maintained along the river buffer. Erosion control practices include U-shaped stacking of pruned fronds, silt pits and terracing of slopes. (4.3.1)

Inspection of field conditions showed groundcover with soft grass and soft weeds are being well maintained. Replanted area is established with cover crops and vegetation is well established. There is no significant erosion risk was noted during the field visit. The soil map

at the estates has confirmed there are no fragile soils such as peat, high sand content or acid sulphate soils (4.3.2)

Estate has implemented annual road maintenance programme. During audit, it was noted that road maintenance was on-going with road grading and patching. Road inspected are generally in a good condition and well maintained. Steps taken to ensure that disturbed earth do not enter waterways during gravel extraction processes includes construction of road side silt pit, stop bund (with sand bag) along the road side drains to slow down the speed of surface run-off water, silt traps (at the junctions of the road side drains) and well maintained riparian buffer. (4.3.3)

**Observation 2 (4.3.3):** *Fikri and Pelong Estates - There is a road maintenance program available and regular maintenance is carried out as per program. The management should consider compiling all the information into one report for easy reference.*

The dominant soil type is renggam series and occurs on 70% of the area. There are no peat soils at Pelong or Fikri Estates. (4.3.4)

There are no problematic or fragile soils at all the supply base estates. (4.3.5)

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

Sungai Tualan and Sungai Tengadoh are the main rivers runs through the estates. Inspections found that the buffer zones are well maintained. Reinstatement of riparian strips at both side of the stream during replanting is implemented. Inspection in the field at replanted area confirmed that buffer zone have been set aside for reinstatement during replanting as per the TDM buffer zone policy. (4.4.1)

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

Sungai Tong management unit carried out water analysis in the Sungai Tengadoh and Sungai Tualan river (upstream and downstream) with the last sampling was on 29 January 2013, Report number: 13/01/w0303 by ERA Lab Sdn. Bhd shows all parameter are within the standard i.e. BOD is <1mg/L at upstream and downstream shows that the operating units operation did not effect the outgoing water quality. The sampling points were clearly indicated by signage at the point where sampling is carried out. Outgoing water into main natural waterways are monitored quarterly. The discharged effluent is conforming to the limits for parameters of effluent stipulated under the environment quality regulations. (4.4.3)

The Estates measure rainfall daily. Rainfall information is used for water management, scheduling fertiliser application, plan the timing of spraying and is also used for road maintenance planning. (4.4.4)

Sungai Tong Palm Oil Mill has maintained monitoring on water usage which recorded every day and summarised on monthly basis. Water consumption varies from 1.11 mt/tonne – 1.24 mt/tonne FFB processed for the financial year 2012. Average for 2013 until April was 1.16mt/mt 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)

Inspection of the Mill confirmed implementation of the segregation of process waste waters from other clean water and rainfall runoff. A key area of water management at the Mill is to reduce water consumption. The Mill has recently developed a “Water Consumption Reduction Action Plan” January 2013. The plan includes rain water harvesting for mill cleaning processes. Fikri and Pelong Estate have a documented Plan for water management of flood prone areas. This includes a map and Work Instructions for each of the activities, such as bund maintenance and water gates inspections to ensure it is not blocked by debris. All estate holds records of daily water gate and water level inspection reports. (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 the TDM Agricultural Manual – Section 15. IPM includes field inspections, pest census and treatment if necessary. Each estate has a nursery for propagating beneficial plants and there is a programme for progressive establishment of these along roadsides and open. To reduce use of top soil for nurseries, the operating units using EFB compost to top up with top soil. At the time of the assessment, the estates had planted approximately 30% of the roadsides with beneficial plants. Fikri and Pelong Estate has prepared maps of the areas where IPM has been implemented, for example, *Tunera subulata* and *Cassia cobanensis* have been planted along 50% of the estate’s roadsides. Fikri and Pelong estates have constructed Barn Owl boxes at the rate of 1 box to 20 ha. Latest census shows 13.43% occupancy rate at Fikri estate and 28.24% at Pelong estate (4.5.1)

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 *Tunera subulata* and *Cassia cobanensis*. (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. Record dated 13/5/2013 was checked and verified. (4.5.3)

Usage of pesticide is monitored by the estates. For

example, at Fikri estate during the recent rat baiting with active ingredient (brodifacoum) 0.002gm 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.**

The quantity of chemical and treatment required is documented in Section 18 of the TDM Agricultural Manual with justification for the use of agrochemical type. (4.6.1)

Purchasing of agrochemical controlled from central office. Inspection at site reveals that only pesticides registered by the Pesticide Board were used. Latest register updated on 25 April 2013 to ensure compliance. (4.6.2)

Inspection of the Pesticide Stores confirmed the storage meets regulatory requirements, for example, security, ventilation, signage, lighting, spill containment, separation and labelling of chemicals. Pesticide concentrate and unused spray mix were stored securely. There is a permit for the hazardous waste store. Used pesticide containers are disposed through licensed collectors. Agrochemical containers are re-cycled for pre-mixing agrochemical. (4.6.3)

Labelling of all chemicals and Work Instructions is in Bahasa Malaysia. Work Instructions are displayed at the pesticide storage. Store clerk interviewed understand the work instructions (4.6.4)

The Estate maintains detailed records of the persons involved in application of pesticides and the days worked. All operating units have constructed trailer specifically for transporting pesticides and spray equipment to the field separate from the workers transport. The trailer equipment includes a supply of clean water for the spray team to wash their hands, a first aid kit and safety signs for warning of the application of pesticide. The sprayers undergo monthly medical checks at the estates clinic and detailed records are maintained for each worker. CHRA was done by "Occumed Consultancy & Services Sdn. Bhd" on 28 September 2009. Annual medical surveillance was carried out by a DOSH registered doctor from "MEDI-IHSAN OSH Sdn Bhd", DOSH registration number: JKKP1H127/1711-2(254) on 29 April 2013 for sprayers. The result was all workers are healthy and fit to continue work. Medical surveillance includes medical check for Occupational Disease conducted by Occupational Doctor. 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 pesticide operators confirmed they were aware that once they fell pregnant and wished to continue working they would be transferred to other duties. Upon return to work they are not permitted to commence spraying duties until they have ceased breastfeeding. (4.6.6)

The estates have reduced the paraquat usage by using alternate agrochemical such as glyphosate since January 2013. There is no other class 1 agrochemical. The operating units comply to Regulation 9 of the Pesticides Act 1974 requiring balance of remaining solution to be kept under lock and key. During visit it was noted that 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. (4.6.7) Aerial spraying is not carried out at Sungai Tong Certification Unit's supply base estates. (4.6.8). No buyer has yet requested CPO testing for chemical residues. (4.6.9)

Inspection on the agrochemical issue records shows that quantities of chemicals used are recorded in the Daily Issues Record Book maintained by the Store Clerk. Copies of Store Issues records are held at the estates for 5 years. (4.6.10)

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

- (a) The Health and Safety Policy signed by Top Management dated 1 September 2012 was displayed in Mill and Estates Offices.
- (b) A HIRAC was carried out for the Mill 12 January 2013 for all work stations. The Estates carried out a HIRAC for all operational tasks for the field, office and workshops on 3 December 2012.
- (c) All direct employees as well as contractors and employees of contractors undergo workplace training that includes safety. The Mill carries out safety training on a station by station basis in conjunction with SOP training. The Safety Training Programme is documented for each work station for the current year January - December 2013. In addition, safety awareness is conducted on specific issues at morning briefings at the Mill and Estates. The Estates have a programme for scheduling of training awareness topics each month through to December 2013. In relation to transport, all vehicles that travel on public roads and their drivers (tractors, trucks and motorcycles) are in possession of driving license and undergone training in safe driving. Road safety rules (wearing

of helmets, seatbelts and speed limits) are displayed prominently on notice boards at the entrance to the estate and at muster areas. The Estate security staffs monitors and enforce adherence to road safety rules by staff, workers, contractors and their families.

- i. The Mill maintains records of Safety Toolbox meetings including the topic and a list of attendees with most recent 30 April 2013. Records of Mill training and interview of workers indicated understanding of safety. Pelong Estate holds records of training including the topic, attendees and signatures, for example, training for 13 sprayers conducted 12 February 2013 at the muster ground as well as demonstration of safe spray technique in the field.
- ii. Inspection of herbicide spraying confirmed sprayers were working safely and in accordance with product precautions and complete with PPE.
- (d) The Mill standard PPE issued are safety shoes, helmet and hearing protection, with station specific issue of gloves, dust mask, eye protection and high visibility vest. Records are maintained of PPE issued to individuals including signature of recipient in file "Rekod Pengambilan Alat Perlindungan Diri". The Estates issue to sprayers an apron, eye protection, respirator, gloves and rubber boots. Workplace inspection by the onsite compliance executive includes audit on PPE used. PPE used are in compliance to DOSH requirement.
- (e) The Mill assistant engineer is designated as OSH coordinator. Similarly the assistant estate manager is the OSH Coordinator in the estate.
- (f) The Mill holds quarterly OSH meetings with the most recent held on 22 March 2013 with 15 attendees. Topics of discussion included Safety Audit and issues related to various work stations. The Estates hold safety meetings quarterly with the most recent for Pelong Estate was on 10 April 2013, attended by 11 persons including staff, worker and contractor representatives; Topics of discussion included road safety issues. Fikri estate held a safety committee meeting on 18 April 2013 with 25 attendees. Topics of discussion were safety and issues related to housing, for example, control of traffic through the housing area. Information from Safety Committee Meetings is communicated to workers at muster briefings.
- (g) The Mill has an Emergency Response Plan prepared 1 August 2010 (revised 24 January 2013) that includes a site plan and list of Emergency Contacts. Refresher Emergency Fire Training was carried out 16 April 2013 by the local Fire Department. An emergency evacuation drill was carried out 2 March 2013, including a report on the response and improvements needed. The Estates have an Emergency Response Plan for the major

emergencies, including flood, last revised 10 January 2013. Pelong Estate carried out a trial evacuation 15 May 2013 in conjunction with the local Fire Department. The Mill and Estate have installed appropriate fire fighting equipment and have implemented a program of monthly checks of emergency equipment and fire extinguishers. Inspection of a sample of fire extinguishers during the audit found these were in serviceable condition.

- h) 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. First Aid Training was carried out 27 February 2013 for 15 Mill Staff and Workers. Fikri Estate carried out first aid training 25 March 2013 with 13 participants.
- i) First Aid Kits have been allocated to all the workstations in the Mill and are re-stocked monthly. The Estates have distributed First Aid Kits to Mandores and Supervisors.

**Observation 3 (4.7.1(i)):** *Pelong Estate - It was noted that first aid boxes are available at work station. Sometime the mandor carries the first aid box in his motorcycle and moves around.*

Hearing loss prevention audit done for employees exposed to noise levels by external consultants ISTIQ Noise Control Sdn Bhd in January 2013. 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. 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 training includes explanation on the effects of noise on hearing, purpose of using ear plug and how to use. Training program was inspected and complies with regulation 27. The employees exposed to high noise levels interviewed by the auditor during the mill site visit. No complaints were raised during the interview with employees working at the high noise level such as kernel plant and boiler station.

The Mill and Estates maintain records of all accidents, which are reported monthly to Head Office and to Government Departments such as DOSH, in accordance with regulatory requirements. Accident statistics are discussed at the quarterly safety committee meetings.

Inspection of the accident reports showed that the majority of the LTAs for both Pelong and Fikri estates were due to minor injuries such as palm spikes and

muscular sprains, with lost days averaging two days per LTA. In 2013, TDM has started implementing a health and safety management system at all of its operations, with the aims of improving worker safety and reducing the LTA rate. OSH unit is dedicated to improving safety through training and awareness of staff, workers and contractors. The outcome of increased safety training is expected to be reflected in reduction of LTA. (4.7.2)

Local staff and workers are covered by SOCSO Insurance. Mill foreign workers are covered under Foreign Workers Compensation Scheme [Skim Pampasan Pekerja Asing (SPPA)] by Zurich Insurance Malaysia Berhad - Policy Number 01130000518-00 valid until 29 March 2014. Pelong and Fikri Estate foreign workers are covered under Zurich Insurance Malaysia Berhad - Policy Number 011300006804-00 current to 26 February 2014. (4.7.3)

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

The majority of training at the Mill and Estates is carried out informally by on-the-job instruction and briefing. Staffs were also attending external trainings. The Mill has prepared an Annual Training Plan 2013 that lists the schedule of training for each Work Station for safety and skills development. Records of all Mill and Estates training are maintained on file for individuals including topic and signature of attendees. An example of recent training was a Toolbox Meeting for safety, clean workplace and RSPO on 30 April 2013 with 27 attendees. Contractors confirmed during interview that they were included in the training activities and have undergone safety training before they start work on site and are required to attend safety briefings as well. Recent training was conducted on 3 May 2013 attended by 9 drivers. (4.8.1)

**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.**

TDM Estate and Mill Quality Management System, Appendix 5.4.1b: Environmental Aspects/Impacts Evaluation Procedures dated 2 January 2013, file number: SM/5.2/EAI was used to identify the significant environmental aspects and impacts. (5.1.1)

Information from the risk assessment was used to develop Improvement Plans for the significant environmental aspects. Inspections confirmed that improvements are being implemented. For example, the Mill Environmental Improvement Plan includes upgrading of spill containment and greater care to prevent spillage of materials (boiler chemicals and boiler ash) within the mill that could enter the monsoon drain system. The Estates Environmental Improvements are

documented in the Pollution Prevention Plan prepared 13 January 2013, with the main focus control the point of pollutants source. (5.1.2)

**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 late 1980s all of the land within the estate was planted to oil palm. Sungai Tong 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 for the HCV assessment. There were appropriate consultation processes as per the HCV Toolkit-Malaysia which covers the three main components of identification, management and monitoring of HCVs. The HCV area is 4.00ha. The HCV assessment report has identified conservation area totaling 1,210.40ha, mainly water-log and steep area which was abandoned. There is no any ERT identified within the plantation. (5.2.1)

There is no any ERT in the conservation area. Species found are monitor lizard, black cobra, squirrels and wild boar (*Sus scrofa*). 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 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. To increase the biodiversity the management is planting trees such as *shorea sp.* (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.**

The mill and estates have prepared a list identifying all types' of waste products and sources of pollution with reference to the Environmental Impact Assessment. For example, mill boiler stack emissions, mill by-products and waste water. The Estates "List of Waste" includes domestic refuse, workshop waste, empty pesticide containers etc. (5.3.1)

The Mill and Estates have prepared a Waste Management Action Plan 2013, which details the action to be taken in relation to each type of waste generated and the person responsible. Inspection of the mill indicated solid wastes were well controlled, with appropriate facilities for temporary storage of

processing by-products such as EFB, fibre and boiler ash. A scheduled waste store is appropriately designed for secure storage of spent lubricating oil, leads acid batteries and used chemical containers. The Mill has engaged Hiap Huat Chemicals SB (DOE License Number: 000278) for collection and disposal of scheduled wastes. Latest disposal was on 14 May 2013, Ref. Number: HHC/PS/2010/LD for waste oil, used oil filters and contaminated cotton rags. The Estates have engaged G-Planter for collection and disposal of empty pesticide containers. Medical wastes are collected and disposed through “Klinik Kesehatan Sungai Tong” with latest disposal on 13 May 2013 recorded in file “Penghantaran sisa klinikal untuk dilupus”. The Mill and Estates maintain records of scheduled waste stock takes and copies are held of the manifests for collection of scheduled wastes. Materials that are not suitable for recycling or re-use are disposed through Setiu municipal council. (5.3.2)

**Observation 4 (5.3.2):** Mill - The mill should consider building a proper oil trap at the mill canteen drain outlet to trap any waste oil from the washing of cooking utensils although the drain outlet looks clean.

The Mill keeps records of the quantities of crop residues transferred to the Estates (EFB, decanter cake and Boiler Ash) and applied to the palms. The Estates maintain a program for EFB application and records on a map the areas receiving material. Mill effluent is treated in ponds prior to discharge. Sungai Tong Palm Oil has a permit from DOE (permit number: 002385) 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 12/4/2013 shows BOD is 61ppm. Average BOD for the year 2012 was 10 – 60ppm and for the year 2011 was 30 – 70ppm. (5.3.3)

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

The Mill monitors and reports energy usage monthly to head office through monthly report. The company has optimized the use of renewable energy. Average of 0.72 (Renewable Energy (mt)/ CPO (mt)) has been used in 2012 Financial Year. The energy usage varies from 18 – 24 kWh per tonne FFB processed depending on the FFB supplied by the estates. During low crop there is a slight increase in use of diesel fuel for processing. (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.**

Sungai Tong operating unit has adopted the TDM Policy on zero burning. No any sign of burning activities in the field found during the visit. (5.5.1)

Inspection to the newly replanted area confirmed that zero burning techniques are implemented during

replanting. Palms are felled, chipped and mulched on the field where replanting is being carried out. (5.5.2)

During the facility visit and visit to the landfill no evidence of burning waste (including domestic waste). Landfill is monitored to ensure it is as per the municipal waste disposal guideline (5.5.3).

**Observation 5 (5.5.3):** Pelong Estate - Continuous awareness among workers on zero burning including zero burning of waste should be continuously implemented to ensure workers aware of the zero burning policy at all time.

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

The Mill and Estates have prepared a Pollution Prevention Plan for the significant impacts identified by the Impact assessment process. An example is the Mill monitors the schedule waste disposal to ensure the storage is not more than 180 days as per DOE requirement. 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. Boiler emissions monitored for dark smoke and dust particulate. The Mill has Ringleman Smoke Observation Chart as per licence requirements. The effluent discharged is below the DOE permit (100ppm). Assessment team verified the monthly effluent quality result and quarterly return report during the document audit. (5.6.1). The Pollution Prevention Plan was reviewed annually. The recent review was done on 13 January 2013. (5.6.2) Sungai Tong operating unit does not have any peat soils. (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.**

Social Impact Assessment was prepared for the whole Sungai Tong operating units in May 2012 by an external consultant from SRA Consultancy. The assessment has been done through meeting with the effected parties. The SIA Report includes information on meetings with stakeholders and the issues raised. (6.1.1)

Interview of internal and external stakeholders during the Certification Assessment confirmed that they were involved in the SIA process. (6.1.2)

The SIA assessment includes recommendation for monitoring and managing the impacts. However during

the document audit it was noted that the plan was not updated with timetable and responsibility as necessary to mitigate and monitor the social impacts. (6.1.3)

Minor nonconformity was raised. The details are as follows:

**924589N0: 6.1.3: A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.**

*Pelong estate Identification of social impacts was carried out by the operating units in consultation with other affected parties, including women and migrant workers. The assessment was conducted by independent consultants. The assessment identified all impacts (both positive and negative). The social impact assessor also recommended necessary mitigation and monitoring plans. However during the document audit it was noted that the plan was not updated with timetable and responsibility as necessary to mitigate and monitor the social impacts.*

**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.**

All the Sungai Tong operating units engage in communication with local communities and other stakeholders, such as contractors and local Government. The communication procedure is as per TDM's communication policy which shows flow chart of the communication procedure. This was confirmed during interview with the local community representative and village head. In addition, there are also regular informal communications is being carried out by the management. Interview of Mill and Estate staff found they were familiar with the communication procedures and copies were available at the offices for guidance when necessary. (6.2.1)

The Estates and Mill Managers are the nominated persons for dealing with external communications. (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. 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).

**Observation 6 (6.2.3): Mill and Fikri Estate - Stakeholder list available. As an area for improvement, the stakeholder list can be updated regularly and include stakeholders such as MPOA, NUPW, Jabatan Pertanian etc.**

**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.***

Sungai Tong Certification Unit has developed and communicated Grievance procedure to all stakeholders during meetings. There have been no land disputes therefore the process has not been applied. In addition, the Mill and Estates have implemented a system for receiving complaints from workers. This consists of a Register at each of the Estate Offices and the Mill for recording details of issues raised. Interview of staff and workers confirmed their awareness of the Register and that they are comfortable to use the Register as needed. Inspection of the registers showed that complaints were being raised for minor repairs to housing and that these were being repaired promptly. (6.3.1)

The Dispute Resolution System has been implemented and no dispute has a rise requiring application of the procedure. (6.3.2)

TDM Policy is to make the dispute resolution system open to all affected parties. Interview of staff and workers confirmed awareness of the process for raising any issues with their superiors. (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.**

TDM Plantation has implemented a procedure for handling land disputes, including boundary and squatter issues. (6.4.1). Land dispute procedure refers the compensation assessment by the Head Office land department which will assess and advice on compensation. (6.4.2). (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.**

Pay and conditions are documented in MAPA/AMESU Agreement 2010 and MAPA/NUPW Field and Other General Employees and Fringe Benefits Agreement. Workers have signed a letter of appointment in Bahasa Malaysia and were provided with a copy. The signed originals of appointment letters are held at the Mill and Estates Offices. Minimum wage of RM 900.00 has been implemented as per memo number: TDMP/HR/3/09/02 from TDM Head Quarters dated 7 January 2013. (6.5.1)

Staff and Workers are provided with a copy of their "Appointment Letter" at the time of hire. Interview of staff confirmed they understood terms and conditions of their contract of employment and received all leave entitlements. Daily rated workers stated they understand the terms and conditions of their "Appointment Letter" and were aware of their daily rate and understood details of their payslips. Workers also



stated if there was ever a pay discrepancy, they would advise their supervisor and if the company was in error, their experience was that payment would be forthcoming next pay day. Inspection of records confirmed that all staff and workers receive a pay slip detailing the amount earned and deductions such as for income tax. Daily rated workers are given the “carbon” copy of their “Appointment Letter”, which is in Bahasa Malaysia and signed by them for understanding. Interview of foreign workers confirmed their understanding of pay rates and pay slips. (6.5.2)

Mill and estate provide adequate housing to their employees and meets the government standard. Government water and electricity supply is provided to all the houses. Other facilities such as worshipping places, crèche, clinics, sports facilities and community hall were also provided by the company. Primary and secondary government schools are located at Kampung Pelong which is approximately 1 km. There is a crèche at the mill. There is no crèche at the estates because all the local women workers are old and already pass the reproductive periods. There are no young women working in the plantation. Foreign workers are bachelors. At the moment there are four children at the crèche taken care by one child minder. Free milk and biscuits supplied by the company. The Visiting Medical Officer (VMO) inspect the crèche and the food supplied and examine the infants. His visits are recorded and verified during the audit.

Company clinics at estates are staffed by a qualified Hospital Assistant and trained female nurses. Certified and registered Hospital Assistants employed at the clinic. For example, Fikri Estate Hospital Assistant registration number: Q1832 dated 19 February 1999. The company have ambulance standby 24hours to send employees and dependents to hospitals. The Hospital Assistant does the linesite inspection.

**Observation 7 (6.5.3):** *Pelong Estate - Housing provided by the management to all workers. There is RM 15,000 budget allocated to upgrade the housing at the estate which was approved in April and the management plans to carry out the upgrading in June 2013. The progress will be further followed up during surveillance 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.*

At Sungai Tong Mill and Estates, the workers Union has just been formed. In the past workers representatives were meet up the management officials through Join Consultative Committee (JCC) meetings when required prior to the formation of union. For example, the last JCC meeting was held on 10 January 2013. Issues related to

work was discussed and it was confirmed by the workers. Interview with state NUPW secretary confirmed that the workers union has been just formed and in the midst of holding the first general meeting to elect the official local chairperson. (6.6.1)

The company policy on freedom of association is documented in the Social Policy approved by Top Management September 2012 and displayed on Notice Boards at the Mill and Estates Offices and at Muster areas. However, Interview with the Terengganu state NUPW Secretary and workers from various operating units reveal that the implementation is still in progress due some unclear information. (6.6.2)

Minor nonconformity was raised. The details are as follows:

**924589N1: 6.6.2: A published statement in local languages recognizing freedom of association.**

*There is a published statement in local languages recognizing freedom of association. However, during the stakeholder meeting with Terengganu NUPW Secretary and workers from various operating units reveal that it was not fully implemented and understood. It was noted that there is a need for further discussion between management, State NUPW and employees to resolve some of pending issues such as union membership payment, deduction from workers salary and agreement from the workers. It was noted that some workers wants to withdraw from joining the union due to the membership fee.*

**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.**

The minimum working age is 18 under the Labour Ordinance. At the time of hire the age of local recruits is confirmed by checks of ID Cards. The age of foreign workers is checked from Passports prior to hire. The Estates also carry out checks of Contractor workers' age. Inspection of records confirmed workers meet the age requirement. Inspections and checks during the Certification Assessment did not find any under-age worker or children at workplaces in the Mill and the Estates. (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.**

Equal Employment Opportunity Policy dated 01 September 2012 highlight that the company committed to comply with the following principles:  
- Fair treatment to all employees and job applicant in the recruitment progression or even promotion apart from race, colour, ethnic, religion, gender, marital status, employment or age.

- Freedom in establishing and involving with the union formation, membership and activities or even political view

- Strictly against forced labour and child labour.

The policy is displayed at notice board at all the operating units and was well communicated with all employees. (6.8.1)

Interview of male and female workers confirmed understanding and awareness of the policy. Examination of records of salary between local and foreign workers did not find any differential on the same jobs level. (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.**

A statement to prevent sexual harassment and violence is documented in the TDM Policy. One of the female staff members has been appointed as gender committee member representing each operating units and work category that involve female workers. (6.9.1)

The company has developed specific grievance mechanism on sexual harassment and violence. Female workers interview confirmed understanding of the mechanism and no issue was raised during the audit. (6.9.2)

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

The mill process FFB from company owned estates and FFB purchased from smallholders with short term agreement. These smallholders are free to sell to any mills of their choice. FFB pricing is based on MPOB pricing. Interview with the smallholders reveal that they are aware of the pricing mechanism and they have access to the pricing at the mill. (6.10.1)

The pricing is posted at the mill weighbridge notice board and updated regularly. The past FFB pricing were documented and available for public if requested. The pricing is also available in the daily news papers and the smallholders interviewed confirmed that they also refer to the pricing posted in the newspaper. (6.10.2)

Interview confirmed that contractors and suppliers understand contractual agreement and stated that the contract is transparent and fair. The company has standard term and condition of contract agreement which is explained prior to signing. Contract belongs to FFB Transporter agreement number FK34/13 for the period of 1/3/2013 – 31/12/2013 was checked and verified. Payment for the month of April 2013 was paid on 9/5/2013 within the contract term. (6.10.3)

Prompt payment is made as per contract agreement. No issues were highlighted by the contractors interviewed. Inspection to the “Grievance Book” indicated no

complaint was raised in relation to processing of the payment. (6.10.4)

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

Infrastructure and Government services are well developed in the area, with Government power supply, schools and health service readily available in Setiu town. The Estate makes contributions to the local village (Kampung) such as maintenance of the access road and cash donations. Medical treatment is also provided to Kampung residents at the company clinic at no charge during emergency. The company also makes contributions to a local community charity for the visually impaired. (6.11.1)

**Principle 7: Responsible Development of New Plantings**

*Sungai Tong Certification Unit has 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.**

The Estates have reduce the paraquat usage by using alternate agrochemical such as glyphosate since January 2013 and IPM techniques are being implemented to minimise the use of chemicals for control of palm pests. (8.1.1)

The Mill and Estates are implementing environmental improvements with priorities assigned using information on the significant environmental aspects. The Mill has upgraded facilities for the temporary storage of palm by-products, such as boiler ash, fibre and nut shell, to prevent materials from entering the monsoon drain system. The Estates are improving the control of rainfall runoff by constructing silt pits and additional roadside drains to divert the surface water into the field. (8.1.2)

The recycling of palm by-products (EFB, and boiler ash) has been implemented. The Mill and Estates have implemented collection and recycling of scheduled waste materials to DOE approved Contractors. (8.1.3)

The Mill and Estates have implemented improvements to control the source of pollutants and prevention of discharge to the environment by implementing appropriate oil trap, spill containers and bund system where applicable. (8.1.4)

The Social Management Plan is based on information from the SIA and stakeholder consultations. An example at the Estates is refurbishment of the village “Surau” which located adjacent to the estate. (8.1.5)

The Management Review process shares information on best practices for performance improvement. TDM Plantation head office has requested Sungai Tong operating unit to record information on expenditure related to social and environmental aspects. (8.1.6)

### **3.2 Detailed Identified Nonconformities and observations**

There was no Major nonconformity during the Initial Certification Assessment. However, two minor nonconformities were raised together with eight observations for improvement identified. The management has submitted corrective action plans for the nonconformities. One of the minor nonconformity was closed prior to finalising this summary report. Closing out evidence for the remaining minor nonconformity and observations for improvement will be followed up during the next Surveillance Assessment.

The details of the minor nonconformities are as below:  
**924589N0: 6.1.3: A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.**

*Pelong estate Identification of social impacts was carried out by the operating units in consultation with other affected parties, including women and migrant workers. The assessment was conducted by independent consultants. The assessment identified all impacts (both positive and negative). The social impact assessor also recommended necessary mitigation and monitoring plans. However during the document audit it was noted that the plan was not updated with timetable and responsibility as necessary to mitigate and monitor the social impacts.*

**924589N1: 6.6.2: A published statement in local languages recognizing freedom of association.**

*There is a published statement in local languages recognizing freedom of association. However, during the stakeholder meeting with Terengganu NUPW Secretary and workers from various operating units reveal that it was not fully implemented and understood. It was noted that there is a need for further discussion between management, State NUPW and employees to resolve some of pending issues such as union membership payment, deduction from workers salary and agreement from the workers. It was noted that some workers wants to withdraw from joining the union due to the membership fee.*

Latest status: It was informed by the NUPW Secretary on 23<sup>rd</sup> September 2013 that he is satisfied with the company's response to the above issues. He had a meeting with the management and workers. According to him the payment and membership issue was resolved. However, the audit team will further follow up the implementation during surveillance assessment.

The Sungai Tong operating Unit has submitted a corrective action plan which has been reviewed and accepted by BSI audit team. The implementation and the

effectiveness of the corrective action plan will be reviewed during the next surveillance assessment.

#### **Observation/Opportunity for improvement**

**Observation 1 (2.1.1):** Mill - *There were two new unit of air compressor air receiver noted at the mill waiting to be commissioned. This was noted by DOSH as well. The mill is in progress of obtaining approval from DOSH.*

**Observation 2 (4.3.3):** Fikri and Pelong Estates - *There is a road maintenance program available and regular maintenance is carried out as per program. The management should consider compiling all the information into one report for easy reference.*

**Observation 3 (4.7.1(i)):** Pelong Estate - *It was noted that first aid boxes are available at work station. Sometime the mandor carries the first aid box in his motorcycle and moves around.*

**Observation 4 (5.3.2):** Mill - *The mill should consider building a proper oil trap at the mill canteen drain outlet to trap any waste oil from the washing of cooking utensils although the drain outlet looks clean.*

**Observation 5 (5.5.3):** Pelong Estate - *Continuous awareness among workers on zero burning including zero burning of waste should be continuously implemented to ensure workers aware of the zero burning policy at all time.*

**Observation 6 (6.2.3):** Mill and Fikri Estate - *Stakeholder list available. As an area for improvement, the stakeholder list can be updated regularly and include stakeholders such as MPOA, NUPW, Jabatan Pertanian etc.*

**Observation 7 (6.5.3):** Pelong Estate - *Housing provided by the management to all workers. There is RM 15,000 budget allocated to upgrade the housing at the estate which was approved in April and the management plans to carry out the upgrading in June 2013. The progress will be further followed up during surveillance assessment.*

**Observation 8:** *Schedule plan of maintenance work for electrical equipment and machinery should be considered so that a properly planned maintenance work is carried out rather than ad-hoc plan.*

### **3.3. Noteworthy Positive Components**

> The Mill has implemented significant improvements since the pre assessment for the control of source of pollutants. Bunkers have been installed for containment of boiler ash, fibre and nut shell during temporary storage. This prevents materials from being washed into the monsoon drain system by rainfall off.

> Interview of the village representatives found that Sungai Tong operating Unit has a close and cooperative relationship with the local villagers.

> No any complaints or disputes were noted or highlighted by stakeholders.

### **3.4 Issues raised By Stakeholders and Findings with Respect To Each Issue**

The majority of stakeholders had positive comments about Sungai Tong Certification Unit. Issues raised by stakeholders were discussed with the management and the company's response is obtained. The detail of stakeholders comment is provided in each criterion as part of this summary report.

**Contractors:** Payment is made promptly and no any disputes.

**Head of the village and village representative:** Confirmed that good relationship is maintained with the management and villagers. No any disputes were highlighted.

**School Headmaster:** Confirmed that he received lot of contributions from the management such as cash donation and materials such as books. Good relationship and cooperation is maintained between them.

**Immigration officer:** Confirmed that all foreign workers at Sungai Tong operating units have proper work permits and no issues on illegal workers.

**Local and Foreign workers:** No disputes or grievances highlighted. Some workers wanted to withdraw from workers union.

**Company response:** *The management is still indiscussion with the union (NUPW).*

**Audit Team Comment:** *Discussion held with the management and NUPW state secretary. See the comments below and nonconformity ref: 924589N1.*

**National Union of Plantation Workers (NUPW):** Terengganu State NUPW secretary has officially written to BSI upon the assessment notification was posted on the RSPO website. He wrote regarding an issue related to Sungai Tong operating unit workers Union implementation. BSI audit team has called for a meeting with the state secretary separately. Later a discussion with TDM management held to discuss further the issue during the assessment. It was noted that there is a need for further discussion between management, State NUPW and employees to resolve some of the pending issues such as union membership payment and agreement from the workers as there were some workers wants to withdraw from joining the union.

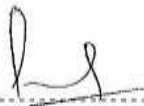
**Company response:** *The management will immediately call for a meeting with the state secretary and its workers to discuss further on the issue and resolve the pending issues as soon as possible.*

**Audit Team comment:** *It was noted that all parties are committed to implement the union at the operating units. However a minor nonconformity was raised related to this issue due to delay in implementing the freedom of association policy by management. The progress will be verified during next surveillance assessment. Refer section 3.2 for details.*

### **3.5 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings**

Sungai Tong Certification Unit acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. Sungai Tong Certification Unit also accepts the responsibility for addressing the nonconformities and opportunities for improvement detailed in the Assessment Report.

Signed for on behalf of  
**TDM Plantation Sdn Bhd**  
**Sungai Tong Certification Unit**



**Tuan Haji Hassan Bin Osman**  
**Manager, Sungai Tong palm Oil Mill**  
**Date: 05.10.2013**

Signed for on behalf of  
BSI Group Singapore Pte Ltd



.....  
**Senniah Appalasamy**  
**BSI RSPO Lead Auditor**  
**Date: 02.10.2013**

## Appendix A: TDM Plantation Sdn Bhd – Sungai Tong Palm Oil Mill Certification Unit's RSPO Certificate Details

TDM Plantation Sdn. Bhd.  
 Sungai Tong Palm Oil Mill,  
 Lot 7663, Batu 23, Jalan Kuala Terengganu – Kota Bharu,  
 21500 Setiu, Terengganu,  
 Malaysia.

BSI RSPO Certificate №: SPO 595564

Date of Initial Certificate Issued: 27 December 2013

Applicable Standards: RSPO Certification System June 2007 (revised March 2011); RSPO P&C MY-NIWG 2010; and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance.

<b>Sungai Tong Palm Oil Mill and Supply Base</b>													
<b>Location</b>	Setiu, Terengganu, Malaysia.												
<b>Address</b>	Sungai Tong Palm Oil Mill, Lot 7663, Batu 23, Jalan Kuala Terengganu-Kota Bharu, 21500 Setiu, Terengganu, Malaysia.												
<b>GPS</b>	Longitude: 102.9105 E Latitude: 5.3083 N												
<b>CPO Tonnage Total Production (Certified)</b>	59,450												
<b>PK Tonnage Total Production (Certified)</b>	15,950												
<b>FFB Tonnage Total Production (Certified)</b>	290,000												
<b>Estates FFB Tonnage (Certified)</b>	<table border="1"> <tbody> <tr> <td>Tayor</td> <td>45,500</td> </tr> <tr> <td>Pelong</td> <td>24,400</td> </tr> <tr> <td>Jaya</td> <td>77,100</td> </tr> <tr> <td>Fikri</td> <td>67,700</td> </tr> <tr> <td>Pinang Emas</td> <td>56,500</td> </tr> <tr> <td>Jerangau</td> <td>18,800</td> </tr> </tbody> </table>	Tayor	45,500	Pelong	24,400	Jaya	77,100	Fikri	67,700	Pinang Emas	56,500	Jerangau	18,800
Tayor	45,500												
Pelong	24,400												
Jaya	77,100												
Fikri	67,700												
Pinang Emas	56,500												
Jerangau	18,800												

## Appendix B: Initial Certification Assessment Programme

Date	Time	Subjects	Senniah	Isman	Haris	Nabila
Monday 20/5/2013	08.30 – 09.30	Opening Meeting: <ul style="list-style-type: none"> <li>• Presentation by the Estate and mill managers</li> <li>• Presentation by Audit team leader.</li> <li>• Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation)</li> </ul>	√	-	√	√
	09.30 – 12.00	<b>Pelong Estate</b> 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	<b>Pelong Estate</b> 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).	√	-	√	√
Tuesday 21/5/2013	08.30 – 12.00	<b>Fikri Estate</b> 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	<b>Fikri Estate</b> 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). Verify evidence to close stage 1 findings at Ladang Jaya	√	-	√	√
Wednesday 22/5/2013	8.30 – 12.00	<b>Mill</b> 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.	√	√	-	-
	8.30 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.) Verify stakeholder feedbacks with management	-	-	√	-
	12.00 – 13.00	Lunch	√	√	√	-
	13.00 – 17.00	<b>Mill</b> Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Training records, review pay documents etc).	√	√	√	-
Thursday 23/5/2013	8.30 – 11.30	verify other outstanding issues, Auditor meeting & Preparation for closing meeting	√	√	√	-
	11.30 – 12.00	Closing Meeting	√	√	√	-

## Appendix C: List of Stakeholders Contacted

<p><b>Internal Stakeholders</b></p> <p>Sungai Tong Certification Unit’s Management team and Staff  Representatives from Sustainability Department  On site compliance executives  Mill Managers and Assistants  Estate Managers and Assistants  Facility Administrators  Gender Committee Representatives  Hospital Assistant  Clinic Assistant  Male and Female workers  Workers Union Representatives  Onsite NUPW secretary  AMESU Representative</p>	<p><b>Local Communities</b></p> <p>Kampung Pelong Village Representative  Shop owner  Surrounding Smallholders</p> <p><b>Contractors</b></p> <p>Housing contractor  FFB Supplier (Smallholder)  FFB Transport contractor</p>
<p><b>Government Departments</b></p> <p>Department of Environment  Forestry Department  Government School  Fire and Rescue Department Representative, Setiu  Immigration Officer, Terengganu</p>	<p><b>Others</b></p> <p>Terengganu State NUPW Secretary</p>

## Appendix D: Sungai Tong Palm Oil Mill Supply Chain Assessment (Module E: Mass Balance)

<b>Requirements</b>	
<b>E.1. Documented procedures</b>	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	Sungai Tong palm oil mill have written documented procedures (TDM/STPOM/01 rev. STPOM 01/2013 dated 30/1/2013) for the chain of custody with MB model covering certified and non-certified FFB. The mill manager has the responsibility to ensure implementation. The MB model used because sometimes FFB are purchased from outside smallholders.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Sungai Tong 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.
<b>E.2. Purchasing and goods in</b>	
E.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..
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
<b>E.3. Record keeping</b>	
E.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.
E.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years and financial documents retained longer based on the local regulation requirement.
E.3.3 (a) 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. No PKO and Palm kernel meal at these sites.
E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Computerized system in place with the delivery deducted accordingly.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	The Mill aware that only positive stock can be delivered. No short selling.
E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Sungai Tong Palm Oil Mill use Mass Balance model and System in place to indicate CPO/MB or PK/MB on the documents related to the supply chain. Sample documents are available as reference.
E.3.5 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 the crush is covered through a signed and enforceable agreement.	No outsourcing activities.
<b>E.4. Sales and goods out</b>	
E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	No certified product sales during initial certification. The mill has system to carry out sales of certified palm products and makes traceability records as per RSPO requirement. The documents relevant to sales 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 invoice.
(b) The date on which the invoice was issued	Date is written on the existing invoice.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description is written. Mass balance model will be written once the management unit is certified.
(d) The quantity of the products delivered	Quantity in tones.
(e) Reference to related transport documentation	Weighbridge documents and delivery document includes all the transport references.
<b>E.5. Training</b>	
E.5.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Executive and Staffs in the weighbridge, stock control, storage and processing, document control have attended training. There was training conducted on 5 February 2013 to introduce the SOP and latest training was on 6 May 2013.
<b>E.6. Claims</b>	
E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims have been made.



Appendix E: Location of Sungai Tong Palm Oil Mill and Supply Base in Terengganu, Malaysia

