



**PUBLIC SUMMARY
STAGE 2 (FIRST CYCLE)
FOR RSPO P&C CERTIFICATION**

**SIME DARBY PLANTATION SDN BHD
RSPO MEMBERSHIP NO: 1-0008-04-000-00
SOU 30 MEROTAI CERTIFICATION UNIT**

Tawau, Sabah, Malaysia

**Certificate Number: RSPO 0027
Date of First Certification: January 2009
Audit Date : 15-19 December 2014**

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EXECUTIVE SUMMARY

This public certification summary provides the general information on the SOU 30 Merotai Certification Unit (SOU 30 Merotai CU) of the Sime Darby Plantation Sdn Bhd, the audit process, the findings of the Stage 2, Non-Conformity Reports (NCRs), and the decision on the certification of the CU against the requirements of the MYNI RSPO P&C : 2010 standard.

This audit on the SOU 30 SOU 30 Merotai was conducted on 15-19 December 2014. SIRIM QAS International Sdn. Bhd. (SIRIM QAS International) was contracted by SDPSB to conduct this audit. SIRIM QAS International is the leading testing, inspection and certification body (CB) in Malaysia having provided its services to all sectors of the business and industry for over 30 years. SIRIM QAS International, as an accredited CB by the United Kingdom Accreditation Service (UKAS) and STANDARDS MALAYSIA provides a comprehensive range of management system certification services on quality, environment, and health and safety.

SIRIM QAS International has wide experience in conducting audits on palm oil mills and oil palm estates for certification of management system against the requirements of the ISO 14001 and OHSAS 18001. SIRIM QAS International was approved as a CB by RSPO on 21 March 2008. Since then, it has conducted many assessments on RSPO sustainable production of palm oil in Malaysia.

The three (3) Major non conformities (NCRs) raised during this Stage 2 audit has been adequately addressed and therefore closed out. The corrective action plans sent to address the two (2) minor NCRs has been accepted. Verification and monitoring on the effectiveness of the corrective actions taken against the minor NCRs will be made during next audit.

Based on the findings of the Stage 2, it could be concluded that the SOU 30 SOU 30 Merotai has complied with the requirements of the MYNI RSPO P & C :2010 standard .

1.0 Scope of Audit

1.1 National Interpretation Used

The operations of the SOU 30 Merotai Palm Oil Mill (Merotai POM) and its supply bases of oil palm fresh fruit bunches (FFBs) were assessed against the requirements of the MYNI RSPO P&C : 2010.

1.2 Certification Scope

The scope of certification is the sustainable production of crude palm oil and palm kernel using the Mass Balance model.

1.3 Location of Mill and Supply Base

SOU 30 Merotai is situated in Tawau District, Sabah, East Malaysia. The locations map of the CU is shown in Attachment 1

Table 1: Office Location and addresses of mill and estates

Estate/Mill	*Coordinates		Location Address
	Latitude	Longitude	
Merotai Palm Oil Mill	4° 37' N	117° 83' E	91007 Tawau, Sabah, Malaysia
Merotai Estate	4° 23' N	117° 47' E	91007 Tawau, Sabah, Malaysia
Tiger Estate	4° 25' N	117° 50' E	91007 Tawau, Sabah, Malaysia
Table Estate	4° 22' N	117° 52' E	91007 Tawau, Sabah, Malaysia
Imam Estate	4° 20' N	117° 50' E	91007 Tawau, Sabah, Malaysia

**Location of Administration Office in the Estates*

1.4 Description of Supply Base (Fruit Sources)

The FFB is sourced from company owned estates that are certified and a small percentage from non-certified smallholders' and small growers' crop. Details of the FFB contribution from each source to Merotai POM are shown in the following tables:

Table 2: Certified area statement

Estate	Year of establishment	Area (Ha)				Area (%)	
		Certified/ Titled	Planted	Mature	Immature	Mature	Immature
Merotai	1957	3,052.66	2,686.12	2,686.12	NIL	100	0
Tiger	1949	2,444.96	2,292.66	2,292.66	NIL	100	0
Table	1950's	2,083.78	2,071.83	2,071.83	NIL	100	0
Imam	1978	3,865.29	3,268.88	1,912.11	1,356.77	58	42
Total		11,446.69	10,319.49	8,962.72	1,356.77	87	13

**Table 3: Actual FFB received from supplying estates by Merotai POM
(January to December 2014)**

Estates	FFB Production	
	Tonnes	Percentage (%)
Merotai	76,377.69	21.55
Tiger	71,484.38	20.16
Table	60,951.85	17.19
Imam	73,987.25	20.87
Third party	71,699.01	20.23
Total	354,500.18	100%

**Table 4: Projected FFB received from supplying estates by Merotai POM
(January to December 2015)**

Estates	FFB Production	
	Tonnes	Percentage (%)
Merotai	78,112.99	21.99
Tiger	65,627.22	18.48
Table	56,282.64	15.85
Imam	75,359.27	21.22
Third party	79,800.00	22.47
Total	355,182.12	100%

1.5 Date of plantings and cycle

The planting profiles of all the directly managed supply bases are stated in the following tables:

Table 5: Planting profile for Merotai Estate

Year of planting	Planting cycle (Generation)	Maturity status	Planted area (ha)	Percentage of planted area (%)
1992	2 nd	Mature	36.18	1.35
1995	1 st	Mature	25.03	0.93
1995	2 nd	Mature	46.23	1.72
1994	2 nd	Mature	32.64	1.22
1996	1 st	Mature	51.86	1.93
1998	1 st	Mature	71.93	2.68
1999	2 nd	Mature	155.87	5.80
2000	1 st	Mature	317.16	11.81
2000	2 nd	Mature	95.93	3.57
2001	2 nd	Mature	234.54	8.73
2002	2 nd	Mature	293.71	10.93
2004	3 rd	Mature	84.67	3.15
2005	2 nd	Mature	298.59	11.12
2007	2 nd	Mature	303.06	11.28
2008	3 rd	Mature	298.04	11.10
2009	3 rd	Mature	193.68	7.21
2010	3 rd	Mature	147.00	5.47
Total			2,686.12	100.00

Table 6: Planting profile for Tiger Estate

Year of planting	Planting cycle (Generation)	Maturity status	Planted area (ha)	Percentage of planted area (%)
2010	2 nd	Mature	44.84	1.96
2007	2 nd	Mature	109.03	4.76
1992	1 st	Mature	98.41	4.29
1994	1 st	Mature	97.85	4.27
1996	1 st	Mature	45.89	2.00
1995	1 st	Mature	74.13	3.23
1997	1 st	Mature	503.63	21.97
1998	1 st	Mature	1,010.10	44.06
1999	1 st	Mature	308.78	13.47
Total			2,292.66	100.00

Table 7: Planting profile for Table Estate

Year of planting	Planting cycle (Generation)	Maturity status	Planted area (ha)	Percentage of planted area (%)
1995	1 st	Mature	54.13	2.61
1996	1 st	Mature	3.69	0.18
1997	1 st	Mature	397.27	19.17
1998	1 st	Mature	1,199.34	57.89
1999	1 st	Mature	417.40	20.15
Total			2,071.83	100.00

Table 8: Planting profile for Imam Estate

Year of planting	Planting cycle (Generation)	Maturity status	Planted area (ha)	Percentage of planted area (%)
1976	1 st	Mature	30.00	0.92
1977	1 st	Mature	26.47	0.81
1990	1 st	Mature	72.73	2.22
1991	1 st	Mature	20.78	0.64
1995	1 st	Mature	454.35	13.90
1996	1 st	Mature	147.35	4.51
2000	1 st	Mature	405.13	12.39
2001	2 nd	Mature	14.90	0.46
2002	2 nd	Mature	220.70	6.75
2004	2 nd	Mature	240.60	7.36
2005	2 nd	Mature	279.10	8.54
2008	2 nd	Immature	230.84	7.06
2009	2 nd	Immature	509.00	15.57
2010	2 nd	Immature	328.00	10.03
2011	2 nd	Immature	288.93	8.84
Total			3,268.88	100.00

1.6 Other certification held (ISO etc.)

SOU 30 Merotai does not hold any other certification.

1.7 Organizational information / contact person

Name : Nordin Bin Md Hashim
 Designation : Mill Manager
 Address : P.O. Box 135, 91007 Tawau, Sabah, Malaysia
 E-mail : nordin.hashim@simedarby.com

1.8 Tonnage certified

**Table 9: Actual FFB received and CPO & PK delivered by Merotai POM
(January to December 2014)**

	Total (MT)
FFB Received	354,500.18
FFB Processed	355,362.74
CPO Production	82,800.19
PK Production	15,852.92
CPO delivered as Mass Balance	0
CPO delivered as non-RSPO certified	82,731.650
PK delivered as Mass Balance	0
PK delivered as non-RSPO certified	15,843.750

**Table 10: Projected FFB received and CPO & PK delivered by Merotai POM
(January to December 2015)**

	Total (MT)
FFB Received	355,182.12
FFB Processed	355,182.12
CPO Production	81,691.888
PK Production	14,207.285
CPO delivered as Mass Balance	63,335.721
CPO delivered as non-RSPO certified	18,356.167
PK delivered as Mass Balance	11,014.908
PK delivered as non-RSPO certified	3,192.377

1.9 Time Bound Plan (TBP)

The Sime Darby Plantation Group has been a member of RSPO since 8 Sep 2004 and is committed to full compliance with the RSPO P&C and full certification in all aspects of its operations. Sime Darby Plantation Sdn Bhd (SDPSB) owns and operates 62 palm oil mills (Strategic Operating Unit – SOU) and 202 estates (as per update on 31 Mar 2012), throughout Malaysia and Indonesia which has completed its RSPO certification assessments in year 2011.

Based on the due diligence conducted on SDPSB there were no significant land conflicts, no replacement of primary forest or any area containing HCVs since November 2005, no labour disputes that are not being resolved through an agreed process, no evidence of non-compliance with law in any of the non-certified holdings. Sime Darby has complied with the RSPO requirement for partial certification and has justified the revision to TBP. In conclusion:

1. There is no any other isolated lapse in Time Bound Plan.
2. No systematic failures to proceed with implementation of the Time Bound Pan since first certified.
3. The changes in the Time bound Plan was justified and found to be adequate.

2.0 AUDITPROCESS

2.1 Audit Methodology and Programme

The planning for this Stage 2 audit was guided according to the RSPO Audit Document. The Stage 2 audit was guided by the sampling formula of $0.8 \sqrt{y}$. However after studying the document of previous assessment, it was decided that the sampling formula of $0.8 \sqrt{y}$ to determine the number of supply bases to be audited would not be used as each supplying base selected has its own issues related to the requirements of the RSPO MYNI. Each of site were assessed, namely SOU 30 Merotai oil mill, SOU 30 Merotai estate, Merotai estate, Tiger estate, Table estate and Imam estate. The audit team carried out field and office assessments for conformance against the RSPO MYNI principles and criteria. The visit has covered mill operation, estate agriculture practise, HCV habitats, labour lines, chemical storage areas and other workplaces.

Common systems were identified and specific evidences were recorded for individual estates as well as smallholders. Interviews, particularly those with employees, local communities and suppliers were conducted formally as well as informally, without the presence of company management personnel. In addition to that, related records and documentation were inspected.

Detail of area coverage during this audit is highlighted in the Stage 2 audit programme refer **Attachment 2**.

2.2 Date of Next Surveillance Visit

The next surveillance audit should be conducted within twelve months but not sooner than nine months from the approval date.

2.3 Qualification of Lead Assessor and Audit Team

The audit team consisted of four assessors. The details of the assessors and their qualification are detailed below:

Members	Roles	Qualifications
Valence Shem	Audit Team Leader: Good Agricultural	<ul style="list-style-type: none"> B.Tech. (Hons) Industrial Technology, Universiti Sains Malaysia Nine years' experience in Oil Palm Plantation management

	Practice, Environmental and Supply Chain	<ul style="list-style-type: none"> • Successfully completed and passed IEMA accredited Lead Assessor Course for ISO 14001: 2004 and IRCA accredited Lead Assessor Course for ISO 9001: 2008 • Successfully completed and passed the RSPO P&C Lead Assessor Course in 2011 • Successfully completed and passed the RSPO SCCS Lead Assessor Course in 2012 • Collected more than 500 auditor days in auditing various schemes i.e. ISO 14001, RSPO P&C and RSPO Supply Chain
Hazani Othman	Assessor: HCV and Social	<ul style="list-style-type: none"> • An associate SIRIM's Lead Auditor (ISO 14001, ISO 9001, FSC & MTCC FMC and CoC, RSPO P&C). • Approximate 20 years total working experience. Approximate 16 years experiences in management systems and sustainability auditing / certification. • Over 400 auditor days of auditing experience of various scheme and industry • Successfully completed SCS/FSC Forest Assessor Course - 2000. • Successfully completed MTCC/Smartwood/GTZ endorsed Forest Certification Assessor Course - 2000. • Successfully completed IRIM / FDPM / UPM / FRIM / APAFRI endorsed Forest and Environmental Audit Course – 2000. • Successfully completed EARA ISO 14001 approved Lead Assessor Course - 2000. • Successfully completed IRCA ISO 9001 approved Lead Assessor Course - 2005. • Successfully completed MTIB / Sarawak Planted Forest - Forest Plantation Development Course – 2010. • Successfully completed RSPO endorsed Lead Assessor Course - 2013. • Successfully completed MTCC endorsed Auditor Course for Natural and Plantation Forests - 2013. • Hold Bachelor of Forestry Science and Diploma in Forestry, Universiti Putra Malaysia.
Jagathesan a/ Suppiah	Assessor: Occupational Safety & Health, Environmental and Mill Best Practice	<ul style="list-style-type: none"> • More than 23 years working experience in Manufacturing concerns at various Managerial position, Managing Operation, Quality Assurance & Regulatory Affairs and Quality & Process Control Disciplines • Experience of carrying out audits on more than 700 companies around Malaysia for the past 15 years for various schemes i.e. ISO 9000, ISO 13485, ISO 14000, OSHAS 18000 and GMP/FDA regulations • Successfully completed Lead Assessor training for ISO 9001, ISO 14000, OSHAS 18001, ISO 13485 and RSPO • Bachelor of Chemical Science (Hons)

2.4 Certification Body

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

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

2.5 Stakeholder Consultation and List of Stakeholders Contacted

There were various stakeholders interviewed during this audit comprising of workers, surrounding villagers and contractors. Generally, all of the stakeholders had given positive feedback towards SOU 30 Merotai CU.

Government Agencies & Statutory Bodies

1. Balai Polis Bombalai, Tawau
2. Balai Polis, Tawau
3. Hospital Tawau
4. Jabatan Alam Sekitar Daerah Tawau
5. Jabatan Alam Sekitar Negeri Sabah, Kota Kinabalu
6. Jabatan Bomba & Penyelamat, Tawau
7. Jabatan Imigresen Sabah Daerah Tawau
8. Jabatan Keselamatan dan Kesihatan Pekerjaan Cawangan Tawau
9. Jabatan Keselamatan dan Kesihatan Pekerjaan, Kota Kinabalu
10. Jabatan Perangkaan Malaysia, Kota Kinabalu
11. Jabatan Perangkaan Putrajaya
12. Jabatan Perdagangan dalam Negeri, Tawau
13. Jabatan Tenaga Kerja Daerah Tawau
14. Klinik Kesihatan Ibu dan Anak, Tawau
15. Klinik Kesihatan Merotai Besar
16. Kumpulan Wang Simpanan Pekerja (KWSP) Tawau
17. Majlis Perbandaran Tawau
18. Pejabat Pelajaran Daerah Kunak

19. Pejabat Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan Cawangan Lahad Datu
20. Pejabat Pos Malaysia Daerah Kunak
21. Pertubuhan Keselamatan Sosial (PERKESO), Tawau
22. Suruhanjaya Tenaga, Sandakan
23. Table Group Hospital
24. MPOB Sabah Region, Kota Kinabalu
25. MPOB, Kelana Jaya, Selangor
26. MPOB, Tawau

Non-Governmental Stakeholders

1. Agensi Pekerjaan EMCOJUTA Sdn Bhd
2. Amanah Saham Nasional Berhad, Tawau
3. ETIQA Takaful Berhad, Tawau
4. MAYBANK Ge Berhad, Kuala Lumpur
5. BORNEO Child Aid-Humana (Child & Society) Sabah
6. Philippines Embassy
7. Sabah Plantation Industry Employees Union
8. Tawau Plywood Manufacturing, Tawau

Local Communities & Other Interested Parties

1. Kg Sg Hj Matahir
2. Kg Simpang Tiga
3. Binuang Estate Sime Darby Plantation
4. Binuang Mill Sime Darby Plantation
5. Imam Estate
6. Kunak Bulking Installation
7. Merotai Estate
8. Purnomo Sangkan, Merotai Estate
9. SK (M) Bombalai
10. SK Abaka
11. SK Bandar Tawau 11
12. SK Ladang Tiger
13. SK Melati
14. SK Merotai Besar
15. SK Merotai Kecil
16. SMK Abaka
17. SMK Merotai Besar
18. SMK Tawau
19. Sunggang Estate Sime Darby Plantation

- 20. Table Estate
- 21. Tiger Estate
- 22. Tingkayu Estate Sime Darby Plantation
- 23. Yuwang Mill

3.0 AUDIT FINDINGS

3.1 Summary of Findings

The 3 Major NCR raised during this Stage 2 audit has been adequately addressed and therefore closed out. 2 corrective actions plans on Minor NCR has been provided by Merotai CU and found to be sufficient with the assessed standard requirement. The effectiveness of corrective action taken against this will be verified during next audit.

Details of the audit findings (evidences) has been accordingly addressed in full detailed report. The summary of it, with corrective action verification details for NCR are as follows:

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
C 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 and forms to allow for effective participation in decision making	1.1.1	Records of requests and responses must be maintained. <i>Major.</i>	Yes	Merotai CU continued to implement the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The records of communication were identified and maintained in different files depending on the stakeholder. Among the records sighted were correspondences with the authorities, local communities and employees.
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. This concerns management documents	1.2.1	Land titles / user rights (C 2.2)	Yes	Publicly available. Cross refer to C 2.2.
	1.2.2	Safety and health plan (C 4.7)	Yes	Publicly available. Cross refer to C 4.7.
	1.2.3	Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3)	Yes	Publicly available. Cross refer to C 5.1 and 6.1.
	1.2.4	Pollution prevention plans (C 5.6)	Yes	Publicly available. Cross refer to C 5.6

relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Documents that must be publicly available include, but are not necessarily limited to:-	1.2.5	Details of complaints and grievances (C 6.3)	Yes	Publicly available. Cross refer to C 6.3.
	1.2.6	Negotiation procedures (C 6.4)	Yes	Publicly available. Cross refer to C 6.4.
	1.2.7	Continuous improvement plan (C 8.1)	Yes	Publicly available. Cross refer to C8.1.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations	2.1.1	Evidence of compliance with legal requirements. <i>Major</i>	No	<p><u>Major NCR # JS 1/2014</u></p> <p>At Imam Estate - the use of Methamidophos (class 1b) highly toxic pesticides, during the period of Feb to July, 2014 for 'Trunk Injection was not recorded using the Form I, II, & III.as required by Pesticides Act 1974 (Act 149) & Regulations, Rules and Order – Highly Toxic Pesticides Regulations 1996 – Second Schedule.</p> <p>The information about consumption of Methamidophos has been recorded by using forms in accordance to Highly Toxic Pesticides Regulations (using form I, II and III) by Imam Estate. A copy of the forms has been submitted to the assessor for verification.</p> <p>At Merotai POM – the Lab workers who handle n-Hexane (a schedule II chemical – Sub regulation 27(3)) are only subjected to exposure monitoring once a year and not at intervals of 6 months.</p> <p>Latest check: 26/5/2014 – Prior check: 22/7/2013</p> <p>The mill has provided the medical surveillance reports for all the involved employees. The medical surveillance was carried out by a JKPP's authorised Occupational Health Doctor.</p>

				<p>Copies of the medical surveillance results were sent to the assessor for verification.</p> <p>Status: Closed</p> <p>Boiler register, indicating the date of commission, cleaning, inspection and maintenance particulars are in place.</p> <p>Based on the 'Kebenaran Bertulis' by DOE, the Quarterly Return Form, is being generated and forwarded to DOE in a timely manner.</p> <p>There is compliance to the Factories and Machinery (Noise Exposure) Regulations 1989. Areas with noise level exceeding equivalent continuous sound level of 90 dB (A) are positively identified and appropriate ear protection have been prescribed.</p>
	2.1.2	<p>A documented system, which includes written information on legal requirements.</p> <p><i>Minor</i></p>	Yes	<p>The CU continued to implement and maintain the established documented system for identifying, accessing, tracking and monitoring of compliance with the legal requirements that are applicable to the CU operation. Each office of the operating unit (mill and estates) has its own Legal and Other Requirements Register (LORR) and were being evaluated individually annually for compliance.</p>
	2.1.3	<p>A mechanism for ensuring that they are implemented.</p> <p><i>Minor</i></p>	Yes	<p>A mechanism to ensure compliance to legal and other requirement observed maintained as per documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under the CU. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance, as referred to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Attachment 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p>

	2.1.4	<p>A system for tracking any changes in the law.</p> <p><i>Minor</i></p>	No	<p><u>Minor NCR # VS01/2014</u></p> <p>Updates of the Legal and Other Requirements Register (LORR) have yet to be done at some of the visited operating units.</p> <p>The current LORR has yet to be updated to include the some of the legal requirements e.g.:</p> <ul style="list-style-type: none"> • Environment Quality Act 1974, 49A on competent person (amendment 2012) • Industrial Code of Practice Confined Space 2010 • CLASS (Classification, Labelling and Safety Data Sheet) Regulation 2013 • Medical Assistant (Registration) Act 1977 • FMA 1967, Person in Charge Regulations (Amendment) 2014 • Labour Ordinance Cap 67 • Child Care Centre Act, 1984 • Immigration Act, 1975 <p>Industrial Relation Act, 1956</p> <p>The CU has informed the SIRIM through e-mail on 6/4/2015 that a department in Sime Darby Group (PSQM) will update the legal and other requirements register by adding in the missed out requirements identified by the assessors.</p> <p>Status: Corrective action plan are acceptable. verification of the effectiveness will be verified during next assessment</p>
<p>C 2.2</p> <p>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</p>	2.2.1	<p>Evidence of legal ownership of the land including history of land tenure.</p> <p><i>Major</i></p>	Yes	<p>The copy of legal ownership of the land under the CU had been provided and verified. There are 31 land titles involved under Merotai CU with total area of 11,446.692 Ha. Most of the lease names were Sime Darby Plantations (Sabah) Sdn. Bhd. [a subsidiary fully owned by Sime Darby Plantation Sdn Bhd.], while some were not. The CU is still in the process of updating the lease names with the authorities.</p>

	2.2.2	Growers must show that they comply with the terms of the land title. [This indicator is to be read with Guidance 2] <i>Major</i>	Yes	The CU found to be complying with the terms of the land titles. Most of the terms are for cultivation of oil palms and some were still for cultivation of rubber/abaca. The CU is still in the process of updating the terms with the authority.
	2.2.3.1	Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained. <i>Minor</i>	Yes	The boundary stone along the perimeter adjacent to smallholders and other reserves were available, as observed at the visited estates.
	2.2.3.2	Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. Cross ref. to 2.3.3, 6.4.1 and 6.4.2. <i>Minor</i>	Yes	There were no disputes observed.
C 2.3 Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.	2.3.1	Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights. <i>Major</i>	Yes	No lands encumbered by customary rights were observed.
	2.3.2	Map of appropriate scale showing extent of claims under dispute. <i>Major</i>	Yes	Not applicable. There were no disputes observed.
	2.3.3	Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6). <i>Minor</i>	Yes	Not applicable. There were no disputes observed.

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

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	Annual budget with a minimum 2 years of projection <i>Major</i>	Yes	<u>Merotai Estate</u> Merotai CU continued to persevere to make commitment to long-term economic and financial viability. The annual budgets for 2014/15 to 2018/2019 were sighted. The budget provisions cover activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. The budget included projections on yield/ha, and total cost of production per m ton & per ha. <u>Merotai POM:</u> Annual Budget with a 5 year projection has been established for every beginning calendar year – reviewed and projection. CAPEX & OPEX budget approved by Sr. GM and endorsed by HQ. Budget sighted in the SAP system.
	3.1.2	Annual replanting programme projected for a minimum of 5 years with yearly review. <i>Minor</i>	Yes	<u>Merotai Estate</u> The replanting programme for the next five years had been prepared as sighted in the 'Replanting programme 2011 to 2021. This programme is reviewed once a year and is incorporated in their annual financial budget. The programme was being implemented as scheduled. The last replanting was in 2010 with an area of 149.04 Ha.

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

Clause	Indicators		Comply Yes/No	Findings
	4.1.2	Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months. <i>Minor</i>	Yes	Some examples of monitoring records sighted at the visited operating units: <ul style="list-style-type: none"> Harvesting intervals. Interval observed vary to be between 10 to 17 days. progress report of application of fertilisers, EFB and bio-compost. The work progress was generally on schedule

				<ul style="list-style-type: none"> Harvesting quality recorded in "Plantation Micro Macro Programme (PMMP)". Among the criteria monitored are unharvested bunch, uncollected bunch, unpruned palms, unstacked fronds and uncollected loose fruits. The data will then be used for the purpose of further improvement, such <p>All the concerned records are being maintained for > 12 months.</p>
<p>C 4.2</p> <p>Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>	4.2.1	<p>Monitoring of fertilizer inputs through annual fertilizer recommendations.</p> <p><i>Minor</i></p>	Yes	<p><u>Merotai Estate</u></p> <p>Fertilizer application is recommended by an agronomist (Mr. Mohd Helmi Ismail) from Sime Darby Research Sdn. Bhd., Carey Island. Latest recommendation was on 7/7/2014 for September 2014 to April 2015 manuring programme. Fertiliser application rate per palm (dosage) varies from field to field. Recommended dosage for mature palm is between 11 to 13 kg/palm using straight fertiliser (AS, MOP, RP and KS).</p> <p>As at November 2014, Merotai Estate has completed 36% progress of the entire programme. The progress was on schedule. The actual progress of fertilizer application is recorded in the estate's manuring progress record.</p>
	4.2.2	<p>Evidence of periodic tissue and soil sampling to monitor changes in nutrient status.</p> <p><i>Minor</i></p>	Yes	<p><u>Merotai Estate</u></p> <p>Annual fertiliser recommendation was done by the Agronomist with reference to soil and foliar sampling. The foliar sampling is done annually for all fields. The latest foliar sampling report was prepared in April 2014 and available at the estate office</p>

				for verification. Whereas the last soil analysis was done on 28/5/2014 [report # S4/2014] by Sr. Chemist (Kursiah Hj. Arase) from Sime Darby's R&D Centre, Tawau.
	4.2.3	Monitor the area on which EFB, POME and zero-burn replanting is applied. <i>Minor</i>	Yes	<u>Merotai Estate</u> EFB and bio-compost application is also recommended by the R&D Department for some of the fields at a rate of 40 mt/Ha and 100 kg/palm respectively. Verification of weighbridge tickets for lorry trips against programme confirmed the application of EFB and bio-compost was done at recommended rate.
C 4.3 Practices minimise and control erosion and degradation of soils.	4.3.1	Documented evidence of practices minimizing soil erosion and degradation (including maps). <i>Minor</i>	Yes	It was observed that practices to minimise and control erosion and degradation of soils were advocated through proper stacking of fronds, EFB application, construction of terraces in hilly terrains, avoidance of blanket spraying and maintenance of soft vegetation in interlines.
	4.3.2	Avoid or minimize bare or exposed soil within estates. <i>Minor</i>	Yes	Bare soil at Merotai Estate during the field visit was observed to be very minimal.
	4.3.3	Presence of road maintenance programme. <i>Minor</i>	Yes	<u>Merotai Estate:</u> Road maintenance programme is available for year 2014/15. Among the planned maintenance activities are frond tip cutting, road resurfacing, grading & compacting. As at December 2014, the road maintenance progress has reached around 40%.
	4.3.4	Subsidence of peat soils should be minimised through an effective and documented water management programme. <i>Minor</i>	Yes	No peat soil at Merotai Estate. Based on its soil map, majority of the soils are of Kinabutan Series (25%), Mai Series (16%), Table Series (15%) and Kechor Series (14%).
	4.3.5	Best management practices	Yes	No fragile soil at the visited

		should be in place for other fragile and problem soils (e.g. sandy, low organic matter and acid sulphate soils). <i>Minor</i>		operating units.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate. <i>Major</i>	Yes	Merotai CU had continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways within the estate. Sime Darby has the policy to maintain the buffer by restricting agrochemicals application and will be left undeveloped during replanting. During the site review at Merotai Estate, it was noted that the assigned buffer zone along the natural water ways was left untouched. The width of the buffer zone for both sides of the bank is in accordance to the Drainage and Irrigation Department (DID) requirements. Merotai Estate also maintained the identity marking for the buffer zone.
	4.4.2	No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate. <i>Major</i>	Yes	There was no observation of bunds, weirs or dams across any water ways and rivers in any of the visited estates of Merotai CU.
	4.4.3	Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to C 5.1 and 8.1). <i>Major</i>	Yes	<u>Merotai Estate</u> Water analysis is done quarterly for Sg. Merotai Kecil. Based on the analysis results generally no significant difference in term of water quality at the upstream and downstream of the river. Among the parameters tested are pH, BOD, COD, SS, AN and Phosphorus and INWQS class is used as the benchmark.
	4.4.4	Monitoring rainfall data for proper water management. <i>Minor</i>	Yes	<u>Merotai Estate:</u> Rainfall records based on rain gauge reading are available on site. Average rainfall per year is 2,200 mm over 150 rain-days for the

				past ten years (2004-13). Based on the records, there is no significant dry period throughout a year.
	4.4.5	Monitoring of water usage in mills (tonnage water use/tonne FFB processed). <i>Minor</i>	Yes	<u>Merotai POM:</u> The records of water usage in mill relative to the FFB processed were maintained. A stable trend was noted.
	4.4.6	Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders. <i>Minor</i>	Yes	No drainage into protected area observed at the visited operating units.
	4.4.7	Evidence of water management plans. <i>Minor</i>	Yes	<u>Merotai Estate</u> Water management plan is available for FY2014/15. The objectives are to maintain the availability of natural water source which in this case obtained from spring water at Tiger Estate. Among the action plan includes create awareness to the population the importance to conserve water maintaining pipelines at line-site, rain water harvesting with rain gutters and reuse water residue from triple rinsing activity. No water crisis has been experienced so far even at the time of drought season because the natural water source has been consistently supplying enough water.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.	4.5.1	Documented IPM system. <i>Minor</i>	Yes	There is a documented integrated pest management (IPM) system in place at the visited estate. The procedure referred is ARM Section 15 Plant Protection. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. The IPM technique for rats includes rearing barn owls

				(tyto alba), bagworm control includes the planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera sublata</i> and for rhino beetles is by using pheromone trap. However, the maintaining of barn owls is generally unsuccessful in East Malaysia.
	4.5.2	Monitoring extent of IPM implementation for major pests. <i>Minor</i>	Yes	<u>Merotai Estate</u> Major pest and disease at Merotai Estate are <i>ganoderma</i> and rhinoceros beetles. IPM implemented so far is only the beneficial plants from tunera sp., <i>cassia cobanensis</i> , <i>antigonon leptopus</i> . Other beneficial plants that left to grow in the field are <i>euphorbia heterophylla</i> and <i>nephrolepis biserrata</i> .
	4.5.3	Recording areas where pesticides have been used. <i>Minor</i>	Yes	Areas where pesticides had been used were recorded in the progress report book.
	4.5.4	Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (a.i.) used/tonne of oil. <i>Minor</i>	Yes	<u>Merotai Estate:</u> Pesticides usage per Ha and per mt FFB basis is available and last updated until November 2014. Based on the records, the consumption (mainly warfarin and cypermethrin) trend is going downward.
C 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	4.6.1	Written justification in Standard Operating Procedures (SOP) of all agrochemicals use. <i>Major</i>	Yes	The written justification in Standard Operating Procedure (SOP) of all agrochemical are available the Agricultural Reference Manual (ARM), SOP and in the Safety Pictorial Book prepared by Sime Darby Plantation Sdn Bhd. [Sime Darby Agricultural Reference Manual, issue:1 version:3 dated 1/7/2011]. The safety aspects and the precaution that needs to be practiced are incorporated in the respective SOPs.
	4.6.2	Pesticides selected for use are those officially registered under the Pesticides Act	Yes	It was confirmed at all site stores visited that pesticide used for field operation were

Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.		1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). <i>Major</i>		those registered under the Pesticide Act 1974. Records of spraying are held on files and in accordance with USECHH Regulations.
	4.6.3	Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. <i>Major</i>	Yes	<u>Imam Estate</u> 2 Chemical stores are being maintained i.e. one for storing fertilisers and the other for storing Pesticides. The stores have access to Emergency shower and eye wash area Adequate 'Safety Signage' has been placed in the store. An equipped 'Spill Kit' is in place, to handle any emergencies. Colour code is used to distinguish the 'Chemical Class'. Chemicals are of class III & IV.
	4.6.4	All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or explained carefully to them by a plantation management official at operating unit level. <i>Major</i>	Yes	<u>Imam Estate</u> The estate continued to use the Agriculture Reference Manual (ARM), SOPs and Safety Pictorial procedure. These documentations included a chemical register which indicates the purpose of chemical usage (intended target), hazards signage, trade and generic names in English and/or Malay language as well as the CSDS of the chemicals. The Safety Pictorial procedures were used as a means of communication to the employees during training and briefing session. Interviews with sprayers confirmed that they understood the needs for proper handling of the chemicals, the safety and health hazards posed by these chemicals and thus the necessity to wear appropriate PPE.
	4.6.5	Annual medical surveillance as per CHRA for plantation pesticide operators. <i>Major</i>	Yes	<u>Imam Estate</u> Annual medical surveillance was conducted for pesticide operators as per CHRA. The CHRA was last conducted in 25/9/2014, by Industrial Hygiene Services Sdn. Bhd

				Report Ref. No: DOSH / CHRA / SDK / MAY 126.
	4.6.6	No work with pesticides for confirmed pregnant and breast-feeding women. <i>Major</i>	Yes	<u>Imam Estate</u> Pregnant and breast-feeding women are not allowed to work with Pesticides & Hazardous Chemicals. Medical Assistant (MA) checks and determine whether female workers are pregnant – check carried out on a Monthly basis. There are 30 female workers involving in pesticides spraying.
	4.6.7	Documentary evidence that use of chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM. <i>Minor</i>	Yes	<u>Imam Estate</u> Usage of Methamidophos in the control of bagworms. Based on Register of Chemical Hazardous to Health, there is no chemical from Type 1a or 1b or listed by the Stockholm or Rotterdam Conventions is used in the Estate apart from Methamidophos. Sighted Memo from Senior Vice President – Plantation Planning and Monitoring dated 11/10/2010 stating no use of paraquat.
	4.6.8	Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities. <i>Major</i>	Yes	Aerial application of Agrochemicals is not practiced at this CU.
	4.6.9	Evidence of chemical residues in CPO testing, as requested and conducted by the buyers. <i>Minor</i>	Yes	No testing required by buyers and customers.
	4.6.10	Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) are maintained for either a minimum of 5 years or starting November 2007.	Yes	<u>Imam Estate</u> Pesticides consumption is recorded in 'Monitoring Pesticide Usage Per Chemical Usage Recorded and monitored in a monthly basis. Summary of Monthly Chemical usage -

		<i>Minor</i>		<p>Comparison unit usage per hectare.</p> <p>Methamidophos used to control Bagworm outbreak.</p> <p>Cypermethrin – A slight decrease noted in the usage.</p> <p>The annual Medical Surveillance for Pesticides Sprayers includes Cholinesterase level. Which is an inverse indicator for harmful cholinesterase inhibitors present in</p> <ul style="list-style-type: none"> • Organophosphate pesticides • Carbamate pesticides <p>At Imam Estate - the use of Methamidophos (class 1b) highly toxic pesticides, during the period of Feb to July, 2014 for 'Trunk Junction was not recorded using the Form I, II, & III.as required by Pesticides Act 1974 (Act 149) & Regulations, Rules and Order – Highly Toxic Pesticides Regulations 1996 – Second Schedule – Correspondingly Major NCR JS 1 raised.</p> <p>During the Site visit (Audit) there was no treatment of highly toxic pesticide</p> <p>There was no balance of used Pesticides, however necessary provisions for the safe keeping balance pesticides were in place.</p>
<p>C 4.7</p> <p>An occupational health and safety plan is documented, effectively communicated and implemented.</p>	4.7.1	<p>Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Act139).</p> <p><i>Major</i></p> <p>The safety and health (OSH) plan shall cover the following:</p>		
	a)	<p>A safety and health policy, which is communicated and implemented</p>	Yes	<p>Merotai CU had continued to adopt the SDPSB's Occupational Safety and</p>

				Health (OSH) policy. The policy had been communicated to all levels of the organization through briefings and they were also being displayed prominently in Bahasa Malaysia and English on notice boards at mill, estate office and Muster Ground. Random interviews with employees showed that they were aware of the policy requirements, i.e. to work safely, comply with legal requirements, to follow established procedures and instructions from the management.
	b)	All operations have been risk assessed and documented.	Yes	<p><u>Merotai POM</u></p> <p>HIRARC has been established dated 5/01/2010 with the latest review carried out in 12/7/2014. All operations have been risk assessed and documented. Three accidents involving LTI – HIRARC was revised after each accident.</p> <p><u>Imam Estate</u></p> <p>HIRARC has been established for FY 2014/2015 with the latest review carried out in 1/7/2014. Operations have been risk assessed and documented. No changes to the risk rating and no significant changes related to the aspects.</p>
	c)	<p>An awareness and training programme which includes the following specifics for pesticides:</p> <ul style="list-style-type: none"> i. to ensure all workers involved have been adequately trained in a safe working practices (See also C 4.8) ii. all precautions attached to products should be properly observed and applied to the workers. 	Yes	<p><u>Merotai POM & Imam Estate</u></p> <p>Training and briefing provided for workers involved in accidents to educate them on safe working practices to ensure applicable precautions are adhered.</p> <p>The following training programs were verified:</p> <ul style="list-style-type: none"> a) ESH Risk Management b) Incident Reporting c) Emergency

				<p>Preparedness & Response</p> <p>d) Chemical Safety Management</p> <p>e) Contractor Safety Management.</p>
	d)	<p>The appropriate personal protective equipment (PPE) are used for each risk assessed operation.</p> <p>i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning.</p>	Yes	<p><u>Merotai POM</u></p> <p>Based on the HIRARC, the PPE types for the various station are identified using the 'PPE usage form'. 'Personnel Protective Equipment Matrix' used to identify the applicable PPE required for a particular station. List of Personal Protective Equipment (PPE) Provided which identifies the type of PPE for the respective station.</p> <p><u>Imam Estate</u></p> <p>Based on the HIRARC, the PPE types for the various stations are identified using the 'PPE Distribution Records'. The followings were verified:</p> <p>There are sufficient warning signs</p> <p>There is compliance to the Factories and Machinery (Noise Exposure) Regulations 1989. Areas with noise level exceeding equivalent continuous sound level of 90 dB (A) are positively identified and appropriate ear protection have been prescribed</p> <p>Merotai – POM</p> <p>Monitoring of Noise levels are carried out in the Mill</p> <p>The noise at the Boiler Station and Sterilization are above 90 dB (A), however these areas are positively identified and appropriate ear protection have been prescribed.</p> <p>Positive Noise Exposure Monitoring (under Factories and Machinery (Noise Exposure) Regulation,</p>

				<p>1989. Report Ref no : DOSH / Noise / SDK / (77) d/d : 13/05/2010.</p> <p>Recommendations provided were acted upon.</p> <p>Boundary Noise Monitoring Report – Report Ref : RT014 / 2013 / 204 d/d : 30th Jan, 2014 by Global Safe –T Sdn. Bhd.- verified.</p> <p>The sampling points N1 to N4 were within the Recommended Limits.</p> <p>Audiometry Testing Programme (under Factories and Machinery (Noise Exposure) Regulation, 1989. d/d : 27/5/2014 – Chong Clinic (Occupational Safety and Health Clinic) – by Dr. Sim Yong Sing OHD 0280-K JKKP No. HQ/11/DOC/00/223</p> <p>– Next testing planned for 27th May, 2015.</p> <p>95 workers subjected to Audiometric Testing. Sampled and verified and found to be adequate</p> <p>Recommendation is being monitored with respect to their current st Fitness status.</p> <p>Workers who are subjected to noise level of more than > 85 dB are being monitored.</p>
	e)	The responsible person (s) should be identified.	Yes	<p><u>Merotai POM</u></p> <p>Safety and Health Committee organization Chart was available for 2014/2015 which was revised in July 2014. The committee includes Workers and Management representatives.</p> <p><u>Imam Estate</u></p> <p>Safety and Health Committee organization Chart was available for FY 2014/2015. The committee includes Workers, Contractors and</p>

				Management representatives.
	f)	There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed.	Yes	<p><u>Merotai POM</u></p> <p>Quarterly Safety & Health Committee meeting was adequately conducted and chaired by Mill Manager.</p> <p>Minutes of meeting dated 22/1/2014, 10/4/2014, 4/7/2014, 2/10/2014 were verified.</p> <p><u>Imam Estate</u></p> <p>Quarterly Safety & Health Committee meeting was adequately conducted and chaired by Estate Manager. Among the agenda discussed were:</p> <ul style="list-style-type: none"> i) Passing of previous minutes and arising matters. ii) Latest OSH Report iii) HIRARC iv) Other Arising Matter <p>Minutes of meeting dated 30/12/2013, 14/04/2014, 22/8/2014, 5/12/2014 were verified.</p>
	g)	Accident and emergency procedures should exist and instructions should be clearly understood by all workers.	No	<p>Emergency Response Plan (ERP) has been established and defined in procedure, Level 2, Standard Operation Manual, Sub Section 5.5, Management Responsibility, Attachment 5.5.3.3 Emergency Preparedness and Response Procedure, version 1, issue 1 dated 1/11/2008.</p> <p><u>Merotai POM</u></p> <p>Emergency Response Team for FY2014/15 has been established with adequate representation from relevant employees. The Emergency Response Plan (ERP) was last revised in 25/04/2013 which has addressed the incident reporting, explosion, accident, fire breakout in mill and oil spillage. Fire drill was last</p>

				<p>carried out on 15/4/2014 and post mortem report was available for verification.</p> <p><u>Imam Estate</u></p> <p>The ERP was last revised on 1/07/2014 which has addressed incidents such as Exposure to Poisonous Substances, Agrochemicals Spillage, Wild Animal attack and fire breakout. Fire drill was last carried out on 24/2/2014 and post mortem report was available for verification.</p> <p><u>Major NCR # JS 2/2014</u></p> <p>The mechanism for carrying out investigation of cause and initiating appropriate follow up actions are not effective.</p> <p>At Imam Estate the following occupational related accidents' cause investigation and follow up actions records are not being maintained.</p> <p>i) Class v Accident dated 8/10/2014 (Report No: INC-000 6 916)</p> <p>ii) Class v Accident dated 3/11/2014 (Report No: INC-000 7125)</p> <p>Class v Accident dated 7/11/2014 (Report No: INC-000 7223)</p> <p>Imam estate has made an effort to complete the accident report which included the investigation of cause and follow-up actions to prevent recurrence thereafter. A copy of the set of documents (accident reports and follow-up actions) has been submitted to the assessor for verification.</p> <p>Status: Closed</p>
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	h)	Workers trained in First Aid should be present in both field and mill operations.	Yes	<p><u>Merotai POM</u></p> <p>The following employees are trained First Aiders and their training records were available for verification. They were trained by <i>Bulan Sabit Merah Malaysia</i> in June 2014 and the validity of certificate is 3 years.</p> <p><u>Imam Estate</u></p> <p>16 trained First Aiders available. They were trained Hospital Tawau on 21/07/2014 and records were maintained for verification.</p>
	i)	First Aid equipment should be available at worksites	Yes	<p><u>Merotai POM</u></p> <p>First Aid Kits were maintained in various work stations. The kits were checked on monthly basis and replenished by Hospital Assistant. The latest check was carried out on 1/12/2014. The following First Aid box at various stations were verified and found that the contents were adequate and appropriate.</p> <p><u>Imam Estate</u></p> <p>First Aid Kits are maintained with 34 custodian identified in '<i>Senarai Nama Pemegang Peti Kecemasan</i>'. The kits were checked on a monthly basis and replenished by Medical Assistant. The latest check was carried out on 18/11/2014. The following First Aid box at various stations were verified and found that the contents were adequate and appropriate.</p>
	4.7.2	Records should be kept of all accidents and periodically reviewed at quarterly intervals. <i>Major</i>	Yes	<p><u>Merotai POM</u></p> <p>Accident statistics are being maintained and periodically reviewed (quarterly basis) during 'Health and Safety' committee meeting. In 2014, 3 accidents recorded (Loss of Man days less than 5 days - 2 JKPP 6 raised)</p> <p>Issuance of JKPP 7 – No</p>

				<p>issuance for 2013/2014</p> <p>Accident Investigation Report JKKP 8 file maintained - JKKP 8 raised for 2013 submitted to DOSH on 27/01/2014 – 1 minor incidents recorded for 2013.</p> <p>Weekly Cleanliness check carried out and reported by – Medical Assistant from Table Estate – Ms. Gini Norlela bt Japri. Concerns are identified and appropriate actions initiated. The following Sanitation Inspection report verified: 23/2/2014, 18/10/2014.</p> <p>Visiting Medical Officer (VMO) Dr. Rosdi Bin Judda M.D (UKM) (MMC: 36079) OHD (JKKP: HQ/12/DOC/00/214)– Linesites sanitary Inspection Monthly Report - verified the following records : 11/10/2014, 20/09/2014. – Findings identified and appropriate actions taken.</p> <p><u>Imam Estate</u></p> <p>Accident statistics are being maintained and periodically reviewed (quarterly basis) during 'Health and Safety' committee meeting – minutes reviewed.</p> <p>Meeting Schedule established 2014/2015</p> <p>OSH meeting frequency (3 monthly) schedule established for 2014/2015 - Sept, Dec, - 2014 & March, June- 2015</p> <p>Reviewed following OSH meeting minutes dated 5/12/2014, 22/08/2014 – minuted accordingly and comprehensively.</p> <p>Best man Hours without LTI as of 17/12/2014 – 73000 Hrs</p> <p>Cumulative Man Hour without LTI – 310 608 hrs</p> <p>2014 – Jan to date – 69 accidents recorded (Loss of</p>
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				<p>Man days less than 5 days no JKPP 6 raised)</p> <p>Cause Investigation and Corrective Action not clearly captured</p> <p>JKPP 8 file maintained - JKPP 8 raised for 2013 on 18/03/2014 – 55 minor incidents recorded for 2013.</p> <p>Weekly Cleanliness check carried out and reported by – Medical Assistant from Table Estate – Ms. Gini Norlela bt Japri Concerns are identified and appropriate actions initiated. The following Sanitation Inspection report verified: 23/2/2014, 18/10/2014.</p> <p>Visiting Medical Officer (VMO) Dr. Rosdi Bin Judda M.D (UKM) (MMC: 36079) OHD (JKPP: HQ/12/DOC/00/214) – Linesites sanitary Inspection Monthly Report - verified the following records: 11/10/2014, 20/09/2014. – Findings identified and appropriate actions taken.</p>
	4.7.3	<p>Workers should be covered by accident insurance.</p> <p><i>Major</i></p>	Yes	<p><u>Merotai POM</u></p> <p>Local Workers are covered by SOCSO. Verified through 'Jadual Caruman Bulanan' Aug, Sept & Oct 2014.</p> <p><u>Imam Estate</u></p> <p>Foreign Workers are covered by Workmen Compensation provided as per Compensation Act 1952 through RHB Insurance Berhad, policy No. FW 071934 – WWF – expiry date: 30/06/2015.</p>
<p>C 4.8</p> <p>All staff, workers, smallholders and contractors are appropriately trained.</p>	4.8.1	<p>A training programme (appropriate to the scale of the organization) that includes regular audit of training needs and documentation, including records of training for employees are kept.</p> <p><i>Major</i></p>	Yes	<p>Training plan for FY2014/2015 has been established with target dates for the training identified.</p> <p>Records of training were maintained on sites for verification. The followings are some examples of training records verified:</p>

				<p><u>Merotai POM</u></p> <ul style="list-style-type: none"> i) ESH Coordinators / Committee Function & Responsibility, dated 12/12/2014 – Internally Conducted by ESH Manager for all relevant workers. ii) Chemical Safety Handling, dated 26/2/2014 – Internally conducted by Mr. Wilson Yong from Nalco for Lab, Water Treatment for Boiler & WTP operators. iii) Proper Usage of PPE, dated 22/ 07/2014 – Conducted by Engineer for the relevant workers. iv) Lock out-Tag out (LOTO) Training, dated 13/9/2014 – Conducted by Mill Engineer for relevant workers. <p><u>Imam Estate</u></p> <ul style="list-style-type: none"> i) Training on appropriate harvesting Tools, dated 19/9/2013 – Internally Conducted by Palm King at site for all relevant Harvesters ii) Safe operation of Generator set, dated 19/2/2014 – Internally conducted by Tn Hj IR Ludin (Sime Darby) for relevant operators iii) Tractor Drivers on site training dated 21/1/2014 – conducted by Metro Drying Academy for Tractor Handlers iv) Safe Trunk injection Method, dated 25/2/2014 – conducted by SHO Regional Manager for Trunk Injectors v) Accident Investigation Training, dated 17/7/2013 – Conducted by SHO Regional Manager for Ms. Alinal
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				Sasturani (HA), En. Husni (Assistant)
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Principle 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.	5.1.1	Documented aspects and impacts risk audit that is periodically reviewed and updated. <i>Major</i>	Yes	Identification and evaluation of environmental aspects & impacts is guided by its Standard Operation Manual (SOM), Attachment 5.4.1b, Version 1, Issue 2, dated 1/7/2009. Generally, the environmental risks have been assessed for most of the activities at the mill and estates. The mitigation measures were developed after the significant environmental aspects have been identified.
	5.1.2	Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. <i>Minor</i>	No	<p><u>Minor NCR # VS02/2014</u></p> <p>Inadequate mitigation measure/action plan for negative environmental impacts.</p> <p>Based on the monthly records of smoke emission from Boiler No. 1 at Merotai POM, there are occasions that the regulated limits have not been complied with for the month of November 2014.</p> <p>The corrective actions plan sent by the mill are:</p> <ul style="list-style-type: none"> i) To continuously run with 2 boilers and 2 turbine ii) To conduct stack monitoring test by 3rd party iii) To carry out boiler furnace cleaning every week iv) To monitor condition of dust cyclone every 3 months <p>Status: Corrective action</p>

				plan are acceptable. verification of the effectiveness will be verified during next assessment
<p>C 5.2</p> <p>The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exists 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.</p>	5.2.1	<p>Identification and audit of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings.</p> <p><i>Major</i></p>	Yes	The audited supply bases observed maintained the identified conservation areas. The conservation areas in the Tiger and Table Estates are water catchment and remnant forest patches.
	5.2.2	<p>Management plan for HCV habitats (including ERTs) and their conservation.</p> <p><i>Major</i></p>	Yes	The supply bases management continued to implement the action plan for conserving the areas, which, maintenance of signage of prohibition of illegal activities, demarcation, awareness of conservation areas and monitoring, including no spraying activity.
	5.2.3	<p>Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts.</p> <p><i>Minor</i></p>	Yes	Generally, commitment to discourage illegal or inappropriate activities continued observed. Among the evident observed were signage of prohibition concerning illegal or inappropriate activities, awareness and training program related to conservation, areas demarcation etc.
<p>C 5.3</p> <p>Waste is reduced, recycled, re-used and disposed off in an environmentally and socially responsible manner.</p>	5.3.1	<p>Documented identification of all waste products and sources of pollution.</p> <p><i>Major</i></p>	Yes	For mill and estates operations, wastes products and source of pollution has been the identified adequately
	5.3.2	<p>Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.</p> <p><i>Minor</i></p>	Yes	Waste management plan for FY 14/15 was reviewed.
	5.3.3	<p>Evidence that crop residues / biomass are recycled (Cross ref. C 4.2).</p> <p><i>Minor</i></p>	Yes	Biomass wastes, such as EFB & POME were recycled back to estate for mulching. Refer to C 4.2. Fibre and shell were used as burning fuel for boiler operations.

C 5.4 Efficiency of energy use and use of renewable energy is maximized.	5.4.1	Monitoring of renewable energy use per tonne of CPO or palm product in the mill. <i>Minor</i>	Yes	The use of renewable energy was only from fibre and shell for burning fuel at the boilers. The quantity used were monitored and consistently recorded.
	5.4.2	Monitoring of direct fossil fuel use per tonne of CPO or kW per tonne palm product in the mill (or FFB where the grower has no mill). <i>Minor</i>	Yes	The use of direct fossil fuel was monitored and consistently recorded.
C 5.5 Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN Guidance or other regional best practice.	5.5.1	No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003. <i>Major</i>	Yes	No evidence of open burning observed at both mill and estates.
	5.5.2	Previous crop should be felled/mowed down, chipped/shredded, windrowed or pulverized/ ploughed and mulched. <i>Minor</i>	Yes	As spelt out in Sime Darby's Agriculture Reference Manual, previous crop should be felled, chipped and windrowed. However, since there was no replanting activity at the visited estate, the implementation was unable to be verified. Last replanting was in 2010.
	5.5.3	No evidence of burning waste (including domestic waste). <i>Minor</i>	Yes	No evidence of burning of any wastes observed at the CU.
C 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	5.6.1	Documented plans to mitigate all polluting activities (Cross ref to C 5.1). <i>Major</i>	Yes	Merotai CU acknowledged the emission of GHG from its activity. Based on palm oil greenhouse gases calculator, the total CO ₂ emission is 1,099 kg CO ₂ eq/mt CPO.
	5.6.2	Plans are reviewed annually. <i>Minor</i>	Yes	As for its commitment to reduce the GHG emission, Merotai POM has planned to set up a bio-gas plant. At the point of this visit, an area is just been cleared for site preparation. The submission of GHG emission report using the RSPO Palm GHG calculator will only imposed in the new standard (MY-NI 2014). This

				audit was conducted on December 2014 before the endorsement of new standard. The certification unit found to be aware with the requirement and has bring this to management for discussion on future planning. Thus, the implementation will be verified during next audit
	5.6.3	Monitor and reduce peat subsidence rate through water table management. (Within ranges specified in C 4.3). <i>Minor</i>	Yes	There is no peat soil at the CU.

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

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management, 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.	6.1.1	A documented social impact audit including records of meetings. <i>Major</i>	Yes	The CU had updated and made available the documented social impact assessment, including records of meetings. The document entitled "Social Impact Audit (SIA), SOU 30 Merotai", September 2013.
	6.1.2	Evidence that the audit has been done with the participation of affected parties. <i>Major</i>	Yes	The CU observed continue to involve affected parties in their audit and consultation process. List of attendance of affected parties were maintained.
	6.1.3	A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary. <i>Minor</i>	Yes	The CU continued to review its respective operating unit timetables. Status of previous action determined, implemented and new actions planned were updated.
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or	6.2.1	Documented consultation and communication procedures. <i>Major</i>	Yes	Generally, the CU maintained its documented "Procedure for External Communication". Communication with external parties observed continued filed and made available. Internal communication also continued implemented via various means, such as

interested parties.				briefings and meetings, notice boards, emails, letters, and so on. The morning briefings continued appear to be most popular channel through which the management communicates whatever policies to the workers.
	6.2.2	A nominated plantation management official at the operating unit responsible for these issues. <i>Minor</i>	Yes	Management officials responsible for social issues at respective operating units observed maintained appointed.
	6.2.3	Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders. <i>Minor</i>	Yes	The CU maintained the list of its stakeholders, records of communication and actions taken in response to input from stakeholders.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	6.3.1	Documentation of the process by which a dispute was resolved and the outcome. <i>Major</i>	Yes	There was no dispute observed.
	6.3.2	The system resolves disputes in an effective, timely and appropriate manner. <i>Minor</i>	Yes	There was no dispute observed.
	6.3.3	The system is open to any affected parties. <i>Minor</i>	Yes	There was no dispute observed. Nevertheless, the CU maintained affirms that its dispute system is open to any affected parties. Relevant policy and procedures were observed maintained available for sighted.
C 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	6.4.1	Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation. <i>Major</i>	Yes	The procedure concerning legal and customary pertaining land issues, including compensation remain to be handled by Land Management Department at Sime Darby headquarter, if any, as stated in their procedure 'Attachment 3 - Flowchart and Procedures on Handling Land Disputes'. This procedure is applicable to all Sime Darby's CUs. Meanwhile, compensation concerning employee issues

institutions.				to be handled by human resources department in headquarters.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land. <i>Minor</i>	Yes	The compensation procedure maintained as described in SDPSB's SOP 'Attachment 3 - Flowchart and Procedures on Handling Land Disputes'. Compensation on loss of legal rights will be determined according to the land authority.
	6.4.3	The process and outcome of any compensation claims is documented and made publicly available. <i>Minor</i>	Yes	There was no case of compensation observed.
C 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.	6.5.1	Documentation of pay and conditions. <i>Major</i>	Yes	Pay and condition for employees and contractors of the CU maintained documented in their employment contract and contract work respectively. Wages maintained comply with industry minimum standard. Workers pay slip showed basic pay, attendance incentive, afternoon work, transport allowance, phone allowance, wage rate, work benefits, overtime, annual leave and public holidays etc.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained	Yes	Workers employment contract maintained contain information pertaining work terms such as working hours, service period, medical facilities, housing, transportation allowance, maternity leave, entitle for sick leave, annual leave etc. Briefing on understanding about payment and calculation were observed. Interviewed with employees

		carefully to them by a plantation management official in the operating unit. <i>Minor</i>		learnt that there were aware of their benefits and rights.
	6.5.3	Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). <i>Minor</i>	Yes	All employees of the CU maintained provided with accommodation, domestic water supply, electricity, clinic and welfare amenities such as mosque, community hall, crèche, kindergarten and playground for children and workers, and HUMANA school for schooling kids of Indonesian foreign workers.
C 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.	6.6.1	Documented minutes of meetings with main trade unions or workers representatives. <i>Major</i>	Yes	The CU maintained to retain its documented minutes of meeting with trade unions as well as other routine management minutes of meeting, which among other includes their employee rights.
	6.6.2	A published statement in local languages recognizing freedom of association. <i>Minor</i>	Yes	Freedom of association policy maintained in the documented Social Policy established by HQ. The policy was written in Bahasa and English languages, and publicly displayed outside inside the operating unit offices.
C 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.	6.7.1	Documented evidence that minimum age requirement is met. <i>Major</i>	Yes	Documented list of employees had been verified. No employee below minimum age observed had been employed by the CU.
C 6.8 Any form of discrimination based on race, caste, national origin, religion,	6.8.1	A publicly available equal opportunities policy. <i>Major</i>	Yes	The CU maintained its documented Social Policy that contain about equal opportunities policy. The policy observed displayed inside and outside the

disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.				operating unit office.
	6.8.2	Evidence that employees and groups including migrant workers have not been discriminated against. <i>Minor</i>	Yes	Interviewed with local and foreign workers in the CU observed no complaint about discrimination issues between races, ethnics and religious.
C 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.	6.9.1	A policy on sexual harassment and violence and records of implementation. <i>Major</i>	Yes	The company maintained its Gender Policy that covers sexual harassment and violence cases against women, workers and communities. Gender and Child Committee maintained active to oversee any issues on sexual and violence. Periodical meetings were conducted and minutes were made available.
	6.9.2	A specific grievance mechanism is established. <i>Major</i>	Yes	The specific grievance mechanism maintained by the CU. Chairman of Gender and Child Committee at each operating units responsible in handling and channelling issue to the respective management, if any.
C 6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses.	6.10.1	Pricing mechanisms for FFB and inputs/services shall be documented. <i>Major</i>	Yes	Pricing mechanism for FFB maintained documented in contract between the mill and approved suppliers. Meanwhile, any services obtained were based on suppliers' quotation, prior to select and award.
	6.10.2	Current and past prices paid for FFB shall be publicly available. <i>Minor</i>	No	<u>Minor NCR # HO-2014-01</u> Current FFB price (December 2014) was not made publicly available by Kilang Kelapa Sawit Merotai FFB price for December 2014 had been made publicly available. Pictures of FFB price being displayed in the notice board was submitted to the auditor for verification. Status: Closed
	6.10.3	Evidence that all parties understand the contractual agreements	Yes	The suppliers/contractors and tenant interviewed mentioned that they understand their

		they enter into, and that contracts are fair, legal and transparent. <i>Minor</i>		contracts and they have been dealing with the CU for quite long time. They were happy with their business relation. Supplier / contractors affirm that usually received their payments in the form of cheques the following month after they had completed their job / order.
	6.10.4	Agreed payments shall be made in a timely manner. <i>Minor</i>	Yes	Payments observed were paid in timely manner, which were within 10 days of next month upon completed their job / order.

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

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

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

Clause	Indicators		Comply Yes/No	Findings
<p>C 8.1</p> <p>Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.</p> <p>MY NIWG commits to demonstrate progressive improvement to the following but not limited to:</p>	8.1.1	Minimise use of certain pesticides (C4.6). <i>Major</i>	Yes	The CU is committed to minimise the use of pesticides by continuously planting beneficial plants and reduce spraying in the inter rows by slashing woody growths and by encouraging the growth of soft weeds and <i>Nephrolepis biserrata</i> . Paraquat is no longer being used by the CU.
	8.1.2	Environmental impacts (C5.1). <i>Major</i>	Yes	Identification and evaluation of environmental impact audit has been carried annually as to identify other aspect and activities that can impact the environment. With the comprehensive audit of impact, appropriate mitigation measure can be determined for continual improvement.
	8.1.3	Maximizing recycling and minimizing waste or by-products generation. <i>Major</i>	Yes	Programs implemented to meet requirements of Indicator 8.1.3 include commitment to zero waste, use of by-products such as EFB and POME in the fields and also increasing the awareness of workers on 3R's initiatives.
	8.1.4	Pollution prevention	Yes	Pollution prevention plan was available and had been reviewed

		plans (C5.6). <i>Major</i>		annually for the mill and estates. In addition, Merotai POM has planned to set up a bio-gas plant in order to reduce its emission of GHG.
	8.1.5	Social impacts (C6.1). <i>Major</i>	Yes	Annual social management and action plan were maintained established, implemented, reviewed and updated by the CU.
	8.1.6	A mechanism to capture the performance and expenditure in social and environmental aspects. <i>Minor</i>	Yes	The CU continued to capture the expenditure in social and environmental aspects in its annual and five-year budget program.

Module E – Mass Balance

Item No	Requirement	Findings
E.1 E.1.1	Documented procedures The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	<u>E.1.1.a</u> Procedure is available: SOP for RSPO Supply Chain Certification System and Traceability, Version 1, Issue 1, dated March 2013. It was prepared by PSQM. The procedure covers handling RSPO certified products under Mass Balance model. <u>E.1.1.b</u> Merotai Mill Manager has been appointed to be the person having overall responsibility for and authority over the implementation of the supply chain requirements.
E.1.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	<u>E.1.2</u> Mechanism is stated in the procedure, Clause 5.1 and 5.2. For receiving, two documents involved i.e.: 1) FFB Consignment Note (Delivery Note) from the estate brought by lorry driver – to indicate the Field No., No. of bunch, date harvested, vehicle no and name of driver 2) FFB Receive Ticket from the mill

		<p>(weighbridge ticket) – to indicate the mill weight, estate estimated weight, estate's consignment no.</p> <p>The processing of FFB is done in normal way as guided by its SOP [Mill Quality Management System, version 1, Issue 1, dated 1/11/2008] which covers the entire operation from receiving of FFB until dispatch of CPO & PK.</p>
E.2 E.2.1 E.2.2	Purchasing and goods in The facility shall verify and document the volumes of certified and non-certified FFBs received. The facility shall inform the CB immediately if there is a projected overproduction.	<u>E.2.1</u> The volume of FFB suppliers' contribution is verified and documented on daily basis by Merotai POM. <u>E.2.2</u> In the period of e-Trace been extended until the point of assessment, Merotai POM has never delivered any of its products as RSPO certified. PK were delivered to either Lahad Datu Edible Oil, TSH-Wilmar, Cacao Paramount and KLK Premier, while CPO was delivered to its buyers via Kunak Bulking Installation (KBI).
E.3 E.3.1	Record keeping The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	<u>E.3.1</u> Merotai POM had maintained an up-to-date records and accessible. Documents sighted during the audit: <u>Records of receiving FFB:</u> <ul style="list-style-type: none"> • Dispatch chit • Weighbridge ticket <u>Records of CPO dispatch:</u> <ul style="list-style-type: none"> • Merotai POM's CPO Weighbridge ticket • Merotai POM's CPO Dispatch Note • Transporter's DN • Borang MPOB L3 • Gate Pass • KBI's Goods Receipt Note (make reference to Merotai's Dispatch Note) <u>Records of PK dispatch:</u> <ul style="list-style-type: none"> • Merotai Weighbridge ticket • Transporter's job order • TSH-Wilmar Goods Receipt Note (make reference to Merotai's weighbridge ticket)

E.3.2	Retention times for all records and reports shall be at least five (5) years.	<p><u>E.3.2</u></p> <p>Requirement is stated in the procedure Clause 5.2.1.1 to retain all records for at least 5 years which includes:</p> <ol style="list-style-type: none"> 1) Weighbridge ticket 2) FFB Consignment Note 3) FFB Receive Note 4) CPO Dispatch Note 5) MPOB L3 form 6) CPO Dispatch Authorization Note 7) Other (e.g. production report, logistic report, etc.)
E.3.3	<p>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.</p> <p>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.</p> <p>c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.</p>	<p><u>E.3.3</u></p> <p>Records of FFB received and CPO & PK dispatch are recorded on daily basis and available for three monthly compilations.</p>
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.	<p><u>E.3.4</u></p> <p>Trade name including model used shall be stated in the sales contract and relevant delivery docs. So far, no transaction of RSPO certified product.</p>
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.	<p><u>E.3.5</u></p> <p>Outsource only for CPO & PK Transportation, which contracts handled by GTM. Before taking the CPO or PK, the AP will check the transport by using “<i>Pemeriksaan Lori Tangki Minyak</i>” and “<i>Pemeriksaan Lori Produk Kernel</i>” in term of cleanliness, fitness of the lorry and opportunity to manipulate the weight.</p> <p>There is no outsourcing activity with regards of processing the material or product.</p>
E.4	Sales and good out	
E.4.1	<p>The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <p>a) The name and address of the buyer;</p>	<p>CPO:</p> <p>Majority sent to SDPSB, Kunak Bulking Installation and some to TSH-Wilmar</p>

	b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance) d) The quantity of the products delivered; e) Reference to related transport documentation.	PK: 100% sent to either Lahad Datu Edible Oil, TSH Wilmar, Cacao Paramount and KLK Premier All sales and purchase are managed by Sime Darby Berhad Global Trading Marketing (GTM). The sales invoices were also issued by GTM. Therefore, unable to verify at Merotai CU/POM.
E.5 E.5.1	Training The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Last training conducted was on 5/3/2013, entitled Internal SCCS Training by Mr. Abidin Hamid (QMO). Attended by 14 trainees i.e. QA, Store, Security, FFB Grader, Administration and Process. Merotai POM has planned to conduct training on SC in June 2015 as included in their training matrix. The training will be conducted by PSQM.
E.6 E.6.1	Claims 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.	Not applicable since there is no transaction of RSPO certified product.

3.2 Identified Non-conformance and Noteworthy Positive Components

3 Major NCR raised during this Stage 2 audit has been adequately addressed and therefore closed out. The level of awareness among the workers on the RSPO implementation was found to be improving. They are able to explain not only the operating procedure related to their work but also the impact of its deviation, the consequence for not following them and the importance in achieving conformity to the RSPO requirements.

3.3 Issues raised by stakeholders

Among the stakeholders consulted during the assessment were:

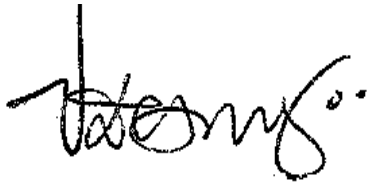
- Workers from different group of tasks
- Management staff
- Union representatives
- FFB suppliers
- Local communities
- Female worker representative
- Contractor and suppliers

Generally all stakeholder consulted gave positive remarks that they have no issue on dealing/working with Merotai CU and have seen significant improvements ever since the implementation of the RSPO Certification Scheme.

4.0 ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Sign-off Audit Findings

I, the undersigned, on behalf of SIRIM QAS International Sdn. Bhd. Acknowledge and confirm the contents of the auditreport and findings of the assessment.



Valence Shem

Lead Assessor

Date: 8 July 2015

I, the undersigned, on behalf of SIRIM QAS International Sdn. Bhd. Acknowledge and confirm the contents of the auditreport and findings of the assessment.

SIME DARBY PLANTATION (S) SDN BHD

(Co. No. 29959-V)
PEROTAK OIL MILL



NORDIN MAD HASHIM

nordin.mad.hashim@sime-darby.com

MILL MANAGER

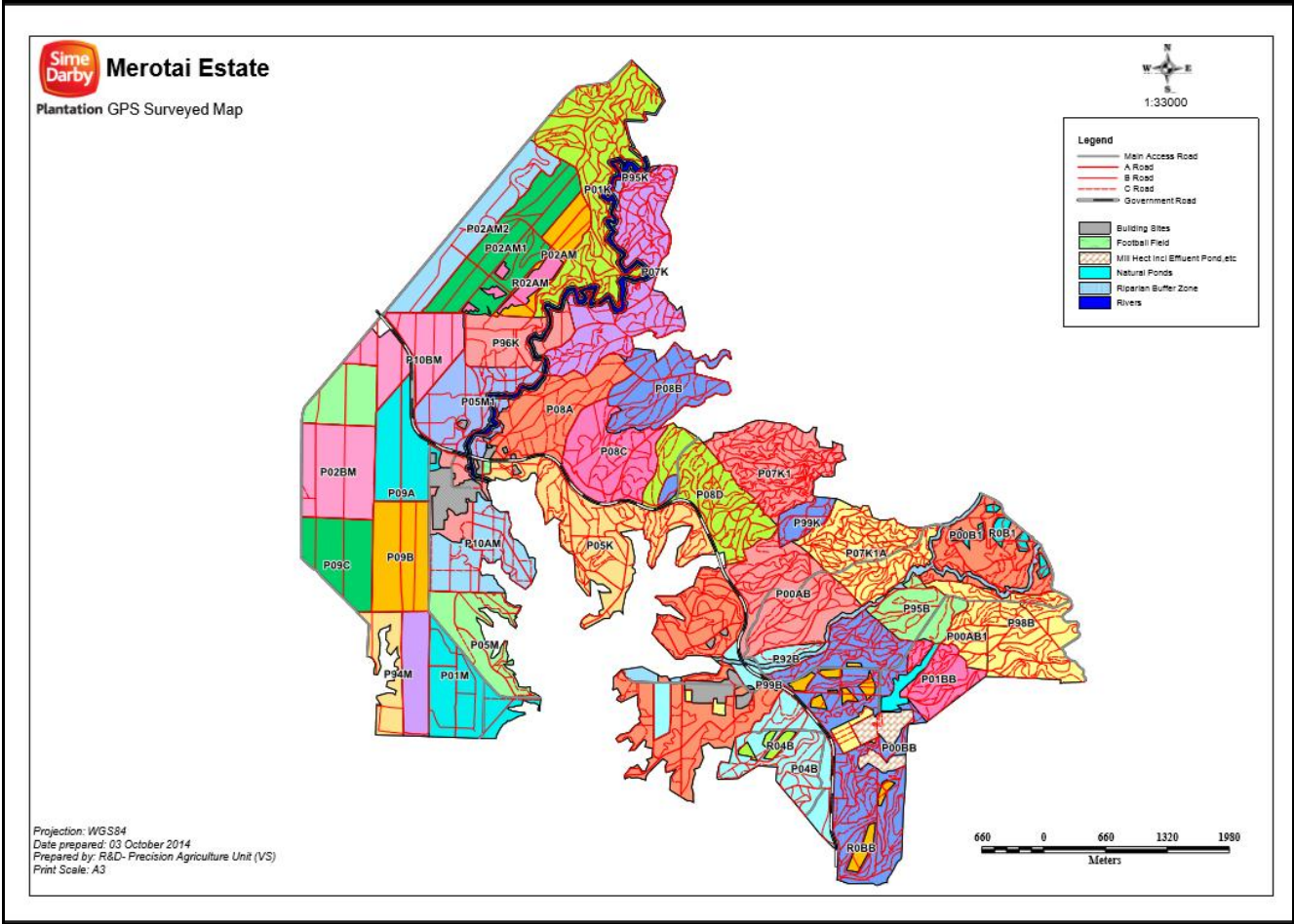
Nordin Bin Mad Hashim

Mill Manager

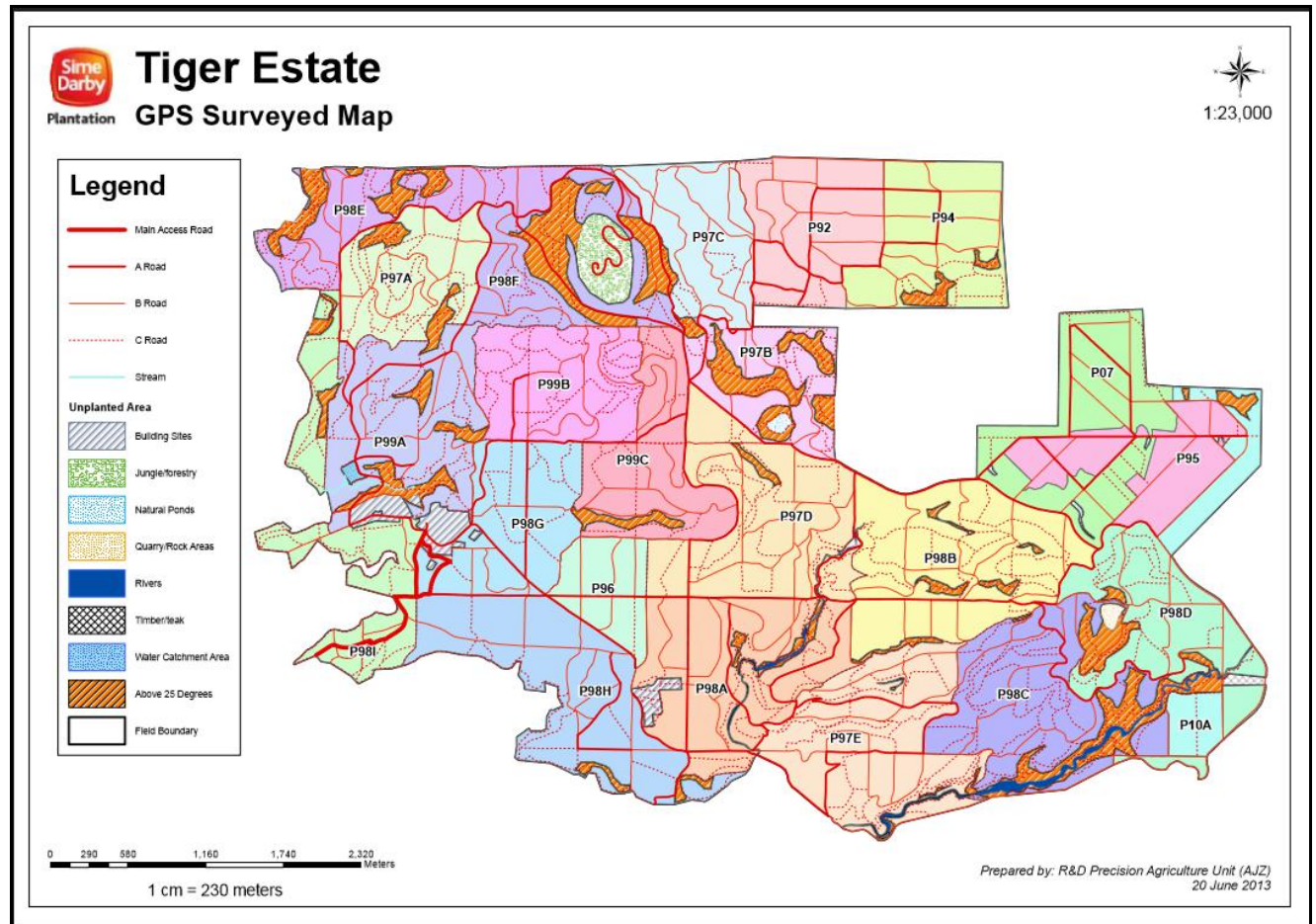
Date: 8 July 2015

Attachment 1 Location Map of SOU 30 Merotai Certification Unit, Tawau, Sabah, Malaysia

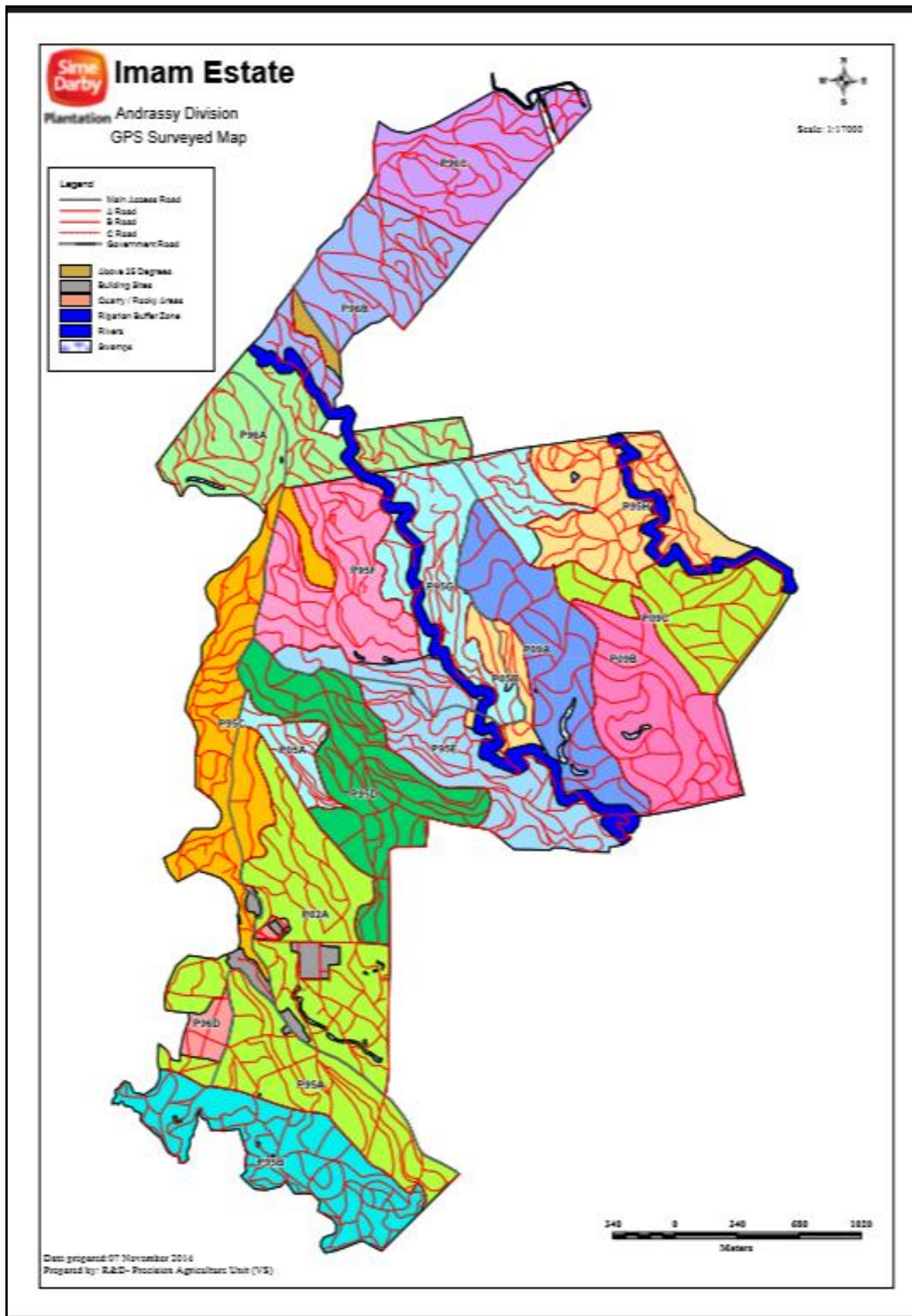
Merotai estate



Tiger estate



Imam estate (Andrassy Division)



Imam estate (Riah, Gemuk, Kuhara Division)

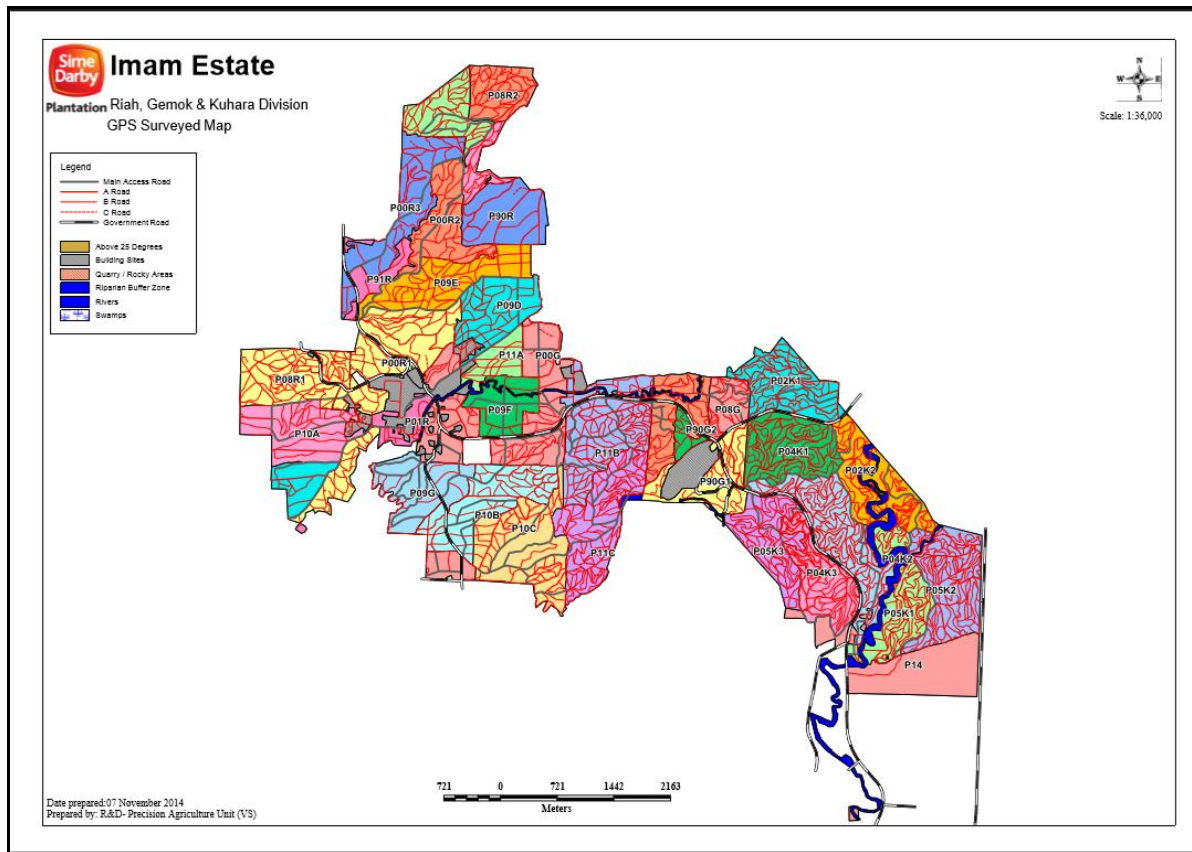
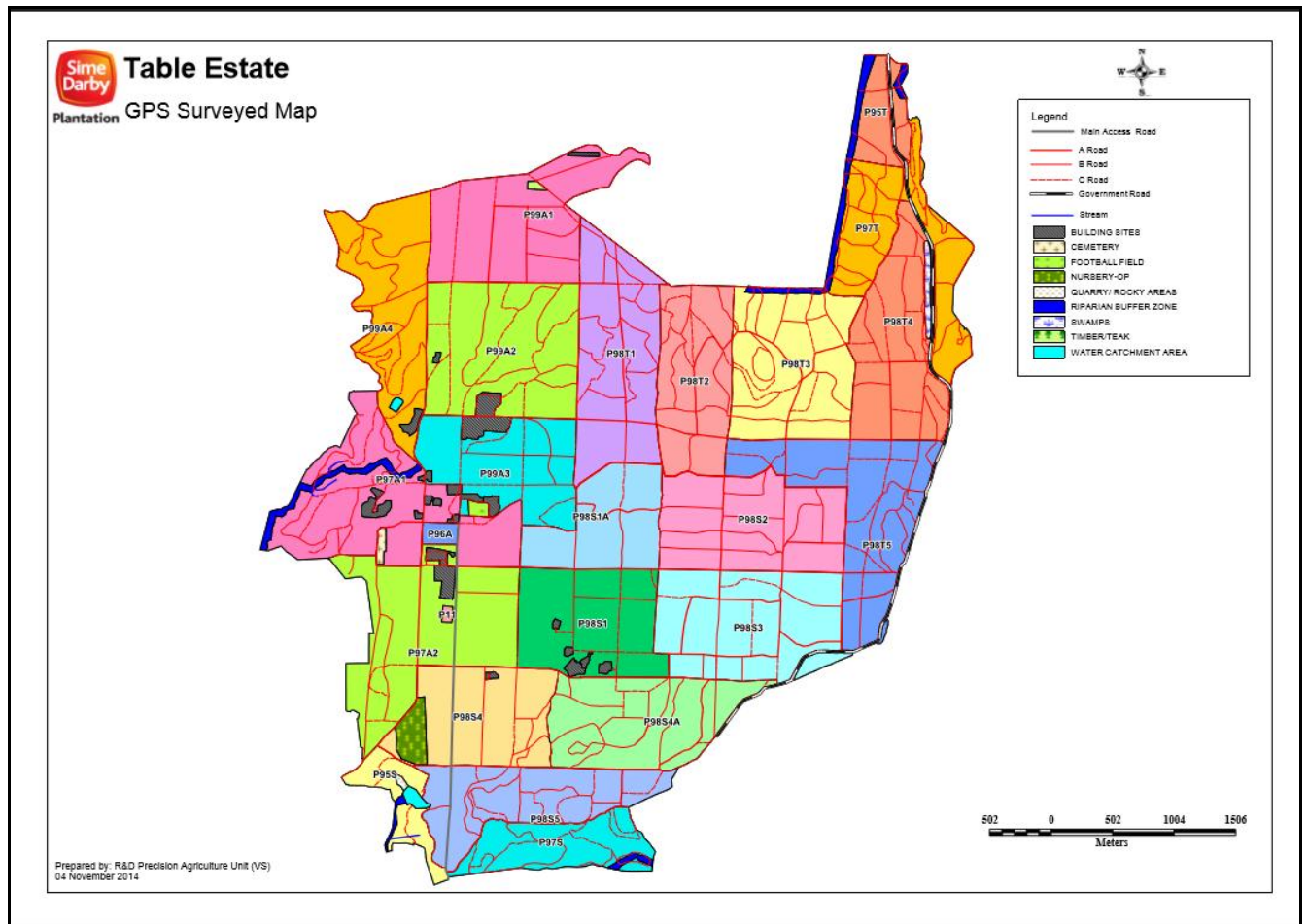


Table estate



Attachment 2 Audit Programme

Day 1: 15 December 2014 (Monday)			
Time	Activities / areas to be visited		
0830-0930	<u>Opening Meeting with Merotai CU</u> <ul style="list-style-type: none"> Introduction and briefing on Stage 2 audit objectives, scope, methodology, criteria and programmes by the Audit Team Leader Briefing on the organization background and implementation of RSPO (including actions taken to address audit findings of Annual Surveillance 2013) and progress of Time Bound Plan by the management representative 		
	Valence	Hazani	Jagathasan
0930-1300	Site visit and auditat Merotai POM relating to Supply Chain implementation including the model used	Site visit and auditat Tiger Estate relating to HCV and biodiversity Audition related indicators of P1, P2, P3, P4, P6, P8	Site visit and auditat Imam Estate relating to occupational safety & health and environment Audition related Indicators of P1, P2, P3, P4, P5, P8
1300-1400	Lunch break		
1400-1700	Continue assessment	Continue assessment	Continue assessment

Day 2: 16 December 2014 (Tuesday)			
Time	Activities / areas to be visited		
	Valence	Hazani	Jagathasan
0830-1300	Site visit and auditat Merotai POM relating to environment Audition related Indicators of P1, P2, P4, P5, P8	Site visit and auditat Table Estate relating to estates boundary, HCV, workers & local community such as SIA and management plans Audition related Indicators of P1, P2, P4, P5, P6, P8	Continue auditat Imam Estate.
1300-1400	Lunch break		
1400-1700	Continue assessment	Continue assessment	Continue assessment

Day 3: 17 December 2014 (Wednesday)			
Time	Activities / areas to be visited		
	Valence	Hazani	Jagathasan
0830-1300	Site visit and auditat Merotai Estate relating to Good Agricultural Practice Auditon related Indicators of P1, P2, P3, P4, P5, P8	Site visit and auditat Table Estate relating to estates boundary, HCV, workers & local community such as SIA and management plans Auditon related Indicators of P1, P2, P4, P5, P6, P8	Site visit and auditat Merotai POM relating to Good Milling Practices and occupational safety & health Auditon related Indicators of P1, P2, P3, P4, P8
1300-1400	Lunch break		
1400-1700	Continue assessment	Continue assessment	Continue assessment

Day 4: 18 December 2014 (Thursday)			
Time	Activities / areas to be visited		
	Valence	Hazani	Jagathasan
0830-1300	Continue auditat Merotai Estate.	Site visit and auditat Merotai POM on responsible social considerations Auditon related indicators of P1, P2, P3, P6, P8	Continue auditat Merotai POM.
1300-1400	Lunch break		
1400-1700	Continue assessment	Continue assessment	Continue assessment

Day 5: 19 December 2014 (Friday)			
Time	Activities / areas to be visited		
	Valence	Hazani	Jagathasan
0900-1000	Audit Team discussion, preparation on audit findings and issuance of NCR (if any)		