



**PUBLIC SUMMARY
FOURTH SURVEILLANCE ASSESSMENT**

**SIME DARBY PLANTATION SDN BHD
BINUANG CERTIFICATION UNIT (SOU 28)**

**Kunak District,
Sabah, Malaysia**

Audit Date : 14 – 17 January 2013

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SUMMARY

This public certification summary provides the general information on the Binuang Certification Unit (Binuang CU), the assessment process, the findings of the surveillance, Non-Conformity Reports (NCRs) and Opportunities for Improvements (OFIs) raised, verification of corrective actions on the minor NCRs and OFIs raised during the previous surveillance as well as the decision on the continued certification of the CU against the requirements of the RSPO Principles & Criteria for Sustainable Palm Oil Production, Malaysian National Interpretation Working Group (RSPO MYNI: 2010).

In addition, during this surveillance, an assessor had been assigned to conduct a supply chain assessment on the Binuang Palm Oil Mill (BPOM) against the requirements of the RSPO Supply Chain Certification Standard, November 2011 (RSPO Supply Chain Standard). The findings of the assessment are also presented in this public summary.

This surveillance was conducted on 14–17 January 2013 by SIRIM QAS International Sdn Bhd (SIRIM QAS International). SIRIM QAS International, an accredited certification body (CB) by the United Kingdom Accreditation Service (UKAS) and STANDARDS MALAYSIA is also the leading testing, inspection and CB in Malaysia having provided its services to all sectors of the industries in management system certification services on quality, environment and health and safety for over 30 years.

SIRIM QAS International has wide experience in conducting assessments on palm oil mills (POMs) and oil palm estates for certification of management system against the requirements of the ISO 9001, ISO 14001 and OHSAS 18001. SIRIM QAS International was approved as a CB by RSPO on 21 March 2008. Since then, it had conducted many assessments on RSPO sustainable production of palm oil and supply chain certifications in Malaysia.

This surveillance had resulted in the issuance of eleven (11) non-conformity reports (NCRs) and eight (8) Opportunity for Improvements (OFIs). Seven (7) of the NCRs were classified as major while the remaining four (4) were minor NCRs. In addition, the assessment team had raised nine opportunities for improvements (OFIs), which the CU shall improve on in order to fully comply with the requirements of the RSPO MYNI: 2010.

The Binuang CU had taken appropriate corrective actions to address all the major NCRs which had been reviewed and accepted by the assessor. These major NCRs had therefore been closed out. The CU had also submitted a corrective action plan to address the minor NCRs and OFIs which had been accepted by the assessor. However, the verification of the corrective actions would be done during the next surveillance audit.

Based on the findings of this surveillance, it could be concluded that the Binuang CU had continued to comply with the requirements of the RSPO MYNI: 2008. The seven (7) major NCRs raised during this surveillance assessment had been adequately addressed and therefore closed out. The assessment team therefore recommends the Binuang CU to maintain its certification against the RSPO MYNI: 2010 for the sustainable production of palm oil.

In addition, based on the findings of the supply chain assessment conducted on BPOM, the assessor was satisfied that BPOM had taken the appropriate corrective actions to address both of the major NCRs raised and was of the view that BPOM had fulfilled all the requirements for the SG module of the RSPO Supply Chain Standard. The auditor therefore recommends that BPOM be considered for the RSPO supply chain certification.

1.0 SCOPE OF THE CERTIFICATION

1.1 National Interpretation Used

The operations of the mill and their supply bases of oil palm fresh fruit bunches (FFBs) were assessed against the requirements of the RSPO MYNIWG: 2010. For RSPO supply chain certification, the assessment on BPOM was conducted against the requirements of the Segregation (SG) module of the RSPO Supply Chain Standard, November 2011.

1.2 Certification Scope

This surveillance covers the BPOM and the four (4) estates supplying oil palm FFBs (Binuang, Sungang, Tingkayu and Jelata Bumi Estates). The scope of certification is the sustainable production of crude palm oil and palm kernel using the Segregation (SG) model. **Table 1** below shows the certification units covered in this assessment. All of the estates are owned by SDPSB. No outside crop was processed by the BPOM.

Table 1
Certification Units Covered in Assessment

Certification Unit	Palm Oil Mill	FFB Supplying Estates Owned by SDPSB
Binuang (SOU 28)	BPOM	Binuang, Sungang, Tingkayu and Jelata Bumi

1.3 Location and Map

The Binuang CU is one of the Strategic Operating Units (SOUs) of Sime Darby Plantation Sdn Bhd (SDPSB). It is also known as SOU 28. It is located in the Kunak District, Sabah, East Malaysia. The map of the Binuang CU (mill and estates) is shown as in **Attachment 1** while the details on their locations are shown in **Table 2**.

Table 2
Location and Addresses of Mill and Estates

Certification Unit	Estate/Mill	GPS Location		Location Address
		Latitude	Longitude	
Binuang (SOU 28)	BPOM	4° 42' 15" N	118° 03' 37" E	91207 Kunak, Sabah
	Binuang	4° 25' N	118° 26' E	91207 Kunak, Sabah
	Sungang	4° 39' N	118° 07' E	91207 Kunak, Sabah
	Tingkayu	4° 24' N	118° 30' E	91207 Kunak, Sabah
	Jelata Bumi	4° 40' 30" N	118° 15' 10" E	91207 Kunak, Sabah

1.4 Description of Supply Base (Fruit Sources)

The FFBs were still sourced from the CU's owned estates which had been certified. The details of the FFB contribution from each estate to BPOM are shown in **Table 3**:

Table 3
Actual FFB Contribution of Each Estate Since Last Reporting Period (January - December 2012)

Estates	FFB Production	
	Tonnes	Percentage (%)
Binuang	41,813.88	21.15%
Sungang	43,527.34	22.01%
Tingkayu	41,093.63	20.78%
Jelata Bumi	69,738.13	35.27%
3rd party (if any)	1,549.16	0.79%

Total	197,722.14	100.00
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1.5 Date of Planting and Cycle (Total Plantation and Area Planted)

The dates of planting and age profiles for each estate under SOU 28 are detailed in the following tables.

Table 4
Percentage of Planted Area in Binuang Estate by Age and Planting Cycle

Year of Planting	Planting Cycle (1st, 2nd, 3rd, etc. Generation)	Mature/Immature	Planted Area (ha)	Percentage of Planted Area (%)
1978	1 st	Mature	172.75	5.74
1979	1 st	Mature	129.7	4.31
1987	1 st	Mature	67.72	2.25
1991	1 st	Mature	171.22	5.69
1992	1 st	Mature	275.01	9.14
2002	2 nd	Mature	377.62	12.55
2005	2 nd	Mature	305.59	10.16
2007	2 nd	Mature	503.54	16.74
2009	2 nd	Mature	471.85	15.68
2010	2 nd	Immature	191.87	6.38
2011	2 nd	Immature	115.7	3.85
2012	2 nd	Immature	149.04	4.95
2013	2 nd	Immature	77.11	2.56
Total			3,008.72	100.00

Table 5
Percentage of Planted Area in Jelata Bumi Estate by Age and Planting Cycle

Year of Planting	Planting Cycle (1st, 2nd, 3rd, etc. Generation)	Mature/Immature	Planted Area (ha)	Percentage of Planted Area (%)
1992	1 st	Mature	196.47	6.97
1993	1 st	Mature	736.71	26.15
1994	1 st	Mature	676.42	24.01
1995	1 st	Mature	1,198.15	42.52
2002	1 st	Mature	9.74	0.35
Total			2,817.49	100.00

Table 6
Percentage of Planted Area in Tingkayu Estate by Age and Planting Cycle

Year of Planting	Planting Cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area (%)
P037	2 nd	Mature	157.73	6.65
P04T	2 nd	Mature	128.70	5.43
P05T	2 nd	Mature	357.37	15.07
P07T1	2 nd	Mature	360.50	15.21
P07T2	2 nd	Mature	251.50	10.61
P1993	1 st	Mature	329.92	13.91
P1996	1 st	Mature	323.03	13.62
P2009	2 nd	Immature	471.85	9.26
P2010	2 nd	Immature	242.84	10.24
Total			2,371.08	100.00

Table 7
Percentage of Planted Area in Sungang Estate by Age and Planting Cycle

Year of Planting	Planting Cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area (%)
2011	2 nd	Immature	184.62	9.13
*2008	1 st	Mature	3.00	0.15
2002	1 st	Mature	246.71	12.20
1994	1 st	Mature	1,195.01	59.11
1993	1 st	Mature	31.74	1.57
1991	1 st	Mature	249.74	12.35
1987	1 st	Mature	110.87	5.48
Total			2,021.69	100.00

Note:

*2008 new planting was a former old housing area.

1.6 Other Certifications Held

This SOU did not have any other independent third-party management system certification.

1.7 Organizational Information/Contact Person

SOU 28 is managed by an Estate Manager who is also the contact person. The details on the correspondence address and the contact person for SOU 28 are shown below:

Address:

Binuang Plantation
P.O Box 130
91207 Kunak
Sabah.

Contact Person:

Mohamad Tahir Bin Salang
Manager

Phone : 089-855197

Fax : 089-855190

E-mail : ldg.binuang@simedarby.com

1.8 Time Bound Plan for Other Management Units

Initially, there were a total of 65 CUs under SDPSB located in Peninsular Malaysia, Sabah and Sarawak in Malaysia and in Kalimantan, Sumatera and Sulawesi in Indonesia. Of these CUs, 42 units are in Malaysia while the remaining 23 units are in Indonesia.

At present, SDPSB operates 58 POMs (58 SOUs) and has a total of 230 oil palm estates. The difference in the number of POMs and CUs was due to the closures in Malaysia of 3 mills (Jeleta Bumi, Sg. Sama and Sg. Tawing) and 1 mill in Indonesia (Tamiang) while another 3 mills (Mostyn, Sepang and Bukit Talang) in Malaysia had been assigned to receive FFBs solely from third parties.

SDPSB is committed to RSPO certification as demonstrated in the earlier assessments. The certification assessments had been conducted as planned with the target for completion by December 2011. To-date, 39 and 16 of their SOUs in Malaysia and Indonesia respectively had been certified and another 3 SOUs in Indonesia have undergone assessments and pending for certification approval.

1.9 Area of Plantation

The area of plantation is as shown in **Tables 4 to 7**.

1.10 Approximate Tonnage Offered for Certification

The actual tonnage of CPO and PK produced and claimed for the last reporting period and approximate tonnage (estimation) for July 2012 to June 2013 are as shown in **Tables 8 and 9** respectively.

Table 8
Actual CPO and PK Tonnage Since Last Reporting Period
(January 2012 - 31st December 2012)

FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)	Certified CPO Tonnage	Certified PK Tonnage
198,019.02	44,004.84	9,647.18	31,265.57	9,860.44

Table 9
Approximate CPO and PK tonnage (July 2012 – June 2013)

FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)	CPO Tonnage claimed for certification (tonne)	PK Tonnage claimed for certification (tonne)
211,170.65	48,049.03	10,546.33	47,783.83	10,498.53

1.11 Date Certification Issued and Scope of Certification

The RSPO Certificate was issued on 16 January 2009 by SIRIM QAS International to the Binuang POM. The scope of certification covers the production of certified CPO and PK from the Binuang POM with FFBs supplied by the SOU's own estates: Binuang, Tingkayu, Sungang and Jelata Bumi.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

SIRIM QAS International 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 Secretariat of the United Nations Framework Convention for Climate Change (UNFCCC).

SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessment related to RSPO assessment. We have certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. We have also conducted pre assessment against RSPO Principle and Criteria. SIRIM QAS International was approved as a RSPO CB on 21st March 2008.

2.2 Qualifications of Lead Assessor and Assessment Team

The assessment team comprised four assessors. The details of the assessors and their qualifications are presented in **Table 10**:

Table 10
Details on Assessors and Their Qualifications

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Selvasingam T.K	Assessor / Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none"> • 8 days experience as Technical Adviser to RSPO Audits. • 16 days of auditing experience in RSPO. • B. Sc. (Hons) Agriculture – University of Agricultural Sciences, Hebbal, Banglore, India (1969-1973) • A Planter with Kumpulan Guthrie Berhad (1995-2002 – retired) • Inclusive of One year in Liberia and • 2 years in Estate Department in Guthrie head quarters • Experience in Managing: • Nursery : Rubber and Cocoa • Immature Area : Cocoa Replant, Rubber Replant, Oil Palm Replant & Oil Palm New Clearing • Mature Area: Cocoa, Rubber & Oil Palm.
Mahzan Munap	Assessment Team Leader / Occupational health & safety and related legal issues	<ul style="list-style-type: none"> • Collected over 450 Days of auditing experience in OHSAS 18001 and MS 1722 OHSMS (80 days for palm oil milling & 8 days for oil palm plantation). and 69 days RSPO • CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997. • Occupational Safety and Health Trainer at INSTEP Petronas • Successfully completed RSPO Lead Assessor Course – 2008. • Successfully completed Lead Assessor Course for OHSAS 18001-2000. • Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006 • Successfully completed RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2008.

		<ul style="list-style-type: none"> • MBA, Ohio University. • B.Sc. Petroleum Engineering, University of Missouri, USA.
Dr. Rusli Muhd	Assessor / workers' & community issues and related legal issues	<ul style="list-style-type: none"> • Collected more than 65 auditor days in auditing RSPO and 16 days of Forest Management Certification (FMC). • Reviewed about 5 or 6 FSC Forest Management certification reports • Prepared Consultancy Reports on SIA for WWF, KPKKT and PESAMA • Taught Industrial Relations and International Forestry. • Research on forest certification • Ph.D. (Major: Forest Policy); Minor: Public Administration, North Carolina State Univ. • M. Phil. (Forest Policy) Univ. of Edinburgh • B.S.(For) UPM
Khairul Najwan Ahmad Jahari	Overall Team Leader Assessor / ecology and environmental issues/ HCV / Forestry	<ul style="list-style-type: none"> • Collected 73 auditor days in auditing Forest Management Certification (FMC – MC&I 2002 and MC&I Natural Forest) • Collected 42 auditor days in auditing RSPO • 11 years working experience related to forest management, inventory, surveying, HCVF and logging operation. • Successfully completed accredited Lead Assessor training for ISO 14001: 2004, ISO 9001:2008 and OHS 18001:2000 • Successfully completed RSPO Lead Assessor Course – 2011. • B. Sc of Forestry (Forest Management)

2.3 Assessment Methodology (Programmes and Site Visits)

After reviewing the third annual surveillance assessment report, it was decided that the sampling formula of $0.8 \sqrt{y}$ to determine the number of estates to be assessed would not be used as each supply base has its own issues of interest on the activities related to RSPO MYNI to be verified. Hence, 3 estates were planned to be assessed namely Jelata Bumi, Binuang, and Sunggang.

The assessment team carried out field and office assessments for conformance against the RSPO-MY Principles and Criteria. The visits also covered HCV habitats, labour lines, storage areas and other workplaces.

Common systems were identified and specific evidences were recorded for individual estates. 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, records as well as other related documentation were also reviewed. The assessment programme is as in **Attachment 2**.

2.4 Date of Next Surveillance Visit

The next recertification audit will be conducted within nine to twelve months from this audit.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

This surveillance had resulted in the issuance of eleven (11) NCRs and eight (8) OFIs. Seven (7) of the NCRs were classified as major while the remaining four (4) were minor. In addition, the assessment team had raised nine (9) OFIs. The CU had taken the necessary corrective actions in order to close all the major NCRs raised. The details on the NCRs and OFIs and the corrective actions taken to address them are presented in **Attachment 3**.

In addition, all the minor NCRs and OFIs raised during the previous surveillance had also been satisfactorily closed out following the verification of the implemented corrective actions. The assessment team had examined the action plan and found it to be adequate in addressing the minor NCRs and OFIs. The details on these NCRs and their status are shown in **Attachment 4**.

The findings of this surveillance audit are reported based on the format for the RSPO MYNI indicators. The detailed findings on compliance against each of the RSPO MY-NI indicator are reported as follows:

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1

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

Findings:

The CU had continued to implement the same procedures on responding to the request for information or documents that were related to the RSPO Criteria and had continued to keep and maintain record on all communication with its stakeholders.

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.

This concerns management documents 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:-

- 1.2.1 Land titles / user rights (C 2.2)
- 1.2.2 Safety and health plan (C4.7)
- 1.2.3 Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3)
- 1.2.4 Pollution prevention plans (C 5.6)
- 1.2.5 Details of complaints and grievances (C 6.3)
- 1.2.6 Negotiation procedures (C 6.4)
- 1.2.7 Continuous improvement plan (C 8.1)

Findings:

The CU had continued to make available documents to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

SDPSB had continued to use the internet for disseminating public information relating to land titles, safety and health plans, pollution prevention plans and the procedure for complaints and grievances through its website at <http://plantation.simedarby.com>.

It was observed that there had been no changes on the documents which could be made available for public viewing.

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

Findings:

SOU 28 had continued to use the same documented system for identifying, accessing and updating the legal requirements and to monitor the status of legal compliance. SDSPB had continued to ensure all applicable legal requirements pertaining to RSPO were established, implemented and maintained.

A special department which is based in Kuala Lumpur was still responsible on tracking the changes to the Acts and Regulations in their legal register by communicating with the publisher of the documents.

The SOU had continued to keep the list of all laws affecting the oil palm industry. The evaluation on the CU's legal compliance was still done by the Environmental Safety and Health Coordinator. It was observed that the CU had continued to comply with most of the relevant laws except on the requirements related to the Factories and Machinery (Person-In-Charge) Regulation 1970 and Electricity Supply Act 1990.

With respect to the Factories and Machinery (Person-In-Charge) Regulation 1970, it was found the diesel operated Internal Combustion Engines (212kw ND 320KW Generators) at the Jelata Bumi Estate for each shift was being in-charged by a Grade 2 Engine Driver instead of Grade 1 Engine Driver. **This was therefore raised as major NCR #MM1.**

This same major NCR #MM1 had also been raised during the previous surveillance as major NCR#MM 01A but had not been satisfactorily addressed and therefore remained open. The CU had taken appropriate action to advertise the post of an Engine Driver Grade 1 on the JobStreet.com and in the local Borneo newspaper. The assessor had verified and accepted the corrective action taken. Therefore **major NCR #MM1 had been closed out.**

The other non-conformity was related to the Electricity Supply Act 1990, Regulation 23 where it was found that the electrical Chargeman at the BPOM possessed only an AO certificate instead of B4, thus not meeting the said regulation. **This was raised as major NCR #MM3.** This same major NCR had also been raised during the previous surveillance as major NCR #MM01B but had not been satisfactorily addressed and therefore remained opened. The CU had taken action to advertise the post of a Mill Electrical Chargeman B4 on the JobStrret.com and in the local Borneo newspaper. **The assessor had verified and accepted the corrective action taken and therefore closed out major NCR #MM3.**

The major NCR raised during the previous surveillance on the need to conduct a training for the persons in charge of handling scheduled waste at Jeleta Bumi Estate had been satisfactorily addressed. The BPOM had taken action to send the persons in-charge, Mr Firdaus (QA), Valentino (foreman), Ms Muliati (Store Clerk) and Mr. Arthur (HA) to a training on scheduled waste training on 20th December 2012. The assessor had verified and accepted the corrective action and therefore closed out this major NCR.

An **OFI 1** was raised against BPOM as it was observed that it had not frequently updated and properly maintained the written contract of service for several workers as required by the Sabah Labour Ordinance.

Criterion 2.2

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

Findings:

The legal ownership of the land had already been verified. The right to use the land had been adequately demonstrated, and had still not being legitimately contested by local communities with demonstrable rights.

The boundary stone along the perimeter adjacent to the stateland and forest reserves were still available during the site visit for all estate except in Sunggang. **This was raised as minor NCR # SEL1.** The Sunggang Estate had taken action and managed to identify the boundary stone concerned and was still in the process of identifying the boundary stones of all the estate's perimeter. The assessor had reviewed and accepted the corrective action taken but the verification would be made during the recertification audit.

There was no change of land ownership. The total area, since January 1978 was still 3,271 ha. The terms of land title which were for the purpose of oil palm planting were still being complied with. However, the owner of the land was still Golden Hope Plantation as it would take some time for SDPSB to resolve the issue on the land ownership following the merger.

Criterion 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.

Findings:

There has been no claim made on either legal, user or customary right on the estate land.

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.

Findings:

The budget documents for their Financial Years 2012/2013 and projection budgets for 2013/2104, 2014/2015 and 2015/2016 were sighted at Sungang Estate and still being referred. Besides the normal type of operating budgets allocated for the oil palm plantations (that is, FFB yield/ha, and unit cost of production), the budget had continued to include the allocation for welfare and social services.

The replanting programme for the next ten years 2011 to 2021" which had been incorporated in the annual financial budget had continued to be implemented and being reviewed annually.

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

Criterion 4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

Findings:

SOU 28 had continued to implement the SOP for all its estate and mill practices. For the estates, in addition to the SOP, the technical guidelines as listed in the Agricultural Reference Manual had also continued to be used.

For activities related to environmental requirements, the procedures as prescribed in the Sime Darby Plantation-Sustainable Plantation Management System were still being referred to.

Briefings on the SOPs and related documents were still being conducted and workers had frequently being reminded about it during the morning muster. Based on random interviews held with the employees, it was revealed that they still had a good understanding on the contents of the SOP. It was also observed that the SOP was still being displayed at various work station for easy reference.

Monitoring on the SOP implementation was still being done by person-in-charge and records were verified by the assessor.

Despite the briefings and trainings being given, an NCR was issued for a lapse found at Sunggang Estate (**major NCR# SEL2**), where the pruned fronds were not stacked as required especially in the

terraced areas in the tall palm fields. Fronds were also found on the path ways and in drains.

In addition, a **minor NCR#MM2** was raised against the Jelata Bumi Estate when it was found that the sampling on drinking water has not been conducted in accordance to SDPSB's own procedures which requires that water sampling and analysis be carried out on quarterly basis (January, April, July and October). The records of drinking water analysis showed that it was last done on 4th May 2011.

At the mills, records on sterilizer performance, boiler chemical usage and smoke emission, effluent treatment plant discharge, steam turbine running hours and its maintenance schedule had been verified.

Criterion 4.2

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

MY-NIWG recommends that the indicators in criterion 4.2 and 4.3 are linked

Findings:

SOU 28 had continued to monitor fertilizer inputs as recommended by their agronomist. The use of fertilizer was still being made on annual basis as described in the 'Agronomic and Fertilizers Recommendation Reports – Oil Palm 2012/2013.

Leaf (tissue) sampling was still being carried out and its result formed part of the basis for the fertilizers input recommendation. Fertiliser application for 2012/2013 programme was still in progress as stated in Agronomist Report.

In addition to fertiliser application, Sungang Estate had continued to carry out application of compost at application rate of 100 kilos per palm to the recommended fields and EFB application around palm circles at 40 tonnes per hectare in the 2012A replanting field.

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

Findings:

SOU 28 was still committed to minimize soil erosion by constructing and maintaining terraces (terrace planting) on hilly to steep terrains, L-shaped frond stacking and contour stacking of the pruned fronds and other biomass retention in the field.

The CU had continued to practice only circle and path spraying for field maintenance in the mature areas and the planting of *Vertiver* grass at the areas that are prone to erosion. For replanting areas, the company had continued to plant and maintains cover crops.

Generation of non-competitive ground covers especially *Nephrolepis bisserata* and soft grasses had continued to significantly minimize the occurrence of bare ground, soil erosion and surface runoff.

During the field visit, it was observed that the road in SOU 28 still had a satisfactory condition and accessibility made possible by regular maintenance. However, at the Sunggang Estate, a **minor NCR# SEL3 was raised** as it was found that the road maintenance programme had not been carried out timely. A large hole, (2' X 2') and a smaller ones were found on a bridge in Field 91C. The timber structure had rottened and collapsed creating the holes. In addition, there were no warning sign to indicate the collapsed bridge thus posing danger to the users.

It was observed that silt pits had strategically been located along the road to collect diverted road runoff to further minimize road rutting. No peat soils were found during the field visit.

Generally, SOU 28 had continued to comply with the requirement of conserving areas with more than 25° gradients to minimise soil erosion and degradation. Areas that were planted with Oil Palms earlier were conserved and no activities including harvesting had been carried out.

Criterion 4.4

Practices maintain the quality and availability of surface and ground water.

Findings:

The CU had continued to protect water courses during or before replanting along all natural waterways within the estate. This was evident in the latest replanting where none had been planted along the natural waterway. The old palms had not been felled for replanting as observed in the Sunggang Estate.

It was found that the CU still had the 20m buffer zone boundary with signboard erected and the palms marked with white paint at the trunk to differentiate them from trees outside the riparian zone.

During the site visit, it was found that there was a bund being constructed across the waterway passing through Sunggang estate to draw water for use at the nursery. **Therefore, a major NCR # SEL-04 was raised.**

The CU had continued to conduct water quality monitoring in identified waterways. The water analysis reports were shown to the assessor for verification. The rainfall data and rain days had continued to be well maintained over the past ten years. The mill had continued to monitor water consumption.

SOU 28 had continued to implement its water management plan which include actions to reduce usage of treated water and contingency plan for water shortage.

Criterion 4.5

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

Findings:

SOU 28 had continued to implement the documented IPM techniques as in the SOP/Section B13/Pest & diseases and ARM/Section B15/Plant Protection. The usage of pesticides was still being justified and monitored. Information on the quantity of pesticides and areas applied had continued to be documented and used to monitor the FFB produced in the applied area.

Beneficial plants from the four major species namely *Tunera subulata*, *Cassia cobanensis*, and *Antigonon leptopus* had continued to be planted in the estates to maintain low population of leaf eating caterpillars, hence had reduced the need to use chemical treatment. Calendar rat baiting was still being practiced in the Sunggang Estate to keep rat damage at a minimum.

Records on the location and amount of agrochemical active ingredients (ai) per hectare and per metric tonne being used were still being kept.

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.

Findings:

SOU 28 had continued to use the chemicals that are registered under the Pesticide Act 1974, Chemicals listed in the World Health Organization Type 1A or 1B or Stockholm or Rotterdam Convention.

Usage and method of agro-chemical applications (pesticides and herbicides) were still being justified and stipulated as in the ARM and SOP as well as in the safety pictorial procedure. No illegal agrochemicals (stated by local and international laws) in particular paraquat had been found or used. Paraquat had totally being replaced by another contact herbicide called glufosinate ammonium.

Records on agrochemicals used including active ingredients, area treated, amount applied per ha and number of applications were still being maintained and kept up-to date.

Chemical stores had been locked at all times. There were safety and communication documentations, which include a chemical register indicating the purpose of chemical usage (intended target), MSDS, hazards signage, trade and generic names.

The usage and storage of agrochemicals including pesticides were still being done in accordance with the Pesticide Act 1974, Occupational Safety & Health Act 1994 and USECHH Regulations 2000.

Based on the recommendation of the CHRA, medical surveillance had continued to be conducted for employees, such as estate sprayers and mill laboratory operators, whose jobs require them to be exposed to chemicals. Pregnant and breast-feeding women were still strictly not being allowed to work with pesticides. There was still no aerial application of agrochemicals.

The Binuang POM had continued to carry out the chemical residue test quarterly although there was no request to do so from the CPO buyers.

Criterion 4.7

An occupational health and safety plan is documented, effectively communicated and implemented

Findings:

SOU 28 had continued to implement the SDPSB's occupational safety and health policy, plan and programme. The SDPSB safety and health policy had continued to be displayed prominently in Bahasa Malayu and English on notice boards at the mill and estates' offices and Muster Ground. From random interviews held with the employees, it was found that they generally still had a good understanding on the main elements of the policy.

Based on the risk assessment, SOU 28 had identified and reviewed (on 12th September 2012 by mill) significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA records were verified during the assessment.

During mill and field inspections including observations on spraying, it was confirmed that the chemicals being applied were in accordance with the product safety precautions. The pesticides used were registered under the Pesticides Act 1974 and in accordance to USECHH Regulations (2000).

The employees of SOU 28 had continued to wear appropriate personal protective equipment (PPE). PPE issuance record was sighted and it was found that the frequency of PPE replacement was acceptable.

SOU 28 had continued to use the same OSH Committee to facilitate their OSH implementation plan. Roles and responsibility of each member, including worker's representative, were clearly defined and the committee meetings were held on a quarterly basis. Meeting minutes were available on file and detailed the discussions that include accident cases, workplace inspections, relevant training required for workers, health monitoring results and areas for improvement.

SOU 28 had continued to maintain the existing facilities for various types of emergencies that had been identified. At the mill, an 'Emergency Room' equipped with basic facilities (i.e. stretcher, First Aid kit, emergency eye wash and shower station) were still being provided. They had also continued to use the Accident and Emergency procedures that had included the steps for responding to a range of potential emergencies. Site Plan and Emergency Callout list of Contacts had been reviewed annually and being up-dated. Emergency evacuation and fire drill had been conducted annually and the last was on 18th July 2012 by the mill.

Workers trained in First Aid were present in both the field and mill operations, including on every shift. Interviews with First Aiders had found that they were aware of their duties and responsibility. First Aid boxes had been provided and maintained at several locations in the mill's and estates' office,

stores and workshop. At the estate, it was found that each mandore had been provided with the First Aid box to take with them when on duty in the field. First Aid kits were also made available at Laboratory and Boiler Control Room.

OHS training for staff and workers had been conducted as per the OSH plan and programmes developed by the SHO, and the training records were being kept by mill and estates.

OSH performance had continuously been monitored and accident cases managed in accordance with OSH Regulations. Accident records had continued to be kept and reviewed. An accident scoreboard had continued to be made available at mill and estates and updated regularly to show the current OSH performance status. In 2012, one (1) case without Lost Time Incident was recorded at the mill. JKPP 8 was sighted and had continued to be submitted to DOSH on 5th January 2013.

SOU 28 had continued to insure all its foreign workers in the mill and the estates via the Worker's Compensation Accident Scheme from a recognized insurance underwriter. The local employees had continued to be covered by SOCSO.

Although generally there was evidence of documented occupational safety and health plan that was in compliance with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967, **an OFI 2** was raised on the following observations:

1. the floor of the pump house for the oil palm nursery at the Sunggang Estate could be wiped and cleaned off oil and water to remove the unsafe condition of slippery floor that could posed slip, trip and fall hazards to operators;
2. the (a) content of the first aid box and (b) records of casualty and treatment given b First Aiders at the Jelata Bumi Estate and BPOM could be improved to be in compliance with DOSH guideline on First Aida at Workplace (2nd Edition);
3. some of the houses at Jelata Bumi Estate's line sites have yet to be equipped with portable fire extinguishers;
4. the emergency response post mortem report at the BPOM could be improved to detail out the chronological event including when siren was activated, time of arrival of first person and last person at assembly point, time finishing head count, time activating firefighting team or first aiders swing into action, orderliness of evacuation, etc.

Criteria 4.8

All staff, workers, smallholders and contractors are appropriately trained.

Indicator 4.8.1

A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept.

Major compliance

Findings:

SOU 28 had continued to establish training needs and programmes for the year 2012/13. Generally the training programme had covered the major training identified such as awareness on the RSPO certification, safety and health and environmental, first aid, fire fighting, 5S housekeeping and the implementation of SOPs.

Training records were sighted and reviewed. Among of the training programmes which has been conducted were on the prohibition spraying activities in the buffer zone (17 May 2012). The training programmes had also been extended to the contractors and suppliers.

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.

Findings:

SOU 28 had continued to review its environmental aspects/impacts register associated with their activities. For example, for BPOM, it was last reviewed on 17th September 2012. The assessor had found that most of the activities had been identified and evaluated accordingly.

Generally, the Environmental Aspect Identification (EAI) and Environmental Impact Evaluation (EIE) had continued to be reviewed on annual basis. An environmental improvement plan or known as Environmental Management Programmes (EMP) which had been established based on the identified significant aspects had continued to be implemented.

Among the EMP being implemented at estates level were reduction of diesel consumption and the planting of beneficial plant and ensuring effluent discharge and boiler smoke emission were within the legal requirements in the mill.

However, it was observed that there was a diesel spillage at the diesel pump area at the Binuang Estate. **This was raised as OFI 3.**

Criterion 5.2

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.

Findings:

The SOU had continued to implement the action plan which was prepared based on the management plan produced from the Biodiversity Baseline Assessment Report prepared in 2009. The action plan 2012/13 was reviewed on 19th December 2012. The monitoring form had been filled by person in-charged on night patrolling book. The latest entry was on 21st December 2012 on elephant monitoring.

During the site visits, it was found that the SOU had continued to maintain the significant HCV habitats, such as HCV 4 and HCV 6 including the status of rare, threatened or endangered species (ERTs) and high conservation value habitats

SOU 28 had also continued to maintain signage to discourage illegal or inappropriate hunting fishing or collecting activities in the estates.

Criterion 5.3

Waste is reduced, recycled, re-used and disposed off in an environmentally and socially responsible manner.

Findings:

For all the identified wastes, the SOU had continued to practice 3R (reduced, recycle, re-use) on their management. The program to encourage recycling of solid wastes had also continued.

Identification of sources of pollution such as effluent from oil clarification plant and production floor washing activities, smoke from boiler operation, contaminated gloves from maintenance activities had been made by each operating unit and subsequently an operational control procedure was established and monitoring activities was carried as per schedule to ensure all wastes and pollutants do not give rise to significant impact to the environment.

The SOU had continued to monitor on activities producing wastes and implemented the waste management plan and SOP for the disposal of these wastes. However, during a site visit at the Binuang and Sunggang Estates, it was observed that solid wastes (plastic bottle, boxes, plastic basin) were mixed up in the landfill. **Therefore OFI 4 was raised.**

Recycling of palm biomass generated from the milling activities had continued. It was observed that biomass such as excess fibre, shell and EFB were recycled or used as fuel in the boiler or sent to estate for mulching. In addition, the estates had continued to chip oil palm trunks and used them as fertilizer during replanting activities. POME had continued to be treated in the effluent treatment plant and finally discharged into the estate for use in land irrigation system and also use as nutrients for microbes at the composting plant nearby.

Criterion 5.4

Efficiency of energy use and use of renewable energy is maximized.

Findings:

SOU 28 had continued to be committed to use renewable energy in the mill. Fibre and shell were still being used as boiler fuel to generate steam for the process as well as electricity for the mill complex and labour lines.

The usage of fibre and nut shell had been monitored and records maintained.

Criterion 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.

Findings:

Fire has not been used in all estate operations, replanting, land clearing and waste disposal. This practice has been implemented company-wide since 1989 in line with the zero burning policy and also as prescribed in the Agricultural Reference Manual. All replanting areas in the SOU had been developed without the practice of burning. Domestic wastes were buried in landfills.

The auditor had verified that the replanting of estates in Binuang and Sunggang had no trace of open burning. Instead the palms were felled, chipped/shredded and windrowed within the plantation during replanting development. The palm biomass was left to rot naturally.

Criterion 5.6

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

Findings

SOU 28 had continued to implement its plan to reduce pollution. Among the actions still being implemented were reducing black smoke emission, enhancing scheduled waste management, reducing diesel consumption and ensuring effluent discharge was within the legal requirements.

The implementation of plan on reducing pollution and emissions had followed the schedule and results had shown a positive trend.

PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLS

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.

Findings

The SIA report had been prepared with the participation of various stakeholders, namely, estate workers, local communities, contractors, vendors and suppliers. Evidence on participation is shown by the schedules of interviews between the assessors of the report and the stakeholders concerned.

In addition to the requirements of the standards, Sime Darby required its estates and mills to conduct stakeholders' consultation once in six months to obtain feedbacks from its stakeholders on latest

social issues, if any.

The assessor had found that the Jelata Bumi estate and BPOM had regularly updated their Social Impacts Assessment Action Plan as required by the standard. However, both the estate and mill had not conducted a stakeholders' consultation at least once in six months as required by the company's procedure. The last stakeholders' meeting was held in June and October 2012 for Jelata Bumi estate and BPOM respectively. Therefore, **a minor NCR # RM2 was raised**

While it was observed that the SOU had conducted stakeholder consultations and identified the relevant issues affecting these stakeholders, there was no action plan been drawn to resolve them. **This was therefore raised as OFI 5.**

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.

Findings:

SDPSB had continued to implement its communication procedures and standard operating manuals on customer communications.

So far no issue had been identified or raised related to communication and stakeholder consultations. The estate/mill had continued to communicate with external parties through letters and files were kept on each of the stakeholder. In addition, record books were still being maintained to register the requests or complaints received from outside parties.

In addition, the estates and mill had continued to communicate with their workers through various means, such as briefings and meetings, notice boards, emails and letters. The morning briefings appeared to be most popular means by which the estate management communicates with the workers.

The Estate Manager had continued to be responsible to handle issues on communication and consultation. However, this responsibility might be delegated to the Assistant Manager. Letters appointing Assistant Managers or other staffs to be the responsible person-in-charge of these issues were sighted during the audit.

The estate/mill had continued to maintain and update their lists of stakeholders which comprise vendors, contractors, local communities and government agencies.

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.

Findings:

The SOU had continued to use the documented communication procedures to handle complaints and grievance from outsiders. As the SOU had not received any complaint or grievance, there was no records available to judge whether the procedures had been effective, timely and appropriate.

The estates and mill had also developed procedures to handle grievance or complaint from the workers. Complaints on housing and other services had usually continued to be recorded or filled up in the request for service forms.

It was observed that there were different practices of recording on workers' complaint or grievance among the estates/mills in Kunak and Tawau. Certain estates (e.g. Jelata Bumi Estate) required their workers to make verbal requests while others (e.g. Giram Estate) used forms to record the grievances and Tiger Estate) entered complaints in the record books.

For the purpose of ensuring uniformity on the practices on dealing with complaints and grievances as well as to facilitate the monitoring on them, it is recommended that the practices be standardized for all the estates and mills. **This was therefore raised as OFI 6.**

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.

Findings:

The SOU had continued to use the procedures on dealing with customary rights and compensation for loss of legal rights which had been prepared by SDPSB. Compensation on loss of legal rights will be determined by the land authority. So far, there has been no dispute involving customary rights in SOU 28.

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.

Findings:

The employment contracts signed by the workers and staffs spelled out their pay and work conditions. These contracts conform to the minimum standards as stipulated in the Collective Agreement (CA), 2011 - 2013 signed by Sime Darby and Sabah Plantation Industry Employee Union (SPIEU), which was still being enforced. Among others, the contracts spell out the period of employment, wage rate, work benefits, overtime, annual leave and public holidays. For foreign workers, these contracts are renewed every time the worker renews his/her employment with the estate or mill.

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) were made available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.

The SOU 28 had continued provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). In all the estates and mill, new two or three bedroom houses have been built to replace the old ones. In every estate there is a *surau*, clinic, kindergarten, crèche and canteen.

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.

Findings:

The workers in the estates and mill were members of the Sabah Plantation Industry Employees Union (SPIEU) while the administration staffs were members of the All Malaysian Estate Staffs Union (AMESU). In the Tiger Estate there was a SPIEU representative selected among the workers.

However, it was found that there has been no formal meeting held between the management of the Binuang Estate and the union representatives in the estate and mill. Therefore, there was no minutes of meeting between the management and union representatives in the BPOM. **A major NCR # RM1 was therefore raised.**

In addition, currently it was observed that the estate and mill do not have formal regular meetings with union leaders. This practice was quite acceptable because there was no full committee membership of union leaders in the estate/mill. However, the union leaders need to convey or voice the members' concerns to the estate/mill management.

From an interview held with the union leader at Jelata Bumi Estate, it was revealed that estate workers

often bring issues to him to be conveyed to the estate management. However, there was no union representative at the estate/mill being appointed as member of the permanent estate/mill committee. **This was therefore raised as OFI 7.**

A published statement on freedom of association was still being displayed in the estate and mill.

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.

Findings:

The CU had continued to adhere to the very strict policy on child labour. As revealed in the latest Employee Master Listing no person below 18 years old has been recruited to work either in the estate or BPOM. The lowest starting age of the estate worker is 19 years old.

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.

Findings:

A policy on non-discrimination which had been incorporated in the statement of Social Policy of Sime Darby had still been posted on notice boards in all estates/mills.

There was no evidence of discrimination based on race, gender or national origin or any other factors. As shown in the employment letter, there were still no differences in the terms of employment between foreign and local workers or between male and female workers. These workers had lived in the same housing complex and enjoy similar benefits. However, due to government policies, education opportunities were still different between the local and foreign children.

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.

Findings:

SDPSB had continued to implement its policy statements on sexual harassment. In addition, the Manual on the Implementation of Gender Policy has continued to guide the CU on the resolving of grievances.

It was observed that the Gender Committee (GE) in the Jelata Bumi Estate and BPOM had continued to organise programs and activities such as health campaign, dancing competition, sport carnival and cultural shows for their members.

Two cases of domestic violence and one case of sexual harassment had been reported to the GC at Jelata Bumi Estate. The chairperson of the Committee reported that proper investigations had been carried out by the estate management and appropriate actions had been taken on the workers involved.

Criterion 6.10

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

Findings:

Brief random interviews were carried out with a few contractors and supplier at the Jelata Bumi Estate and BPOM to verify the business relationships between them and the estates/mill.

The suppliers interviewed explained that the standard purchasing procedure had continued to be followed for the supply of services to the estate/mill. In this procedure, the price of the service has always been documented in the quotation and purchase order.

In the case of long-term contract, the price of the service was spelt out in the agreement or contract. The rate of payment has been decided by the SDPSB's Headquarters.

The current and past prices paid for FFB was not publicly made available. However this criterion does not apply to the Binuang mill as it had not bought outside crops.

The FFB transporter and the suppliers interviewed mentioned that they understand the contract even though it is written in the English language. The contents of the contract have not changed much since they started serving the company many years ago.

The contractor and suppliers mentioned that he usually received his payments in the form of cheques the following month after the job was done. Usually, the cheques were issued in the first week of the following month after the job was completed. The contractor and suppliers had no complaint on the timeliness of the payment.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Findings:

The SBU has no neighbouring local communities. However, the mill is located not far from a popular mud pool which is frequently visited by local people as well as those from out of town. The estate road had always continued to be used by those people who visited the mud pool. Therefore, the estate had been facilitating tourists and visitors to enjoy a tourism product in a rather limited scale. In addition, the estate and mill had always been important sources of employment and business for the local populations.

PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Criterion 7.1

A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

SDPSB has no plan for new planting. The assessors had verified that there was no new land being opened up for new planting. Thus Principle 7 is not applicable.

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.

MY NIWG commits to demonstrate progressive improvement to the following but not limited to:

Findings

Generally, the SOU had continued to implement its continuous improvement plans for all the indicators. Most of the plans had been implemented through the requirement of their internal integrated management system. Among the improvement plans were to review the HCV reports, practices to minimize chemical usage by substituting through the planting of cover crops in the immature fields rather than using herbicides for field upkeep; on the welfare of workers front, new housing and facilities are being constructed in phases as part of the company's commitment to provide better living conditions and on the environmental impact.

3.2 Identified Non-conformities

Details of the non-conformities, corrective actions taken and the assessors' verification of the corrective actions taken are as in **Attachment 3**.

3.3 Status of Non-conformities Previously Identified

The assessors had verified the effectiveness of the corrective actions taken to address all the previous NCRs. The details of the verified nonconformities are in **Attachment 4**.

3.4 Noteworthy Positive Observations

SOU 28 had continued to make improvement on the implementation of activities related to the compliance with the RSPO P&C. This can be seen on the physical improvement on housing and related amenities, use of cover crops instead of herbicides, as well as on the storage of chemical and wastes including the provision of a changing room for the sprayers.

The workers housing had continued to be kept clean and beautiful as part of the 'Beautiful House Contest' and good housekeeping was still continually being practiced at all workplace.

The level of awareness among the workers on the implementation of the activities related to the RSPO P&C had also improved. They were able to explain not only on the operating procedures related to their work but also the impact of deviation, the consequence for not following them and the importance in achieving conformity to the requirements of the RSPO P&C.

Commitment from top management on the implementation of activities related to the RSPO P&C was also evident during the assessment, noticeable among which was on subsidizing the migrant worker's children education at the HUMANA school at the SOUs.

3.5 Issues Raised by Stakeholders and Findings with Respect to the Issues

Among the stakeholders consulted during the surveillance assessment were:

- Workers from different group of tasks
- Management staff
- Union representatives
- FFB supplier
- Local communities
- Female worker representative
- Civil work contractors

Generally all the stakeholders being consulted had given positive remarks and that they had no issue on dealing/working with the SOU.

3.6 Supply Chain

RSPO Member Number : 1-0008-04-000-00 (Sime Darby Plantation Sdn Bhd)

Assessment Date : 5 February 2013

Standard: RSPO Supply Chain Certification Systems, November 2011

Scope of Assessment (specify supply chain model(s) used):

Processing of RSPO certified sustainable oil palm fresh fruit bunches (FFBs) to RSPO certified sustainable crude palm oil and palm kernel using the Segregation (SG) model.

3.6.1 Description of the organization

3.6.1.1 Description of the organization's activity

Binuang Palm Oil Mill (BPOM) is one of the subsidiary companies of Sime Darby Plantation (Sabah) Sdn Bhd. The mill is located in Binuang, Kunak, Sabah. BPOM was commissioned in 1992 to process oil palm fresh fruit bunches (FFBs) to produce crude palm oil (CPO) and palm kernel (PK). BPOM has 113 workers of which 72 are Sabahan while the remaining 41 are foreigners mostly Indonesian.

The processing of the FFBs involved the sterilization, threshing and pressing to extract the oil. BPOM's main sources of RSPO certified FFBs are the company's own supply base; Binuang, Tingkayu, Sungang and Jeleta Bumi Estates which had been certified against the MY-NI: 2008 of the RSPO Principles and Criteria for Sustainable Palm Oil Production by SIRIM QAS International Sdn Bhd in January 2009. BPOM does not buy and process FFBs from outside suppliers.

The mill has a processing capacity of 40 metric tonnes (MT) of FFBs per hour. It processes about 650 MT of FFB daily or about 200,000 MT annually. For 2012, BPOM has received a total of 198,019 MT of RSPO certified FFBs to produce about 44,004 MT and 9,647 MT of RSPO certified CPO and certified PK respectively. Currently, all of the mill's production of CPO is delivered to the Kunak Bulking Installation (KBI), a subsidiary of Sime Darby Holding Berhad (SDHB). The CPO is later sold locally or exported by SDHB.

BPOM had been implementing the Segregation (SG) model for its supply chain system beginning in January 2009 after obtaining the RSPO Certificate for Sustainable Palm Oil Production. The CPO produced by BPOM had been traded by its parent company, SDHB as GreenPalm. SDHB has also obtained the approval of the RSPO Secretariat to trade the CPO as certified under the RSPO e-trace. However, the company's registration with the RSPO e-trace would be expiring soon on 14 April 2013.

There was no sale contract being issued by the supplying estates and payments of the in-coming RSPO certified sustainable FFBs to BPOM from the supplying estates were being handled at the corporate level. BPOM has not and would not be directly involved in the selling or exporting of the RSPO certified sustainable CPO. All sales and marketing activities were done by the Global Trade and Marketing (GTM) Department of Sime Darby Plantation Sdn Bhd, at the Head Office in Kuala Lumpur.

3.6.1.2 Description of the scope of the certification and specify supply chain model(s) used

The scope of the certification of the supply chain system covers from the receiving and processing of the incoming RSPO certified sustainable oil palm FFBs to produce RSPO certified sustainable CPO and palm kernel and the dispatch of these same products using the SG model.

3.6.1.3 Annual certified volume of RSPO certified palm oil over a specified period

For the year 2012, BPOM has processed a total of 198,019 MT of RSPO certified FFBs to produce about 44,004 MT and 9,647 MT of RSPO certified CPO and certified PK respectively.

3.6.2 Summary of Audit Findings

i) Documented procedures

BPOM has submitted a document entitled 'Standard Operating Procedure (SOP) for RSPO Supply Chain Certification System and Traceability' (SOP) dated 1 August 2012 prior to the conduct of the on-site audit. The auditor has commented on the SOP as it has not adequately described the procedures and work instructions to address the specific requirements of the RSPO Supply Chain Certification Standard, November 2011 (RSPO Supply Chain Standard).

During the on-site audit, it was found that BPOM has not amended its SOP to describe the detailed procedures and work instructions to address the specific requirements of the RSPO Supply Chain Standard. The SOP remained as it was when first submitted to the auditor prior to the conduct of the on-site audit. It was just a reproduction of the Supply Chain Certification Standard.

The SOP has not described the procedures and work instructions to ensure the implementation of all the elements of the RSPO Supply Chain Standard namely on (1) receiving and goods in for certified FFBs (2) processing (including segregation of certified CPO and measure to avoid contamination (3) sales and good out (dispatch) of the certified CPO products (4) record and maintenance of data on the in-coming RSPO and non-RSPO certified FFBs and (5) claims on the use of the RSPO trademark. **This was therefore raised as NCR II 1/2013.**

BPOM has appointed Ms. Zuwainah Spedy as the person responsible for overseeing the implementation and maintenance of the RSPO supply chain system and ensuring it complies will all requirements of the RSPO Supply Chain Standard. It was observed that Ms. Zuwainah has demonstrated a good understanding on the requirements of the RSPO Supply Chain Standard and on the related procedures which the BPOM has been implementing although they have not been properly documented in the SOP.

The RSPO and Certification Unit of Sime Darby Plantation Sdn Bhd at the Head Office in Kuala Lumpur has amended and submitted a revised SOP dated March 2013 which has described the procedures and work instructions on the specific elements of the RSPO Supply Chain Standard. The auditor has reviewed the revised SOP and was satisfied that it has included the required procedures related to implementation of the elements as specified in the RSPO Supply Chain Standard. **The corrective action taken has been adequate and therefore NCR II 1/2013 is now being closed out.**

ii) Purchasing and Goods in

The RSPO certified sustainable FFBs were supplied only by BPOM's own supply bases, the Binuang, Tingkayu, Sungang and Jeleta Bumi Estates, which had been certified against the MY-NI: 2008 of the RSPO Principles and Criteria for sustainable palm oil production. There was no issuance of a purchase order. A 'FFB consignment note', issued by the certified estates, accompanied every lorry load of certified FFBs for delivery to BPOM. The FFB consignment note has indicated clearly the name of the supplying estate.

The FFB consignment note issued by the supplying estate and the FFB Receive, were the two most important documents used in tracing the origins of the FFBs. The procedure on purchasing (receiving) and goods in has now been documented in the revised SOP (see NCR II 1/2013)

iii) Sales and goods Out (Dispatch)

BPOM has not and would not be directly involved in the sale of the RSPO certified sustainable CPO. BPOM would only deliver the certified sustainable CPO to the KBI for storage prior to exporting by ocean vessels. Upon arrival at KBI, the RSPO certified CPO from a tanker is emptied into a separate pit. The oil is then pumped into a tank, which has been assigned for storing RSPO certified CPO.

In terms of documentation, it was observed during the visit to BKI that apart from the name of the supplying estate, it was difficult to determine the status of the CPO from the relevant delivery-related documents such as weighbridge ticket (issued by BKI) and the CPO dispatch authorization, dispatch note and weighbridge ticket (issued by the supplying mill). These documents have not indicated the supply chain model of the certified CPO. The procedure on the issuance of the delivery-related documents has not been described in the earlier SOP.

The revised SOP has now clearly outlined the procedures on the dispatching of certified CPO and the specific information which must be indicated in all the relevant delivery-related documents including a description of the product and the supply chain model (see NCR II 1/2013).

iv) Processing

BPOM has been processing only its own certified FFBs from the four supplying estates. Therefore, the risk of mixing of RSPO and non-RSPO certified FFBs is almost non-existence. The processing of FFBs was still being done using the conventional method involving sterilization, threshing and pressing of the FFBs to extract the oil.

The revised SOP has prescribed the measures to be taken to avoid contamination of the certified CPO during dispatching at the mill, storage at BKI and transfer into the vessel. The procedures require flushing, cleaning and sweeping of processing tanks and pipelines to eliminate traces of non-certified RSPO oil. The traceability of a production batch of RSPO certified CPO is made possible by referring to the CPO delivery and the FFB in-coming related documents.

v) Record keeping

The revised SOP now requires record relating to the RSPO supply chain system to be maintained for a minimum of 5 years.

It was also observed that BPOM has been using the System Application Productivity (SAP) a computer software for recording the receiving of FFBS at the weighbridge and in the Daily CPO Production Record which has enabled the company to accurately capture the quantity of FFBS being processed and production of CPO daily as well as compute and monitor the monthly and annual RSPO certified sustainable CPO stock levels.

vi) Training

The available record on training has indicated that only three of the company's staff; Mr. Cheok Sing Chia (Mill Manager), Ms. Zuwainah Spedy (QA Conductor) and Mr. Anuar Ramano (Lab Conductor) have attended a training on the Supply Chain Certification System. The training was held on 11 December 2012 at the Merotai Palm Oil Mill. It was facilitated by Ms. Nurulashida Mohd Saad and Ms. Sheun Su Sin of the RSPO and Certification Unit, Plantation Sustainability and Quality Management, Sime Darby Plantation Sdn Bhd Head Office in Kuala Lumpur.

BPOM needs to organize a training for the other key personnel whose work is related to the implementation of the specific elements in the RSPO Supply Chain Certification Standard. **This was therefore raised as NCR II 2/2013.**

BPOM has organized a training on 16 February 2013 which was attended by the key security and weighbridge personnel only. The training was conducted by Mr. Miss Zuwainah Spedy, the mill's QA. Attendance record was submitted as evidence that a training has been conducted. As the BPOM has been and would be processing only RSPO certified FFBS, **the auditor was of the view that this corrective action has been adequate and therefore had decided to close out NCR II 2/2013.**

vii) Claims

BPOM has not and would not be directly involved in sale of the RSPO certified sustainable CPO/PK. It will only deliver the certified sustainable CPO/PK to BKI. The company will not be making on-product claims on the RSPO certified sustainable CPO it delivers to the BKI. The activities on marketing and sale of the RSPO certified sustainable CPO, are currently being done by the Global Trade and Marketing Department at the Head Offices in Kuala Lumpur.

However, the SOP has prescribed that the rules of making claims on RSPO certified sustainable CPO must comply with the document 'RSPO Guidelines on Communications and Claims'.

3.6.3 Audit Conclusion

Based on the findings of the audit, the auditor was of the view that the Binuang Palm Oil Mill has fulfilled all the requirements for the SG model of the RSPO Supply Chain Certification System, November 2011. BPOM has taken the appropriate corrective actions to address both NCR II 1/2013 and NCR II 2/2013 raised during this audit. The auditor have verified the corrective actions taken and was satisfied that they have been adequate to address both of the NCRs. The auditor therefore recommends that the Binuang Palm Oil Mill be considered for the award of the RSPO Supply Chain Certificate.

4.0 RECOMMENDATION

Based on the evidence gathered, it can be concluded that the SOU 28 had continued to comply with the requirements of the RSPO MY-NI: 2008. All major NCRs have been closed out through verification of the corrective actions. Therefore, the assessment team recommends that the SOU 28 to continue to be certified for the RSPO MY-NI: 2008.

In addition, based on the findings of the supply chain audit on BPOM, it was found that the mill had fulfilled all the requirements for the SG model of the RSPO Supply Chain Certification System, November 2011. BPOM has taken the appropriate corrective actions to address both the NCRs raised during this audit. The auditor have verified the corrective actions taken and was satisfied that they have been adequate to address the NCRs. The auditor therefore recommends that the BPOM be considered for the award of the RSPO Supply Chain Certificate.

5.0 CERTIFIED ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY AND FORMAL SIGN-OFF OF ASSESSMENT FINDINGS

I, the undersigned, representing SOU 28 acknowledge and confirm the contents of the assessment report and findings of the assessment.

SIME DARBY PLANTATION (SABAH) SDN. BHD.
Biyang Oil Mill



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Name : CHEOK SING CHIA
Manager

Date : 01/10/2013

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

Mahzan Munap

Name : Mahzan Bin Munap
(Lead Assessor)

Date : 31 January 2013

LOCATION MAP KUNAK/TAWAU SABAH, MALAYSIA
LOCATION OF SOUs BINUANG



Note: Not to scale

SURVEILLANCE AUDIT PROGRAMME

1. Objectives

The objectives of the assessment are as follows:

- (i) To determine Sime Darby Plantation Sdn. Bhd. SOU 28, conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MY-NI).
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

2. Date of assessment : 14th – 17th January 2013

3. Site of assessment : Sime Darby Plantation Sdn. Bhd.
SOU 28 Binuang, 91207 Kunak, Sabah
SOU 29 Giram, 91207 Kunak, Sabah
SOU 30 Merotai, 91007 Tawau, Sabah

4. Reference Standard

- a. RSPO P&C MY-NI 2007 and MY-NI Indicators and Guidance 2008
- b. Company's audit criteria including Company's Manual/Procedures

5. Assessment Team

- a. Lead Assessor : Mahzan Munap
- b. Assessor : Khairul Najwan Ahmad Jahari
Dr. Rusli Muhd
Selvasingam T Kandiah

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

7. Audit Witness: None

8. Audit Method

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

9. Confidentiality Requirements

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain.

In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

10. **Working Language** : English and Bahasa Malaysia

11. **Reporting**

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : Sixty days after the date of assessment
- d) Distribution list : Client file

12. **Facilities Required**

- a. Room for discussion
- b. Relevant document and record
- c. Personnel protective equipment if required
- d. Photocopy and printing facility
- e. A guide for each group

13. **Assessment Programme Details** : As follows:

Travelling Day: 13 January 2013 (Sunday)

Activities /areas to be visited	Mahzan	Dr. Rusli	Najwan	Selva	Auditee
Morning	Travelling from KL to Tawau / Flight MH 2664 / ETD 1140 Hrs / ETA 1430 Hrs Travelling from Tawau Airport to Kunak				

Day one: 14th January 2013 (Monday)

Activities /areas to be visited	Mahzan	Dr. Rusli	Najwan	Selva	Auditee
0800-0830	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader				Top mgmt & Committee Member
0830-0900	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings)				Management Representative
0900-1630	Site visit and assessment at Jelata Bumi Estate <ul style="list-style-type: none"> • Verify previous audit findings 	Site visit and assessment at Binuang Oil Mill <ul style="list-style-type: none"> • Verify previous audit findings 	Site visit and assessment at Binuang Estate <ul style="list-style-type: none"> • Verify previous audit findings 	Site visit and assessment at Sunggang Estate <ul style="list-style-type: none"> • Verify previous audit findings 	Guide/PIC

	<p>Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P6 (6.6, 6.7. 6.8, 6.9, 6.10, 6.11), P8</p> <ul style="list-style-type: none"> • Workshop • Witness activities at site i.e. spraying / weeding harvesting, etc • Chemical stores 	<p>Assessment on P1, P2 (2.1,2.1.1), P6 (6.1, 6.2, 6.3, 6.4, 6.5) P8</p> <ul style="list-style-type: none"> • Local communities and stakeholders • Interview with Union representative • Workers Issues • Line site • Continuous improvement 	<p>Assessment on P1, P2 (2.1, 2.2), P3, P4 (4.4.7), P5 (5.1, 5.2), P8</p> <ul style="list-style-type: none"> • Conservation area management • Riparian Zone • Boundary • Water catchment area • Safety & Health practice – witness activities at site • Workshop • Witness activities at site i.e. spraying / weeding harvesting, etc • Chemical stores • Continuous improvement 	<p>Assessment on P1, P2, P3, P4 (4.1, 4.2, 4.3, 4.4, 4.5, 4.6), P5(5.3, 5.5), P8</p> <ul style="list-style-type: none"> • Commitment to transparency • Laws and regulation • Good Agricultural Practice • Chemical store / fertilizer store • Nursery • EFB mulching • Waste management • Safety & Health practice – witness activities at site • Continuous improvement 		
1200-1300	Break					
1300-1630	<p>Site visit and assessment at Binuang Oil Mill</p> <ul style="list-style-type: none"> • Verify previous audit findings <p>Assessment on P1, P2 (2.1), P4(4.7), P6(6.5, 6.6, 6.7. 6.8, 6.9, 6.10, 6.11), P8</p> <ul style="list-style-type: none"> • View documentation and records relating to OSH Management System • Commitments to transparency • Laws & regulations • Commitment to long term economic and financial viability • Safety & Health practice – 	<p>Site visit and assessment at Jelata Bumi Estate.</p> <ul style="list-style-type: none"> • Verify previous audit findings <p>Assessment on P1, P2 (2.1,2.1.1), P6 (6.1, 6.2, 6.3, 6.4, 6.5) P8</p> <ul style="list-style-type: none"> • Local communities and stakeholders • Interview with Union representative • Workers Issues • Line site • Continuous improvement 	<p>Continue assessment at Binuang Estate</p>	<p>Continue assessment at Sunggang Estate</p>	<p>Guide/PIC</p>	

	witness activities at site <ul style="list-style-type: none"> • Chemical management • Interview workers, safety committee and contractors • Continuous improvement 				
1730-2000	Break				
2000-2200	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records				Relevant PIC

Day four: 17th January 2013 (Thursday)

Activities /areas to be visited	Mahzan	Dr. Rusli	Najwan	Selva	Auditee
0800-1100	Audit team discussion and verification on any outstanding issues				Guide/PIC
1100-1400	Discussion and preparation on audit findings				
1400-1600	Closing Meeting				Management and representative

Travelling Day: 18th January 2013

Activities /areas to be visited	Mahzan	Dr. Rusli	Najwan	Selva	Auditee
	Travelling from Tawau to KL / Flight MH 2665 / ETD 1520 Hrs / ETA 1800 Hrs				

DETAIL OF NON-CONFORMITY AND CORRECTIVE ACTIONS TAKEN

P & C Indicator	Specification Major/Minor /OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.1.1 NCR #: MM 1	Major Area/Locatio n: Binuang 28 (Jelata Bumi Estate)	The diesel-operated Internal Combustion Engine (Generators, 212kw and 320kw) was not being in-charged by a First Grade Driver during each shift as required under Factories and Machinery (Person-In-Charge) Regulation 1970.	The CU had advertised the post of an Engine Driver Grade 1 on JobStreet.com and in the local Borneo newspapers. Expected date to be published 24 th Sept on JobStreet and on the weekend (28 th -29 th Sept) in the print media.* *Earlier corrective action submitted (dated 27 th June 2013) was found inadequate and not acceptable. Final corrective action submitted on 23 rd September with supporting documents which were found to be acceptable.	The assessor had reviewed, verified and accepted the corrective action taken. Therefore major NCR #MM1 had been closed out.
Indicator 2.1.1 NCR #: MM3	Major Area/Locatio n: Binuang 28 (Binuang mill)	The existing electrical Chargeman, AO, En. Hamdan Sudianto bin Taming does not possess the right category of chargeman certificate, thus not in compliance with Electricity Supply Act 1990, Regulation 23, Person In-Charge, Competent Control requiring a B4 Chargeman certificate.	The CU had advertised the post of a Mill Electrical Chargeman B4 on the JobStreet.com and in the local Borneo newspapers on 24 th Sept and 28 th -29 th Sept respectively.* * Earlier corrective action submitted (dated 27 th June 2013) was found inadequate and therefore not acceptable. Final corrective action submitted on 23 rd September with the supporting documents which were acceptable.	The assessor had reviewed, verified and accepted the corrective action taken and therefore closed out major NCR #MM3.
Indicator 4.1.2 NCR #: MM2	Minor Area/Locatio n: Binuang 28 (Jelata Bumi Estate)	The sampling on drinking water was not done in accordance to the SOU's own SOP, Appendix 7, i.e. the frequency for water sampling and analysis to be carried out on quarterly basis (January, April, July and October). The records of drinking water analysis at Jelata Bumi showed that it was last done on 4 th May 2011.	The person in charge (PIC) (Aslan Talib) from the QA Department had been assigned to ensure that water sampling be carried out as per schedule and checklist be maintained and monitored by Executive In-Charge and counter checked by the Accounts and Admin Officer to ensure compliance.	The CU had prepared a checklist on parameters to be analyzed and Report on Monitoring and Water Analysis from Health Office, District of Kunak (dated 21 st January 2013) were reviewed and verified. The assessor had accepted the corrective actions taken and therefore closed out this minor NCR.

Indicator 6.6.1 NCR #: RM1	Major Area/Location: Binuang SOU 28 (Binuang mill)	There were no documented minutes of meeting between the BPOM management and trade unions or workers representatives. Union representatives were present in the mill. However, they had not have any formal meetings with the mill management neither had they been appointed as members of permanent committees in the mill. Therefore, there was no formal regular channel of communication between the union and BPOM.	BPOM has appointed Mr. Datu Mohd Soffian Utong, FFB checker and Mr. Hj Kambah Sakka, watchmen as the mill's representatives in of the Sabah Plantation Industry Employees Union (SPIEU) in the Mill OSH committee from 21 January 2013 to 30 June 2013	The assessor had accepted the corrective actions taken and therefore closed out this minor NCR.
Indicator 6.1.3 NCR #: RM2	Minor Area/Location: Binuang SOU 28 (Jelata Bumi Estate and mill)	Both the estate and mill had not conducted a stakeholders' consultation at least once in six months as required by the company's procedure. The last stakeholders' meeting was held in June and October 2012 for Jelata Bumi estate and BPOM respectively. Only the minutes of one stakeholders meeting was sighted at Jelata Bumi estate and BPOM.	BPOM had conduct stakeholder meetings once in every 6 month for its financial year. The first meeting was conducted on 12 October 2012 and BPOM has planned to hold the second meeting in April 2013	The assessor had reviewed and accepted the corrective action taken but the verification of these would be made during the recertification audit.
Indicator 2.2.3.1 NCR #: SEL1	Minor Area/Location: Binuang SOU 28 (Sunggang Estate)	Sunggang Estate has small holdings and forest adjacent to it. However, no boundary stones had been identified in these areas.	Sunggang Estate had identified the boundary stones between Sunggang Estate and third party Tanduk Estate and the boundary stones of all the estates' parameter.	The assessor had reviewed and accepted the corrective action taken but the verification would be made during the recertification audit.
Indicator 4.1.1 NCR #: SEL2	Major Area/Location: Binuang SOU 28 (Sunggang Estate)	Despite the briefings and trainings being given, it was found in the Sunggang Estate where pruned fronds had not been properly stacked as required especially in the terraced areas in the tall palm fields. Fronds were also found on the path ways and in the drains.	Training for harvesters on proper pruning of palms and stacking of fronds was held on 25/1/2013	Attendance list, photographs and report were sighted. The assessor had reviewed, verified and accepted the corrective actions taken and therefore closed out this major NCR.
Indicator 4.3.3 NCR #: SEL3	Minor Area/Location: Binuang SOU 28 (Sunggang Estate)	It was found at the Sunggang Estate that the road maintenance programme had not been carried out timely. A large hole, (2 feet' X 2 feet) and a smaller ones were found on a bridge in Field 91C. The timber structure had rottened and collapsed creating the holes. In addition, there was no warning sign being erected to indicate the collapsed bridge thus posing danger to the users.	The bridge had been completely repaired on 18/1/2103. The broken timbers were replaced and the bridge is now passable. Pictures of the repaired bridge were submitted to the assessor as evidence.	The assessor had reviewed and accepted the corrective action. However, the verification would be made during the recertification audit.

Indicator 4.4.2 NCR # SEL4	Major Area/Location: Sunggang Estate	During the site visit, it was found that there was a bund being constructed across the waterway passing through Sunggang estate to draw water for use at the nursery.	Currently liaison with respective department i.e. Drainage and Irrigation Department of Tawau is in progress	Letter to DID was sent on 22.1.2013 was sighted.
RSPO Supply Chain Standard, November 2011 D.1.1 (a)	Major NCR II 1/2013	BPOM's SOP does not have complete written procedures and work instructions to ensure the implementation of all the elements as specified in these requirements i.e. on (1) receiving and processing of certified FFBS (2) sales and goods out (dispatch of certified products) (3) processing (clear procedures on segregation of certified materials including measures to avoid contamination.	BPOM had revised the SOP to include the necessary procedures related to activities (1), (2) and (3).	A copy of the revised SOP dated March 2013 was submitted on 3 March 2013. The auditor had reviewed, accepted and verified the revised SOP. This major NCR was therefore closed out.
RSPO Supply Chain Standard, November 2011 D.6.1	Major NCR II 2/2013	It was found out that not all the critical staff has been provided the training as required to implement the requirements of the supply chain certification system.	A training was held on 16 February 2013 which was attended by the key support personnel.	Attendance record on the training was submitted on 17 May 2013. The auditor had reviewed, accepted and verified the attendance record. This major NCR was therefore closed out.

Indicators	Opportunities for Improvement (OFI)
4.7.1	<p>Sunggang Estate :</p> <p>The floor of the pump house for the oil palm nursery was not wiped clean of oil and water. This made the floor slippery and posed hazard risk to the operator.</p>
2.1.1	<p>Binuang Palm Oil Mill (BPOM)</p> <p>It was observed that the contracts of service of several workers and staffs in BPOM had not been updated and properly maintained.</p>
6.1.3	<p>Binuang SOU</p> <p>It was observed that the SOU had conducted stakeholder consultations and identified the relevant issues affecting these stakeholders, however the action was not transparent.</p>
6.3.1	<p>Jelata Bumi estate and BPOM</p> <p>It was observed that there were different practices of recording on workers' complaint or grievance among the estates. Certain estates (e.g. Jelata Bumi Estate) required their workers to make verbal requests while others used forms to record the grievances and others entered complaints in the record books.</p> <p>For the purpose of ensuring uniformity on the practices on dealing with complaints and grievances as well as to facilitate the monitoring on them, it is recommended that the practices be standardized for all the estates and mills</p>
6.6.1	<p>Binuang SOU</p> <p>Currently, all estates and the mill do not have formal regular meetings with union leaders. This practice is quite acceptable because there is no full committee membership of union leaders in the estate/mill.</p> <p>However, the union leaders need to convey or voice the members' concerns to the estate/mill management. Therefore, it is recommended that the union representatives at each estate/mill be appointed as members of permanent estate/mill committee, for example, the safety committee.</p>
4.7.1	<p>Jelata Bumi Estate and BPOM.</p> <p>Jelata Bumi Estate:</p> <ol style="list-style-type: none"> 1. the (a) content of the first aid box and (b) records of casualty and treatment given by First Aiders at the Jelata Bumi Estate and BPOM could be improved to be in compliance with DOSH guideline on First Aider at Workplace (2nd Edition); 2. some of the houses at Jelata Bumi Estate's line sites have yet to be equipped with portable fire extinguishers; <p>Binuang Palm Oil:</p> <p>The emergency response post mortem report at the BPOM could be improved to detail out the chronological event including when siren was activated, time of arrival of first person and last person at assembly point, time finishing head count, time activating firefighting team or first aiders swing into action, orderliness of evacuation, etc.</p>
5.1.2	<p>Binuang Estate</p> <p>It was observed that there was a diesel spillage at the diesel pump area at the Binuang Estate.</p>
5.3.2	<p>Binuang SOU</p> <p>The SOU had continued to monitor on activities producing wastes and implemented the waste management plan and SOP for the disposal of these wastes. However, during a site visit at the Binuang and Sunggang Estates, it was observed that solid wastes (plastic bottle, boxes, plastic basin) were mixed up in the landfill.</p>

VERIFICATION OF PREVIOUS AUDIT FINDINGS

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.1.1 NCR #: VS 01	Major	Training on scheduled waste as per requirement of EQA Regulation has yet to be conducted. There has been no training given for person in-charge of scheduled wastes.	Jelata Bumi has come up with a training plan to train its person in-charge for scheduled waste handling.	During this 4 th surveillance audit, the Binuang Estate has taken a proactive action by sending the person in-charge, Mr Firdaus (QA), Mr. Valentino (formen), Ms Muliati (store CC) & Mr. Arthur (HA) to the scheduled waste training on 20 th December 2012. Therefore the Major NCR has been closed