



**PUBLIC SUMMARY
SECOND RSPO SURVEILLANCE ASSESSMENT REPORT**

**SIME DARBY PLANTATION SDN BHD
BINUANG CERTIFICATION UNIT (SOU 28)
GIRAM CERTIFICATION UNIT (SOU 29)
MEROTAI CERTIFICATION UNIT (SOU 30)**

Kunak and Tawau Districts, Sabah, Malaysia

Prepared by:

Food, Agriculture and Forestry Section
SIRIM QAS INTERNATIONAL SDN BHD
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri, Section 2,
P.O. Box 7035, 40700 Shah Alam, Selangor,
MALAYSIA

Tel : 603-5544 6440

Fax : 603-5544 6763

Website: www.sirim-qas.com.my

December 2011

TABLE OF CONTENTS	PAGE NO
SUMMARY	4
1.0 SCOPE OF CERTIFICATION ASSESSMENT	
1.1 National Interpretation Used	4
1.2 Certification Scope	4
1.3 Location and Map	5
1.4 Description of Supply Base	6
1.5 Date of Plantings and Cycle	6
1.6 Other Certifications Held	10
1.7 Organisational Information/Contact Person	10
1.8 Time Bound Plan for Other Management Units	11
1.9 Area of Plantation	11
1.10 Approximate Tonnage Certified	11
1.11 Date Certificate Issued and Scope of Certificate	12
2.0 ASSESSMENT PROCESS	
2.1 Certification Body	12
2.2 Assessment Methodology, Programme, Site Visits	13
2.3 Qualifications of Lead Assessor and Assessment Team	14
2.4 Stakeholder Consultation and List of Stakeholders Contacted	14
2.5 Date of Next Surveillance Visit	14
3.0 ASSESSMENT FINDINGS	
3.1 Summary of Findings	15
3.2 Detailed Identified Non-Conformities, Corrective Actions and Assessor Conclusions	27
3.3 Noteworthy Positive Components	27
3.4 Issues Raised by Stakeholder and Findings With Respect To Each Issue	27
3.5 Acknowledgement of Internal Responsibility	27
3.6 Formal Sign-Off of Assessment Findings	27

List of Tables

1. Certification Units Covered in the Assessment
2. Location and Addresses of Mills and Estates
3. Actual CPO and PK Tonnage Since Date of Last Reporting Period (16th January 2010 - 31st October 2010)
4. Approximate CPO and PK Tonnage (1st November 2010 – 31st December 2011)
5. SOU 28 Binuang - Actual FFB Production Since Date of Last Reporting Period (16th January 2010 - 31st October 2010)
6. SOU 29 Giram - Actual FFB Production Since Date of Last Reporting Period (16th January 2010 - 31st October 2010)
7. SOU 30 Merotai - Actual FFB Production Since Date of Last Reporting Period (16th January 2010 - 31st October 2010)
8. Percentage of Planted Area in Binuang Estate by Age and Planting Cycle
9. Percentage of Planted Area in Jelata Bumi Estate by Age and Planting Cycle
10. Percentage of Planted Area in Tingkayu Estate by Age and Planting Cycle
11. Percentage of Planted Area in Sungang Estate by Age and Planting Cycle
12. Percentage of Planted Area in Giram Estate by Age and Planting Cycle
13. Percentage of Planted Area in Mostyn Estate by Age and Planting Cycle
14. Percentage of Planted Area in Imam Estate by Age and Planting Cycle
15. Percentage of Planted Area in Merotai Estate by Age and Planting Cycle
16. Percentage of Planted Area in Table Estate by Age and Planting Cycle

17 Percentage of Planted Area in Tiger Estate by Age and Planting Cycle

List of Attachments

- Attachment 1 Location Map of SOU 28, 29 and 30 Sabah, Malaysia
- Attachment 2 Surveillance Assessment Programme
- Attachment 3 Detail of Non-conformities and Corrective Actions Taken
- Attachment 4 Verification on Previous Assessment Findings

SUMMARY

This second surveillance assessment report describes the level of continued compliance of the three Certification Units (CUs) of Sime Darby Plantation Sdn Bhd (SDPSB) namely the Strategic Operating Units (SOUs) 28 - Binuang, SOU 29 - Giram, and SOU 30 - Merotai against the RSPO Principles & Criteria (P&C) Malaysian National Interpretation (MY-NI):2008.

SIRIM QAS International Sdn Bhd (SIRIM QAS International) was contracted by SDPSB to conduct this surveillance assessment. SIRIM QAS International is the leading testing, inspection and certification body (CB) in Malaysia providing its services to all sectors of the business and industry for over 30 years. SIRIM QAS International, as an accredited certification body by the United Kingdom Accreditation Service (UKAS) and STANDARDS MALAYSIA provides a comprehensive range of management system certification services on quality, environment, health and safety.

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

A total of six (6) Non-Conformity Reports (NCRs) were raised. Three (3) were major and three (3) were minor NCRs. Corrective actions have been taken by the respective SOU and therefore all these NCRs have been closed out.

Based on the evidences gathered during the assessment, it can be concluded that these three SOUs of SDPSB have continued to comply with the requirements of the RSPO MY-NI: 2008. All the non-conformities (particularly major non-conformities) raised during this surveillance assessment have been adequately addressed and therefore closed out through the verification of correction actions taken by the SOUs.

The assessment team therefore recommends that SOU 28 – Binuang, SOU 29 – Giram, and SOU 30 – Merotai to continue to be certified against the RSPO MY-NI: 2008.

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the mills and their supply bases of oil palm fresh fruit bunches (FFBs) were assessed against the Malaysian National Interpretation (MY-NI: 2008) of the RSPO Principles and Criteria: 2007.

1.2 Certification Scope

This surveillance assessment covers the three CUs of SDPSB namely SOU 28 - Binuang, SOU 29 - Giram, and SOU 30 – Merotai. The supply bases assessed were confined to estates owned by SDPSB. This time, the assessment includes the Jelata Bumi Estate which, in the last audit was not part of SOU 28 - Binuang. The management of SDPSB has decided to close down the Jelata Bumi Mill and hence, all FFBs from Jelata Bumi Estate are now sent to the Binuang Palm Oil Mill.

In this assessment, SOU 30B - Mostyn has been taken out from the scope of certification as it no longer processed FFBs from Sime Darby estates but wholly from small holders. The FFBs produced from Sime Darby Mostyn Estate, are now sent to the Giram Palm Oil Mill (a Sime Darby owned palm oil mill) for processing. The details on the SOUs are described in **Table 1**.

Table 1
Certification Units Covered in the Assessment

No.	Certification Unit	Palm Oil Mill	FFB Supplying Estates owned by SDPSB
1.	SOU 28	Binuang	Binuang Estate, Sungang Estate, Tingkayu Estate and Jelata Bumi Estate
2.	SOU 29	Giram	Giram Estate and Mostyn Estate
3.	SOU 30	Merotai	Imam Estate, Merotai Estate, Table Estate and Tiger Estate

The focus of the assessment team was to determine SDPSB's CUs, namely SOU 28 - Binuang, SOU 29 - Giram and SOU 30 - Merotai continued conformance against the requirements of the RSPO P&C MYNI as well as to verify the actions taken on the previous assessment findings.

The scopes of certification for the three SOUs are as follows:

- SOU 28 – Binuang, covers the sustainable production of crude palm oil from the Binuang Palm Oil Mill with FFBS supplied by the mill's own estates: Binuang, Tingkayu, Sungang and Jelata Bumi Estates;
- SOU 29 – Giram covers the sustainable production of crude palm oil from the Giram Palm Oil Mill with FFBS supplied by the mill's own estate: Giram Estate and Mostyn Estate; and
- SOU 30 – Merotai, covers the sustainable production of crude palm oil from the Merotai Palm Oil Mill with FFBS supplied by the mill's own estates: Merotai, Table, Tiger and Imam Estates as well as smallholders, small growers and FFB collection centres.

1.3 Location and Map

SOU 28 and 29 are located in the Kunak District while SOU 30 is located in the Tawau District, Sabah, East Malaysia. The map of these SOUs is as in **Attachment 1** while the details on these SOUs are described in the **Table 2**.

Table 2
Location and Addresses of Mills and Estates

Certification Unit	Estate/Mill	GPS Location		Location Address
		Latitude	Longitude	
SOU 28 - Binuang	Binuang Estate	4° 25' N	118° 26' E	91207 Kunak, Sabah
	Sungang Estate	4° 39' N	118° 07' E	91209 Kunak, Sabah
	Tingkayu Estate	4° 24' N	118° 30' E	91207 Kunak, Sabah
	Jelata Bumi Estate	4° 40' 30" N	118° 15' 10" E	91207 Kunak, Sabah
	Binuang Oil Mill	4° 42' 15" N	118° 03' 37" E	91207 Kunak, Sabah
SOU 29 - Giram	Giram Estate	4° 35' N	118° 12' E	91207 Kunak, Sabah
	Mostyn Estate	4° 39' N	118° 07' E	91207 Kunak, Sabah
	Giram Oil Mill	4° 35' 60" N	118° 12' E	91207 Kunak, Sabah
SOU 30 - Merotai	Merotai Estate	4° 23' N	117° 47' E	91007 Tawau, Sabah
	Tiger Estate	4° 25' N	117° 50' E	91007 Tawau, Sabah
	Table Estate	4° 22' N	117° 52' E	91007 Tawau, Sabah
	Imam Estate	4° 20' N	117° 50' E	91007 Tawau, Sabah
	Merotai Oil Mill	4° 37' N	117° 83' E	91007 Tawau, Sabah

1.4 Description of Supply Bases

The FFBs were sourced from the company's owned estates that have been certified and a small percentage from smallholders and small growers.

1.5 Date of Planting and Cycle

Except for the Table and Jelata Bumi Estates, all the other estates assessed were in their second generation of planting cycle. The date of planting and age profiles for each SOU is detailed in the following tables.

**Note: 0-3 years old of palms are all immature.*

Table 3
Percentage of Planted Area in Binuang Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
0-3	2 nd	1,167	38.80
5	2 nd	306	10.16
8	2 nd	378	12.55
18	1 st	275	9.14
19	1 st	171	5.69
23	1 st	68	2.25
31	1 st	394	13.11
32	1 st	250	8.30
Total		3,009	100.00

In Binuang estate, there was a reduction of 205 ha in the total planted area due to excision of roads construction. The planted area reported in 2009 assessment was 3,214.

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

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
8	1 st	10	0.35
15	1 st	1,198	42.53
16	1 st	676	24.01
17	1 st	737	26.15
18	1 st	197	6.97
Total		2,818	100.00

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

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
0-3	2 nd	1,138	45.67
5	1 st	381	15.28
6	1 st	140	5.60
7	1 st	168	6.74
14	1 st	336	13.50

17	1 st	329	13.22
Total		2,493	100.00

During the 2009 assessment, the planted area of Tingkayu Estate was 1,827 ha. The increase in the current planted area was due to realignment of boundary with the Sungang Estate involving two fields (93A and 96A). The two fields totaling 666 ha were transferred to Tingkayu Estate with effect from July 2010.

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

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
0-3	2 nd	185	9.13
8	1 st	247	12.20
16	1 st	1,195	59.11
17	1 st	32	1.57
19	1 st	250	12.35
23	1 st	114	5.63
Total		2,022	100.00

The assessment in 2009 reported planted area at the Sungang estate as 3,171 ha. During the 2010 assessment the planted area was now left at 2,022 ha. The reduction were due to:

- 1) Realignment of fields 93A and 96A to Tingkayu Estate. The total area involved was 666 ha.
- 2) The total area of fields 92C and 92D remained at 380 ha, but the total area replanted in these two fields was 185 ha after excising out area greater than 25 degree slope.
- 3) Remaining reduction of 288 ha in total planted area was due to 'A' road and 'B' road drains construction.

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

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
0-3	2 nd	176	4.47
11	1 st	320	8.13
14	1 st	613	15.58
15	1 st	1,277	32.45
17	1 st	1,007	25.59
22	1 st	266	6.76
23	1 st	276	7.02
Total		3,934	100.00

During the 2009 assessment, the total planted area in Giram estate was 3,756 ha. In 2010 assessment, it has increased by 178 ha and were attributed to the following reasons:

- 1) Ulu Balung Division (377 ha) was merged with Giram Estate effective from February 2010.
- 2) Construction of 'A' road, 'B' road, and drains as well as demarcation of buffer zones at 200 hectares.

Table 8
Percentage of Planted Area in Mostyn Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
0-3	2 nd	444	12.05
5	2 nd	70	1.90
7	2 nd	166	4.50
8	1 st	339	9.20
13	1 st	1,007	27.32
14	1 st	501	13.59
15	1 st	80	2.17
16	1 st	104	2.82
17	1 st	56	1.52
18	1 st	82	2.22
19	1 st	38	1.03
20	1 st	105	2.85
22	1 st	23	0.62
23	1 st	127	3.45
26	1 st	26	0.71
27	1 st	182	4.94
28	1 st	62	1.68
29	1 st	128	3.47
30	1 st	144	3.91
53	1 st	2	0.05
Total		3,686	100.00

During the 2009 assessment, the total planted area at Mostyn Estate was 3,927 ha. In 2010 assessment, the total planted area was reported as 3,686 ha. The reduction in the planted area was due to construction of roads, drains and demarcation of riparian areas.

Table 9
Percentage of Planted Area in Imam Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
0-3	2 nd	903	34.93
4	2 nd	277	10.72
5	2 nd	260	10.06
8	2 nd	173	6.69
9	2 nd	16	0.62
10	1 st	430	16.63
18	1 st	22	0.85
19	1 st	196	7.58
20	1 st	216	8.36
21	1 st	92	3.56
Total		2,585	100.00

There was no change in the total planted area in Imam estate. The 1st generation oil palm of 328 ha, which was 22 years old (in 2009 assessment), has been replanted and this has been classified as immature planting (0-3) years.

Table 10
Percentage of Planted Area in Merotai Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
0-3	2 nd	942	35.04
5	2 nd	299	11.12
6	2 nd	85	3.16
8	2 nd	294	10.94
9	2 nd	235	8.74
10	2 nd	413	15.36
11	2 nd	156	5.80
12	2 nd	72	2.68
14	2 nd	52	1.93
15	2 nd	71	2.64
16	2 nd	33	1.23
18	2 nd	36	1.34
Total		2,686	100.00

In the 2009 assessment, the total planted area at Merotai estate was reported as 2,821 ha whereas in 2010 assessment it was reported as 2,686 ha. There reduction in the total planted area of 135 ha was due to road construction.

Table 11
Percentage of planted area in Table Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
11	1 st	417	20.14
12	1 st	1,199	57.89
13	1 st	397	19.17
14	1 st	4	0.19
15	1 st	54	2.61
Total		2,072	100.00

In 2009 assessment the total planted area in Table estate was reported as 2,108 ha whereas in 2010 assessment it was reported as 2,072 ha. There reduction in the total planted area of 36 ha was due to road construction.

Table 12
Percentage of Planted Area in Tiger Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st / 2 nd Generation)	Planted Area (ha)	Percentage of Planted Area (%)
0-3	2 nd	142	5.61
11	1 st	336	13.26
12	1 st	1156	45.64
13	1 st	576	22.74
14	1 st	44	1.74
15	1 st	73	2.88
16	1 st	89	3.51

18	1 st	117	4.62
Total		2533	100.00

In the Tiger estate there was no change noted in total planted area from the assessment conducted in 2009.

1.6 Other Certifications Held

Although not all the operating units have third-party certification, SDPSB has been implementing an integrated quality, environmental and occupational health and safety management systems which are based on the requirements of the ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999 standards.

The SOUs which have third-party certification are shown in the Table 13 below:

Table 13
Other Certifications Held

	Estate and Mill	Other Management System Certifications Held
SOU 28	Binuang Estate	-
	Sungang Estate	-
	Tingkayu Estate	-
	Binuang Palm Oil Mill	ISO 9001:2000
SOU 29	Giram Estate	ISO 14001
	Mostyn Estate	-
	Giram Palm Oil Mill	MS 1722 Part 1, HACCP 1480.
SOU 30	Merotai Estate	-
	Tiger Estate	-
	Table Estate	-
	Imam Estate	-
	Merotai Palm Oil Mill	-

1.7 Organisational Information/Contact Person

Each SOU is championed by an Estate Manager who is also the contact person. There has been no change on the contact persons since the last assessment. The details of the contact persons for each SOU are as follows:

Mr. G. Chandran
Chairman of SOU 28
(Binuang Estate Manager)
Sime Darby Plantation Sdn Bhd
91207 Kunak, Sabah
MALAYSIA
Phone : 60 8982 1197
Fax : 60 8982 1197

Mr. Abdullah Saminan
Chairman of SOU 29
(Giram Estate Senior Manager)
Sime Darby Plantation Sdn Bhd
91207 Kunak, Sabah
MALAYSIA
Phone : 60 8982 6290
Fax : 60 8982 6291

Mr. Zambri Pardi
 Chairman of SOU 30
 (Merotai Estate Manager)
 Sime Darby Plantation Sdn Bhd
 91007 Tawau, Sabah
 MALAYSIA
 Phone : 60 8990 2801/8992 0085
 Fax : 60 8990 2843

1.8 Time Bound Plan for Other Management Units

At the time of this surveillance assessment, SDPSB owned sixty-five (65) palm oil mills (sixty-five SOUs) and two hundred and eight (208) oil palm estates. Three (3) SOUs have been realigned due to strategic business / development reasons. The mills and the estates are located in Peninsular Malaysia, Sabah & Sarawak in Malaysia and in Kalimantan, Sumatera and Sulawesi in Indonesia.

SDPSB is committed to RSPO certification as announced in the earlier assessment. The certification assessments are being conducted as per their plan with the target for completion by December 2011. To date, sixteen of their SOUs in Malaysia and three SOUs in Indonesia have been certified and twenty-five SOUs in Malaysia and nine SOUs in Indonesia have undergone certification assessment. Of those that have been assessed, thirty nine reports have been sent to RSPO secretariat.

SDPSB has no explicit contract agreement with smallholders/small growers on trading solely with them. Hence, there was no established plan for the supply base other than SDPSB owned estates to be in conformance with RSPO requirements.

1.9 Area of Plantation

Table 14
Plantation Area

Estate	Planted Area (ha)
Binuang	3,009
Jelata Bumi	2,818
Tingkayu	2,493
Sungang	2,022
Giram	3,934
Merotai	2,686
Table	2,072
Tiger	2,533
Imam	2,585
Mostyn	3,686
Total	27,838

1.10 Approximate Tonnage Certified

Table 15
SOU 28 Binuang - Actual FFB Production Since Date of Last Reporting Period
(16 January 2010 - 31 October 2010)

Estate	FFB Production	
	Tonnes	Percentage (%)
Binuang	33,567.26	22.52
Jelata Bumi	53,859.40	36.14
Tingkayu	18,090.77	12.14
Sungang	41,439.90	27.81
Smallholders	1,075.81	0.72
Smallgrowers	998.55	0.67

Total	149,031.69	100.00
--------------	-------------------	---------------

* The variance (Table 3 vs. Table 5) of 31.65 MT was due to crop brought forward from previous period = 197.48 MT and crop carried forward to the corresponding period = 165.83 MT

Table 16
Actual CPO and PK Tonnage Since Date of Last Reporting Period
(16 January 2010 - 31 October 2010)

Certification unit	FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)	Certified CPO Tonnage	Certified PK Tonnage
SOU 28	149,031.69	33,189.97	7,796.17	32,190.00	7,880.00
SOU 29	91,007.22	20,283.94	4,531.01	19,772.70	4,407.41
SOU 30	220,980.13	50,211.27	9,857.61	50,211.27	9,857.61

Table 17
Approximate CPO and PK tonnage (1 November 2010 - 31 December 2011)

Certification unit	FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)	CPO Tonnage Claimed for Certification (tonne)	PK Tonnage Claimed for Certification (tonne)
SOU 28	206,250.06	46,478.67	10,312.50	32,190.00	7,880.00
SOU 29	242,050.03	55,539.88	11,956.50	52,258.19	11,372.50
SOU 30	355,146.54	79,052.39	16,663.54	79,052.39	16,663.54

1.11 Date Certificate Issued and Scope of Certification

The date of certification was the date of the RSPO approval which was 16th January 2009 and the scope was the production of RSPO sustainable crude palm oil.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

SIRIM QAS International Sdn. Bhd. is the oldest and leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally recognised standards.

Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the 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. It has 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 certification body on 21 March 2008.

2.2 Qualification of Lead Assessor and Assessment Team

The assessment team comprised five assessors. All of the team members have been involved as assessor in either the original or first surveillance certification assessment of this CU except for En. Samsudin Musa. The details of the assessors and their qualifications are detailed below:

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Mahzan Munap	Assessment Team Leader / Occupational health & safety and related legal issues	<ul style="list-style-type: none"> Collected over 370 days of auditing experience in OHSAS 18001 and MS 1722 OHSMS (72 days for palm oil milling & 8 days for oil palm plantation). and 9 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. MBA, Ohio University. B.Sc. Petroleum Engineering, University of Missouri, USA.
Ruzita Abd Gani	Assessor / Occupational health & safety and environmental issues at mill	<ul style="list-style-type: none"> Collected more than 950 Auditor days in auditing ISO 14001, OHSAS 18001, MS 1722 OHSMS and RSPO Five years experience in Oil Palm Milling Successfully completed RSPO Lead Assessor Course - 2008 Successfully completed IRCA accredited Lead Assessor training for OHSAS 18001 in 2005 Successfully completed IRCA accredited Lead Assessor training for ISO 9001 in 2004. Successfully completed EARA accredited Lead Assessor training for ISO 14001 in 2002 B. Sc. (Hons) Chemical Engineering
Valence Shem	Assessor / Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none"> Collected more than 150 Auditor days in auditing ISO 14001 and RSPO Nine years experience in Oil Palm Plantation management Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004 B. Tech. (Hons) Industrial Technology Diploma In Science
Dr. Shahbarakbah Yacob	Assessor / Good Agricultural Practices (GAP)	<ul style="list-style-type: none"> Collected 5 Auditor days in auditing RSPO Research Officer, Land & General Bhd. (1997-1998) Agronomist, Applied Agricultural Research (1998)

		<ul style="list-style-type: none"> – 2001) • Lecturer, Universiti Putra Malaysia (2001 – 2006) • Agronomist, Advanced Agriecological Research (2006 – present) • B.Sc. (Hons) Biotechnology, - Universiti Putra Malaysia • M.Sc.- University of Canberra • D. Eng – Kyushu Institute of Technology
Samsudin Musa	Assessor / ecology and environmental issues	<ul style="list-style-type: none"> • Collected 45 auditor days in auditing Forest Management Certification (FMC) • Twenty six years working experience related to forest management the latest being Conservation of Biological Diversity through Sustainable Forest Management • Undergoing PhD studies at Universiti Kebangsaan Malaysia • B.Sc. (Hons) Forestry, UPM
Dr. Rusli Mohd	Assessor / workers & community issues and related legal issues	<ul style="list-style-type: none"> • Collected more than 30 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

2.3 Assessment Methodology

The conduct of this surveillance assessment was guided by the sampling formula of $0.8 \sqrt{y}$. Hence, only six of the estates namely Sungang, Jelata Bumi Giram, Mostyn, Tiger and Imam and three palm oil mills; Binuang, Giram and Merotai were assessed.

All the supply bases and mills as detailed in **Table 1** above were visited and 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 to that, records as well as other related documentation were also reviewed.

The assessment programme is in **Attachment 2**.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Not applicable.

2.5 Date of Next Surveillance Visit

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

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The assessment was conducted as planned using the methodology described in Section 2.3. Findings against each of the RSPO MY-NI indicators are reported below. It was noted that the operations of all the SOUs were guided by their Estate/Mill Quality Management System documents. These documents were based on the ISO 9001, ISO 14001 and OHSAS 18001 requirements.

The certification of the Giram Palm Oil Mill to the ISO 9001, ISO 14001 and OHSAS 18001 has been withdrawn. However, the Giram Estate was still certified to ISO 14001. Despite the withdrawal, it remained evident that the system has continued to be implemented. The implementation of the internal management system has facilitated the SOUs to maintain the RSPO certification.

A total of six (6) Non-Conformity Reports (NCRs) were raised as shown in **Attachment 3**. Three (3) were major and three (3) were minor NCRs. Corrective actions have been taken by the respective SOU and therefore all these NCRs have been closed out.

Previous year's NCRs raised have been satisfactorily closed following verification of the implemented corrective actions. The assessment team examined all the action plans and found them to be adequate. SDPSB showed their commitment to address the non-conformities by establishing action plans as detailed in **Attachment 4**.

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.

Audit findings

All SOUs have continued to implement the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The system required response to all communication within a certain time frame. All communications were logged and registered.

The records for all communication were identified and maintained in different files depending on the stakeholder. Each record stated the date of communication received, response and remarks whether requests have been addressed. Among the records sighted were correspondences with the authorities, communities and employees.

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.

Audit findings

There was no restriction noted as to the documents made available to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

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

In addition, SDPSB's policies on occupational safety and health, environment and biodiversity, social, gender, slope protection and river and quality were also made available on the same website. These policies were also being displayed at various locations including the main notice boards of the estate, mill offices and muster ground notice boards for employees and visitors to view them.

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

Audit findings

All the SOUs being assessed have a documented system for identifying, accessing and updating the legal requirements and monitoring the status of legal compliance. SDSPB has continued to ensure all the applicable legal requirements pertaining to RSPO were established, implemented and maintained.

The TQEM Department was responsible for tracking the changes to the Acts and Regulations in their legal register by communicating with the publisher of the documents. This mechanism was documented in their procedure. The last revision of the legal register was done in 16 July 2010 and it has been communicated to the three SOUs.

The laws affecting the oil palm industry have been listed and made available to all SOUs. Among the identified legal requirements were Factories and Machinery Act and Regulations 1967, Occupational Safety and Health Act and Regulations 1994, Worker' Minimum Standards of Housing and Amenities Act 1990, Environmental Quality Act and Regulations 1974, and Pesticide Act 1974. There was evidence of compliance with the law in areas assessed except as raised in the five non-conformity reports. The evaluation of legal compliance was last done by Environmental Safety and Health Coordinator on 5/11/2009.

It was evident that all the SOUs were committed towards maintaining compliance with the legal requirements. On the environmental front, Proposed Mitigating Measures have been carried out. Approval letters were sighted for relevant operations. Mill visits, field trips and monitoring records showed that effluent discharges, boiler smoke emission, scheduled waste and chemical management were within the legal specification. Machine written approval was found still valid and well maintained.

Despite their commitment to comply with all the applicable laws and regulations, there were still lapses. One was on the requirement in the approved Proposal for Mitigation Measure (PMM) by the Sabah Environmental Protection Department (SEPD) on the appointment of a qualified Environmental Management Officer and on written approval to operate a diesel generator from the DoE. This was raised as a major NCR. Appropriate corrective actions have been taken and verified by the assessor and this NCR was therefore closed out.

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

Audit findings

All SOUs assessed have evidence of legal ownership. There was no change of ownership. Copies of land titles for the estates were sighted and it was evident that the terms of land title were being complied with except for Jelata Bumi Estate because one of the land titles which was for Baturong Division (Title No.:116292150), stated the permitted crop to be planted was for cocoa. Nevertheless, the assessor was informed that Sime Darby was in the midst of resolving the issue. The original ownership documents were kept at SDPSB's headquarters.

It was noted that the SOUs have managed to locate some of the boundary stones adjacent to the forest reserves, state land and small holdings. They were also making continuous effort to locate all the boundary marks by engaging a licensed surveyor (Jurukur Sabah) to ensure that there was no encroachment by any party. Maps to indicate the results of this work were sighted.

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.

Audit findings

Evidences of ownership (cross refer to section 2.2) are available and were sighted. It was also noted

from records sighted, as well as through interviews with stakeholders, that there were no disputes on land rights in the area.

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.

Audit findings

The budget documents for the Financial Years 2009/2010 and 2010/2011 were made available. Besides the normal type of operating budgets allocated for the oil palm mills and plantations (FFB yield/ha, OER, CPO yield/ha and unit cost of production), the budget has continued to include allocation for welfare and social services such as upgrading of workers quarters, repair workers toilets and to construct water reservoir.

The replanting programme for the next ten years had been prepared as sighted in the 'Replanting programme 2010 to 2020. This programme was reviewed once a year and incorporated in their annual financial budget. The programme was being implemented as scheduled. For financial year 2010/11, SDPSB had allocated 1504.71 ha for their replanting programme. During the audit, it was observed that 60% of the replanting programme has been done.

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

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

Audit findings

All SOUs have continued to adopt a comprehensive SOP for all its estate and mill practices. Operation activities in the estates and the mills from seedlings in nursery to planting of young palms and plantation upkeep to mill despatch of CPO, PK and PKO were guided by the standard operating procedures (SOP). The SOP was part of the Estate/Mill Quality Management System documents. For the estates, on top of the Estate Quality Management System, technical guidelines as listed in the Agricultural Reference Manual were also used.

For activities related to environmental requirements, SOPs in the Sime Darby Plantation-Sustainable Plantation Management System were referred to. Briefing on the SOPs and related documents were conducted and workers are frequently reminded about it during the morning muster. Interviews with employees revealed that they understand the requirements of the SOP.

It was also noted that relevant SOP were displayed at various work stations for easy reference. Monitoring of the SOP implementation was closely done by person-in-charge and their records were 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

Audit findings

All SOUs have continued to monitor their fertilizer inputs as recommended by the agronomists. The recommendation was made on annual basis as sighted in the 'Agronomic & Fertilizers Recommendation Reports – Oil Palm 2010/2011'.

Leaf (tissue) sampling was carried out and the result formed part of the basis for the recommendation on fertilizer input. All the relevant information was recorded in the Manuring Cost Book/Pesticides of the respective estate.

Noticeably, during the field visit in Giram and Tiger Estates, the exploitation of palm biomass (EFB and

compost) was advocated. In Giram Estate, EFB was mulched every alternate palms, albeit, the mulching was being carried out progressively. The composted EFB and POME produced from Merotai palm oil mill was utilized in Tiger Estate.

In Mostyn Estate, the assessor sighted the EFB mulching operation. Inspection of their monitoring records showed that the estate was following the recommendation given for EFB application at a rate of 45 mt/ha for mature area and 25 – 35 mt/ha for immature area. EFB mulching was not available in Jelata Bumi Estate due to the factor of long distance from the mill. In all estates visited, frond stacking was closely monitored as was also a part of their fertilizer program.

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

Audit findings

All SOUs assessed have continued with their commitment to minimize soil erosion. In general, all the SOUs have implemented the soil and water conservation practices include constructing and maintaining terraces (terrace planting) on hilly to steep terrains, L-shaped frond stacking and contour stacking of the pruned fronds in line with the SOP.

Besides the above, all SOUs have continued to practice only circle and path spraying for field maintenance in the mature areas as stipulated in their SOP. Other efforts being under taken was the planting of Vertiver grass at the areas that are prone to erosion. For replanting areas, the company continued to plant and maintain cover crops. Generation of non-competitive ground covers especially *Nephrolepis bisserata* and soft grasses have significantly minimized the occurrence of bare ground, soil erosion and surface runoff.

Quick establishment of *Mucuna bracteata* (legume cover crops) in 2009 replant of Sipit Division, Giram estate has demonstrated the SOU commitment to avoid detrimental effect of sediment wash out into the river next to the replanting areas. Subjected to the terrain, terraces were constructed as a preventive measure in the replanting areas where the slope exceeded 12°. The above approaches indicate the adherence to the recommendations made in the Project Mitigation Measures (PMM) report and estate SOP. On the same note, all SOUs have indicated the legal compliance to the Environmental Impact Assessment (Order 2005) by carrying out PMM for oil palm replant between 100 ha and 500 ha.

During the audit process, all SOUs were easily accessible by field roads. Road maintenance programmes which consist of road resurfacing, grading and culvert maintenance were being implemented as planned for all the SOUs. Silt pits at estates visited were seen strategically located along the road to collect diverted road runoff to further minimize road rutting. No peat soils were found during the field visit.

On the whole, the SOUs visited have complied with the requirement of conserving areas with more than 25° slope gradients to minimise soil erosion and degradation. The managers had indicated that there were plans to plant other forest trees species in such sites.

In some areas the natural vegetation has been retained. This was evident in the Tingkayu Estate where a patch of natural forests of about 4 hectares were kept undisturbed. Inspection of the forest revealed the presence of rich and diverse vegetation containing some large trees namely Meranti (*Shorea sp.*) and damar minyak (*Agathis sp.*). Another evidence of commitment to minimise soil erosion and degradation was conserving areas of more than 25° gradients from any adverse activity.

Criterion 4.4 - Practices maintain the quality and availability of surface and ground water.

Audit findings

All the assessed SOUs have continued to implement their SOP on the maintenance of riparian zone as stated in their policy on river buffer zone. In all the SOUs visited, it was clearly seen that the riparian buffers have been marked on the ground with an "X" or a ring painted in white or red. The buffers have been identified in accordance with Sabah Water Resources Enactment (1998). Riparian buffers which were covered with oil palm trees have not been disturbed during replanting activities as

evident in the inspection of such site in the Binuang Estate.

All SOUs as being guided by their SOPs, conducted water quality monitoring in identified waterways. The monitoring stations were well marked within the estates and mapped out. The water analysis reports were shown to the assessor for verification. Among the parameters tested in the analysis were BOD, COD, Total Solids, Suspended Solids, Oil and Grease, Ammoniacal Nitrogen.

There was no evidence of any constructions including bunds/weirs/dams across the main rivers or waterways passing through any of SDPSB's estates.

At Merotai Palm Oil Mill, it was observed that there was no effluent being discharged into the natural water ways. The mill was practicing 60% effluent discharge to the land irrigation and 40% to their composting plant. The mill also monitored the quality of the effluent being discharged as required in its license conditions granted by the Department of Environment, Tawau.

Long term rainfall data were sighted. They data have continued to be well maintained over the past ten years. They were kept in all the SOUs assessed and were used by the agronomist to recommend suitable month for fertilizer application.

Monitoring of water consumption by all mills was also being carried out. Records on water usage (tonnage water use / tonne FFB processed) were sighted.

All SOUs have developed their water management plans. The plans consist of data on demand and supply of water for the mills and line site consumption as well as for the estates/fields.

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

Audit findings

All SOUs have continued to maintain the documented IPM techniques as shown in the SOP/Section B13/Pest & diseases and ARM/Section B15/Plant Protection albeit several repetitions and contradicting information. Usage of pesticides has been justified and monitored. Information on the quantity of pesticides and areas applied were documented and used to monitor in relations to FFB produced or land area.

In addition, beneficial plants from the four major species namely *Tunera subulata*, *Cassia cobanensis*, *Antigonon leptopus* and *Euphorbiaceae sp.* have continued to be planted in all SOUs to maintain low population of leaf eating caterpillars, hence reduces the need to use chemical treatment.

Invasive and competitive weeds among other broadleaves and woodies were not commonly sighted in the mature fields. These weeds were mostly outgrown by non-competitive vegetation and secondly suppressed by regular herbicide spraying.

Ganoderma census has continuously been done in all the SOUs and infected palms have been identified. The disease was mitigated by excavating the infected soil during replanting and exposing it to sunlight.

Records showing the agrochemicals active ingredient (ai) used per hectare and per metric tonne basis were seen in all SOUs. Likewise, records of location where pesticides have been used were also sighted in all the estates assessed.

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.

Audit findings

All SOUs have continued to use only chemicals 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-chemicals applications (pesticides and herbicides) were justified and stipulated 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 were used or found in all SOUs. Paraquat has been totally replaced by another contact herbicide, glufosinate ammonium.

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

Relevant information on the agrochemical used by estate workers was conveyed via morning muster and the use of Safety Pictorial poster and understood by all interviewed during the spraying activities and fertilizer application at all estates visited. It was also verified that training in chemical handling especially to the sprayers and the storekeeper, had been conducted.

Chemical stores were locked at all times. At the chemical stores, the safety and communication documentation include a chemical register which indicates the purpose of chemical usage (intended target), MSDS, hazards signage, trade and generic names.

Usage and storage of agrochemicals including pesticides were done in accordance with the Pesticide Act 1974, Occupational Safety & Health Act 1994 and USECHH Regulations 2000. Empty chemical containers were triple rinsed, pierced and stored for disposal in accordance to the legal requirements.

Updated records to show agrochemicals purchase, storage and consumption were available in every SOU. Pre-mixing of agrochemical was practiced to avoid human exposure to concentrates. MSDS were found to be adequate for each agrochemical at all the estate stores.

Based on the recommendation of the CHRA, medical surveillance has been 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 strictly not allowed to work with pesticides. Aerial application of agrochemicals is not in use at any of the SOUs.

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

Audit findings

All the SOUs assessed have established, communicated and implemented their Occupational Safety Health (OSH) plans in line with the OSH Act 1994 and the Factory and Machineries Act 1967. The implementation of the plan was guided by the Estate/Mill Quality Management System documents.

The first requirement of the plan, Occupational Safety & Health Policy was still relevant to all SOUs and the policy has strategically been displayed on the mill and estate offices' notice boards and also made available on SDPSB's website.

All the palm oil mills as well as the estates have identified the hazards and conducted risks assessment and subsequently determined their control measures. For chemical handling and noisy workplace, Chemical Health Risk Assessment, Noise Survey and audiometric monitoring respectively have been conducted for those personnel expose to them. The recommendations given in the report were being followed; noticeably the provision of appropriate PPE, health surveillance and noise abatement.

OSH objectives, management programmes and targets have been established by each SOU following their risk assessment, OSH performance and in meeting legal requirements. The progress in meeting their objectives have continuously been monitored, measured, reported and reviewed. On the whole, the OSH objectives established have generally been met except for some workplace accidents.

As part of their commitment to implement the OSH plan, all SOUs have conducted OSH awareness training and safe operating procedures for staff and workers. Assessments following the training were

conducted by their supervisor to ensure the effectiveness of the training in closing the OSH knowledge and skills gap. The training records sighted showed they were being implemented and evaluated objectively.

All SOUs have established OSH Committee to facilitate the implementation of the OSH plan. Safety & Health meetings were held quarterly and minutes of meeting were sighted by the assessor.

For all SOUs, records on mill safety performance were available and information was displayed on scoreboard detailing among others man-hours achieved since last accident and Lost Time Accident (LTA) rate were prominently displayed near main offices. Accident cases were documented in accident reports and also reported to DOSH via forms JKPP 6 and JKPP 8, thus meeting NADOOPOD Regulations 2004. There were procedures for reporting accidents.

First aid boxes were provided at several locations in the mills such as at the office, laboratory, store, boiler house and engine room. The content of the first aid kits at the mills and estate were found to be adequate.

Fire fighting equipment such as fire extinguishers and water hose reels were made available at strategic locations of the mill and main office. Inspections of fire protection equipment including the fire water pump, hydrants and hose reels at the mill and the fire extinguishers at other areas were conducted periodically and records of inspection maintained.

Periodic inspection by the DOSH on the condition of mills' machineries such as steam boilers, steam turbines, and hoisting machine has also been carried out and the results commented by DOSH, which were generally found to be satisfactory.

However, it was noted that the on-duty engine driver operating the boiler at the Merotai Palm Oil Mill possessed no competency certificate. A NCR was issued against this requirement. The SOU has taken the necessary corrective action by appointing qualified personnel to oversee the operation and by upgrading the competency of existing person to the required level.

The assessor had noted that all the assessed SOUs had their workers covered by insurance. Through examination of records, the insurance was valid at the point of the assessment.

Criteria 4.8 - All staff, workers, smallholders and contractors are appropriately trained.

Audit findings

All SOUs assessed have established their training needs and programmes for the year 2010/11. Generally the training programme covers the major training identified such as RSPO awareness, Safety & Health awareness, First Aid, Fire Fighting, 5S Housekeeping and their SOPs.

The training programmes have also been extended to the contractors and suppliers. Trainings were conducted in-house by SOUs personnel or externally by TQEM personnel or consultant. Training records were sighted.

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.

Audit findings

All SOUs have developed their environmental aspects/impacts register associated with their activities. The assessors have found that most of the activities have been identified and evaluated accordingly. Generally, the Environmental Aspect Identification (EAI) and Environmental Impact Evaluation (EIE) were reviewed on an annual basis. Environmental improvement plan or known as Environmental

Management Programmes (EMP) was then established. It was based on the identified significant aspects that could be improved within the SOUs' capabilities.

Among the EMP which have been established at the estates level were reduction of diesel consumption (cross refer Criterion 5.4) and the planting of beneficial plant (cross refer Criterion 4.5) while at the palm oil mills include ensuring effluent discharge and boiler smoke emission are within the legal requirements. Monitoring records have shown that effluent discharge and smoke emission were within the legal permissible limits.

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.

Audit findings

An inspection on the status of HCV habitats (including ERTs) were conducted in all the SOUs visited. HCVs that have been identified include water catchment, cemeteries, historical sites, areas with slopes more than 25⁰ and riparian buffers.

The inspection involved review of documents such as management plans and HCV assessment reports in the office as well as field inspection. Based on the field inspection, it was found that all the SOUs assessed have biodiversity assessment reports which contained Biodiversity Action Plan.

Although information on the location of the HCV could be obtained, there were no maps specifically dedicated to HCV showing the location and extent of HCV. In addition, there was a need to have a single management plan for HCV for each estate particularly for ERTs. An NCR was therefore raised.

The SOU has produced a management plan on HCV in consultation with the Sabah Wildlife Department. The assessor has verified the action taken and therefore has closed out this NCR.

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

Audit findings

The SOUs have identified the wastes generated from their operations. Among the wastes identified were biomass and general wastes from line sites. These wastes were further classified as solid or liquid.

A waste management plan and SOP for the disposal of the identified wastes were sighted. For example, EFB was sent to the field for mulching while fibre was used as fuel for the boiler. General wastes have been appropriately managed by disposing them at designated disposal area within the plantation.

An operational control procedure was established, and monitoring activities were carried as per schedule to ensure all wastes and pollutants do not give rise to significant impact to the environment. Recycling of palm biomass generated from the milling activities was fully exploited by all SOUs. It was observed that biomass such as excess fibre, shell and EFB were being used as fuel in the boiler and EFB were sent to estate for mulching. In addition, oil palm trunks were chipped and returned to the soils via decomposition during replanting activities.

It was noted that scheduled wastes have generally continued to be managed in accordance to the Environmental Quality (Scheduled Wastes) Regulation 2005. General waste has been appropriately managed by disposing it at designated disposal area within the plantation.

However, it was observed that the scheduled wastes at SOU 30B has been stored exceeding the time frame as stipulated in the Environmental Quality (Scheduled Wastes) Regulations 2005 and there were traces of spillage on the floor. A minor NCR was therefore raised. The SOU has taken appropriate actions by writing to the DoE requesting for an extension of the storage duration of the

scheduled wastes and cleaning up the spillage. These actions have been verified by the assessor and this NCR was therefore closed out.

Criterion 5.4- Efficiency of energy use and use of renewable energy is maximized.

Audit findings

All SOUs have continued to use renewable energy in the mill. The fibre and shell were still used to power the boiler and generate steam for the process as well as electricity for the mill complex and labour line.

Records of monitoring for both renewable energy and fossil fuel were available. Besides, diesel reduction programme has been initiated and monitored as part of the EMP.

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.

Audit findings

Fire has continued not to be used in all estate operations, replanting, land clearing and waste disposal. This has been adopted as a company-wide practice since 1989 in accordance with the zero burning policy and as prescribed in the Agricultural Reference Manual. All replanting in all the SOUs has been done without burning.

The replanting practice was verified and there was no trace of open burning. Instead palms are felled, chipped/shredded and windrowed within the plantation and left to rot which provide nutrients to newly planted palms.

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

Audit findings

All SOUs have continued to implement the plans to reduce pollution. These plans have been incorporated into the SOP of the Estate/Mill Quality Management System and Sime Darby Plantation - Sustainable Plantation Management System or EMP.

Among the plans were the reduction of black smoke emission, enhancement of scheduled waste management, reduction of diesel consumption and ensuring effluent discharge within the legal requirements.

Monitoring of the pollution and emissions plans have continued to be carried out as per schedule and the result has shown improvements being made.

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.

Audit findings

Social Impact Assessment (SIA) reports have been prepared for the SOUs incorporating, among others, socio-economic issues as well as a generic management plan to address these issues. In turn, each estate has developed its own action plan to address issues peculiar to its situation and environment. Evidences were presented to show that the estates have indeed prepared their own action plans covering these issues.

The current format and contents of the SIA have been adequate. However, except for SOU 30, the management plans in the SIA to address such issues have not indicated the time table and responsibilities for mitigating and monitoring the impacts of such issues. This was therefore raised as an NCR.

The SOUs concerned have taken appropriate actions to prepare a management plan in their SIAs and have included in these plans the time table and the responsibilities for mitigating and monitoring the impacts of these issues. The actions taken have been verified by the assessor and this NCR was therefore closed out.

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.

Audit findings

There were procedures for handling external communication. Random interviews held with the estates' management have revealed that consultations with relevant stakeholders were still done as and when necessary.

The SOUs have continued to maintain records of consultation with external parties, for examples, with government agencies and suppliers. A list of stakeholders was kept in every estate. The Estate Manager was still the nominated person to handle communication and consultation on issues with stakeholders.

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.

Audit findings

The estates have had procedures for handling complaints and grievances from their workers with respect to housing and other matters. Records were still being kept on the various complaints and the specific actions taken.

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.

Audit findings

No evidence was found on the taking of lands with customary rights. Nonetheless, the SOUs have documented procedures for handling boundary disputes, should these arise.

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.

Audit findings

The Collective Agreement for 2008-2010 signed between Sabah Plantation Industry Employees Union (SPIEU) and SDPSB covers the various aspects of employment including pay and terms of services. This CA would be replaced by a new one covering the period 2011 -2013. Currently, the CA has not been translated into Bahasa Malaysia or other languages understood by the workers, as required by Indicator 6.5.2. This was therefore raised as NCR.

However, there were evidences to indicate that there have been efforts being taken to explain the terms and conditions of employment to the workers (briefing notes in Bahasa Malaysia). The contract of employment for individual workers is now in Bahasa Malaysia. As such, the NCR raised has been closed out.

All the Estates have continued to provide housing, water supply, medical, educational and basic amenities for the workers. There have been proposals to replace the old housing units with new ones. Budgets have been submitted for the construction of new houses to meet the Workers' Minimum Standards of Housing and Amenities Act 1990. Initiatives were also undertaken to improve the water supply in the Estates.

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.

Audit findings

The workers of the estates were still free to join the SPIEU. There was a union committee in the estates visited.

The estates' management met with the Union leaders as and when necessary mostly through the safety and health committee meeting the union leaders could raise issues on employment. The Merotai Estate, on the other hand, has started to call for Joint Consultative Council meetings to discuss various issues confronting workers. Minutes of meetings or records of discussions were sighted and kept in the office.

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.

Audit findings

Based on random interviews held with the workers and union leaders, it was revealed that there has been no incidence of child labour in the estates. However, children were sometimes seen helping their parents with works, particularly during school holidays. In addition, there was still a policy on non-employment of under-aged children in all the SOUs.

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.

Audit Findings

There was no evidence to indicate any form of discrimination in the estates. A policy on non-discrimination was available and based on random interview held with female workers such policy has benefited them. Previously, the basic pay for the female workers was less than their male counterparts. However, both male and female workers now receive the same basic pay.

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.

Audit findings

SDPSB has an explicit policy on sexual harassment which provides guidance for the estates to formulate their own policy. Each estate in the SOUs has established a Gender Committee which plans social and educational programs and activities for their members.

The workers who were interviewed were aware of the existence of this committee and the procedures to follow when submitting a complaint on sexual harassment.

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

Audit findings

Business and service transactions between the SOUs and suppliers were still bound by written contracts, either in short or long-term basis. These contracts clearly spelt out the terms of the services, including system of payment.

At the mills, it was observed that the pricing mechanisms for FFB and other services offered have been well documented and communicated to their FFB suppliers and contractors. The agreed payment to the FFB suppliers and contractors has been made in timely manner as agreed by both parties. Based on the records, there was no complaint received by the mills in term of pricing mechanism as well as on late payment.

It was observed that current and past prices paid for FFB have continued to be displayed at the mill weighbridge offices.

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

Audit Findings

The SOUs have become the focal points for local community support and help. The estate roads were still being used by the public while certain recreational or picnic spots, for example the hot spring in Sungang Estate, were frequented by the public. In addition, the SOUs have continued to contribute to the social and religious functions of the local communities.

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.

Audit Findings

SDPSB has no plan for new planting. The assessors have 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.

Audit findings

The SOUs have established continuous improvement plans for all the indicators. Most of the plans had been implemented as part of their internal integrated management system. Among the improvement plans were minimising chemical usage by planting of cover crops in the immature fields rather than using herbicides and the construction of new housing and facilities in phases as part of the company's commitment to provide better living conditions.

As toward zero-waste, the Giram Palm Oil Mill has obtained an approval from the DoE on 13th April 2010 to build a composting plant to produce a compost product to be used as fertilizer. By doing so, all effluent from the mill operations would no longer be discharged to water stream.

3.2 Detailed Identified NCRs, Corrective Actions and Assessor Conclusions

The details on the NCRs, corrective actions taken as well as the assessors' verification of them are as in **Attachment 3**. All NCRs have been closed out.

3.3 Status of NCRs Previously Identified

The details on the previous NCRs and the effectiveness of the corrective actions taken by the SOUs to address them are as in **Attachment 4**.

3.4 Noteworthy Positive Components

All the SOUs have made further improvement on their compliance to the requirements of the RSPO P&C MY-NI 2008. This could be seen from the physical improvement in housing and related amenities, use of cover crops instead of herbicides, clean water supply to line site and social contributions made on religious activities. The workers' housing were being kept clean and beautiful as part of the 'Beautiful House Contest' and good housekeeping still being a practice at all workplace.

It was also observed that the level of awareness among the workers on the implementation of activities related to the requirements of the RSPO P&C has continued to improve. They have been able to explain on the operating procedures related to their work and the impact of not following them and the importance in achieving conformity to the RSPO requirements.

There has been strong commitment from the top management to continue complying with the requirements of the RSPO and maintaining the certification. This includes subsidizing the migrant workers' children education at the HUMANA school at the SOUs.

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

Among the stakeholder consulted during the surveillance assessment were the workers from different task groups, management staff, union representatives, FFB suppliers, local community, female worker representatives and civil work contractors.

Generally all stakeholders consulted have given their positive remarks that they have no issue on dealing/working with all the SOUs. They have seen improvements in terms of economic and social activities since the implementation of the RSPO certification scheme.

3.6 Acknowledgement of Internal Responsibility and Formal Sign-Off of Assessment Findings

I, the undersigned, representing SOU 28, SOU 29, SOU 30 and SOU 30B, acknowledge and confirm the content of the assessment report and findings of the assessment.

Zuhairi

Date: 05/12/2011

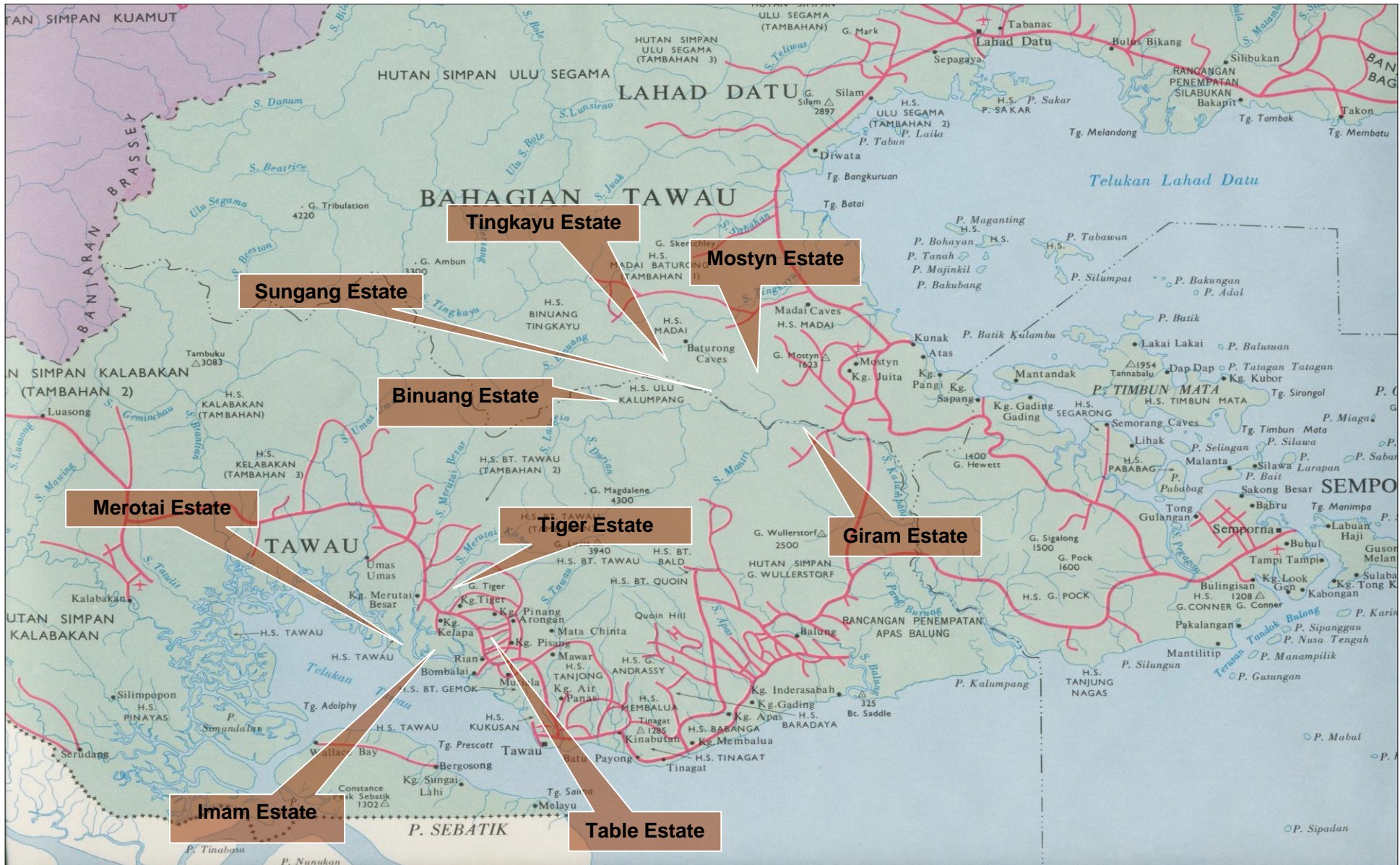
Name: ZUHAIRI BIN ZUBIR

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

Mahzan

Name : MAHZAN BIN MUNAP
E-mail : mmahzan@gmail.com

LOCATION OF SOUS BINUANG, GIRAM AND MEROTAI



ASSESSMENT PROGRAMME

**SIRIM QAS INTERNATIONAL SDN. BHD.
Sustainability Certification Section**

RSPO SURVEILLANCE ASSESSMENT PLAN

1. Objectives

The objectives of the assessment are as follows:

- (i) To determine Sime Darby Plantation Sdn. Bhd. SOU 28, SOU 29, SOU 30 & SOU 30B conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
- (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 : 25th – 28th October 2010

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 MYNI:2008
- b. Company's audit criteria including Company's Manual/Procedures

5. Assessment Team

- a. Lead Assessor : Mahzan B Munap
- b. Assessor : Ruzita Binti Abdul Ghani
Valence Shem
Dr.Rusli B
Samsuddin
Dr. Shah

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

6. Audit Witness: Simon from ASI

7. Audit Method

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

8. 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.

9. Working Language : English and Bahasa Malaysia

10. 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

11. Facilities Required

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

12. Assessment Programme Details : As below

Day one: 25th October 2010 (Monday)

Activities /areas to be visited	Mahzan	Ruzita	Valence	Auditee
8.00 – 8.15 am	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader			Top mgmt & Committee Member
8.15 – 8.30 am	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings)			Management Representative
8.30 – 12.00 pm	Site visit and assessment at Binuang Oil Mill <ul style="list-style-type: none"> Verify previous audit findings 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 <ul style="list-style-type: none"> Mill office Chemical store Workshop 	Site visit and assessment at Binuang Oil Mill <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2, P3, P4 (4.1, 4.4, 4.7, 4.8), P5(5.1, 5.3, 5.4, 5.6), P8 <ul style="list-style-type: none"> Administration department Facilities at workplace (rest area, etc) Workers issue 	Site visit and assessment at Binuang Estate <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2, P3, P4 (4.1, 4.2, 4.3, 4.4, 4.5, 4.6), P5(5.3, 5.5), P8 <ul style="list-style-type: none"> Good Agricultural Practice Workers Issues Chemical store / fertilizer store Riparian zone 	Guide/PIC

			<ul style="list-style-type: none"> River system including POME discharge 	
12.00 – 1.00 pm	Break			
1.00 – 4.30 pm	Continue assessment <ul style="list-style-type: none"> Production area Boiler Laboratory 	Continue assessment <ul style="list-style-type: none"> Utilities (ETP, boiler, WTP, gen-set, etc.) Waste management 	Continue assessment <ul style="list-style-type: none"> Line site EFB mulching Waste management 	Guide/PIC
4.30 – 08.00pm	Break			
08.00-10.00pm	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records			Relevant PIC

Day two: 26th October 2010 (Tuesday)

Activities /areas to be visited	Mahzan	Ruzita	Valence		Auditee
08.00-12.00 pm	Site visit and assessment at Giram Estate Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8 <ul style="list-style-type: none"> Witness activities at site i.e. spraying / weeding harvesting, etc Workshop Chemical stores Verify previous audit findings 	Site visit and assessment at Giram Oil Mill Assessment on P1, P2, P3, P4 (4.1, 4.4, 4.7, 4.8), P5(5.1, 5.3, 5.4, 5.6), P8 <ul style="list-style-type: none"> Administration department Production & Utilities (ETP, boiler, gen-set, etc.) Waste management Interview with Union Representative 	Site visit and assessment at Giram Estate Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8 <ul style="list-style-type: none"> Witness activities at site i.e. spraying / weeding harvesting, etc EFB mulching Workers Issues Waste management Verify previous audit findings 	<u>Note:</u> Dr. Rusli, Dr. Shah and En. Samsuddin are expected to arrive Giram estate from Kuala Lumpur around 12:30 and shall start audit around 13:15 hours	Guide/PIC
12.00 pm -01.00pm	Break				

	Mahzan	Ruzita	Valence	Dr. Shah	Samsuddin	Dr. Rusli	Auditee
01.00-04.30pm	<p>Site visit and assessment at Giram Oil Mill begin at 2.00 p.m.</p> <p>Assessment on P1, P2 (2.1-2.1.1), P4 (4.7), P6 (6.3, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p> <ul style="list-style-type: none"> Production area & Utilities Waste management 	<p>Findings discussion with Lead Auditor and begin report writing.</p> <p>Leave Giram Estate for Tawau Airport with Simon at 3.30 p.m to catch 17:50 hours flight to KL</p>	<p>Site visit and assessment at Giram Oil Mill</p> <p>Assessment on P1, P2 (2.1-2.14), P4 (4.4.4, 4.4.6, 4.4.8), 4.8, P5 (5.1, 5.3, 5.4, 5.6), P8</p> <ul style="list-style-type: none"> Chemical store Laboratory Workshop Verify previous audit findings 	<p>Site visit and assessment at Giram Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1, 2.2), P3, P4 (4.1-4.6, 4.8), P5 (5.2, 5.5) P8</p> <ul style="list-style-type: none"> Good Agricultural Practice Line site 	<p>Site visit and assessment at Giram Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1, 2.2), P3, P4 (4.4.7), P5 (5.2), P8</p> <ul style="list-style-type: none"> Conservation area management Riparian Zone River system including POME discharge Boundary Water catchment area 	<p>Site visit and assessment at Giram 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"> Administration department Facilities such as rest area Interview with Union representative 	Guide/PIC
04.30-08.00pm	Break						
08.00-10.00pm	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records						Relevant PIC

Day three: 27th October 2010 (Wednesday)

Activities /areas to be visited	Mahzan	Valence	Dr. Shah	Samsuddin	Dr. Rusli	Auditee
08.00-12.00 pm	<p>Site visit and assessment at Mostyn Estate</p> <p>Assessment on P1, P2 (2.1-2.1.1), 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"> Witness activities at site i.e. spraying / weeding harvesting, 	<p>Site visit and assessment at Mostyn Oil Mill</p> <p>Assessment on P1, P2 (2.1-2.14), P4 (4.4.4, 4.4.6, 4.4.8), 4.8, P5 (5.1, 5.3, 5.4, 5.6), P8</p> <ul style="list-style-type: none"> Chemical store Laboratory Workshop Interview with Union 	<p>Site visit and assessment at Mostyn Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1, 2.2), P3, P4 (4.1-4.6, 4.8), P5 (5.2, 5.5) P8</p> <ul style="list-style-type: none"> Good Agricultural Practice Workers issue 	<p>Site visit and assessment at Mostyn Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1, 2.2), P3, P4 (4.4.7), P5 (5.2), P8</p> <ul style="list-style-type: none"> Conservation area management Riparian Zone 	<p>Site visit and assessment at Mostyn 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"> Administration department Facilities such as rest 	Guide/PIC

	<ul style="list-style-type: none"> etc Workshop Chemical stores Verify previous audit findings 	<ul style="list-style-type: none"> Representative Verify previous audit findings 	<ul style="list-style-type: none"> EFB Mulching Waste Management PMM Line site 	<ul style="list-style-type: none"> River system including POME discharge Boundary Water catchment area 	<ul style="list-style-type: none"> area Interview with Union representative 	
12.00-01.00 pm	Break					
Activities /areas to be visited	Mahzan	Valence	Dr. Shah	Samsuddin	Dr. Rusli	Auditee
01.00-04.30pm	Site visit and assessment at Merotai Mill <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2, P3, P4 (4.1,4.4,4.8), P5(5.1,5.3,5.4.5.6), P8 Production area & Utilities Workshop Dispensary 	Site visit and assessment at Merotai Oil Mill <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1-2.1.1, 2.1.4), P4 (4.4.4, 4.4.6, 4.4.8), 4.8, P5 (5.1, 5.3, 5.4. 5.6), P8 Production & Utilities (ETP, boiler, gen-set, etc.) Chemical store Waste management 	Site visit and assessment at Merotai Estate <ul style="list-style-type: none"> Good Agricultural Practice Workers Issues EFB mulching Waste management PMM Line site 	Site visit and assessment at Merotai <ul style="list-style-type: none"> Nursery, if any Water bodies Source of water supply Forested area 	Site visit and assessment at Merotai <ul style="list-style-type: none"> Discussion with relevant management (CSR, community affairs), viewing of documentation relating to local community issues such as EIA, SIA, HCV and management plans. Interviews with Union Representative 	Guide/PIC
04.30-08.00 pm	Break					
08.00-10.00pm	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records					Relevant PIC

Day four: 28th October 2010 (Thursday)

Activities /areas to be visited	Mahzan	Valence	Dr. Shah	Samsuddin	Dr. Rusli	Auditee
07.30-08.30 am	Discussion on audit findings for SOU 28, SOU 29, SOU 30, SOU 30B					Auditors
08.30-09.15am	Report acceptance with Management Representative and Closing meeting					Relevant PIC
09.30 am	Travel to Tawau & End of assessment (Flight at 11:55)					

DETAIL OF NON-CONFORMITY AND CORRECTIVE ACTIONS TAKEN

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Criterion 2.1 Indicator 2.1.1	Major	One of the requirement in the approved Proposal for Mitigation Measure (PMM) by the Sabah Environmental Protection Department (EPD) recommended that SDPSB to appoint a qualified Environmental Management Officer for flora and fauna management of the SOUs. However no evidence of implementation was available during the assessment.	A letter dated 15 th December 2009 by top management (VP 1 of Southern Sabah Zone Office) has been sent to EPD informing the appointed person-in-charge as qualified environmental management officer.	A copy of the letter was send to the assessors. The corrective action taken is adequate. Status of Nonconformity: Closed
		SOU 30B - Diesel generator set written approval were not made available during the assessment.	A new application for fuel burning equipment (generator set) was sent to Department of Environment (DOE) on 22 nd December 2009.	A copy of the new application was sent to the assessors. The corrective action taken is adequate. Status of Nonconformity: Closed
Criterion 4.7 Indicator 4.7.1	Major	Merotai Oil Mill does not have appropriate competent person-in-charge for its boiler. i- 1st Grade Steam Engineer ii- 1st Grade Engine Driver	Corrective action taken : <ul style="list-style-type: none"> appointed person-in-charge who possessed 1st Grade Steam Engineer. upgrade the competency of existing current personnel. The existing steam engineer has submitted application to DOSH to sit for the forthcoming steam engineer examination which is scheduled in June 2010. Mill Engineer has sit for examination for 2nd Grade Steam Engineer on 7th October 2009 and waiting for result. Effective from 1st December 2009, 1st Grade Engine Driver overlooking for both shifts. <p>The 2nd Grade Engine Driver and fireman</p>	A copy of the appointment letter for person-in-charge who possessed 1st Grade Steam Engineer was sent to the assessors. The corrective action taken is adequate. A succession plan is adequate. Status of Nonconformity: Closed

			have sit for examination on November 2009 and June 2009 respectively; still waiting result from DOSH.	
Criterion 5.2 Indicator 5.2.2	Major	The management plan for the new HCV assessment findings especially for ERTs is inadequate.	To establish management plan for ERTs.	A copy of management plans that were produced in consultation with Sabah Wildlife Department was send to the assessors. The corrective action taken is adequate. Status of Nonconformity: Closed
Criterion 5.3 Indicator 5.3.2	Minor	Scheduled wastes stored at SOU 30B has exceeded the time frame as stipulated in the Environmental Quality (Scheduled wastes) Regulations 2005. Traces of scheduled wastes spillages were noted on the floor.	<i>Communicate</i> with Department of Environment (DOE) to extend the duration for storing of scheduled waste. To clean the spillage and conduct training for schedule waste handler.	A copy of letter submitted to DOE was send to the assessors. The corrective action taken is adequate. The corrective action taken is adequate. Status of Nonconformity: Closed
Criterion 6.1 Indicator 6.1.3	Minor	The management plan for the new SIA conducted at each SOU has not established time table with responsibilities for mitigation and monitoring the impact except for SOU 30.	All SOUs to prepare Social Management Plan.	The management plan was established for mitigating and monitoring of impact. The corrective action taken is adequate. Status of Nonconformity: Closed
Criterion 6.5 Indicator 6.5.2	Minor	The new collective agreement (CA) that is in used (2008-2010) is not in language understood by the workers or explained to them by plantation management official.	To conduct briefing to all workers on collective agreement.	Evidence of attendance list, content of briefing material and photo of the session were extended to the assessor. Status of Nonconformity: Closed

VERIFICATION ON PREVIOUS ASSESSMENT FINDINGS FOR SOU 28, SOU 29 & SOU 30

P & C, Indicator	Previous Assessment Findings	Verification by Assessor	Status
Criterion 2.1	One of the requirement in the approved Proposal for Mitigation Measure (PMM) by the Sabah Environmental Protection Department (EPD) recommended that SDPSB to appoint a qualified Environmental Management Officer for flora and fauna management of the SOUs. However no evidence of implementation was available during the assessment.	En. Muhammad Sipul'illah B Che Idris, the Senior Manager for Mostyn estate has been appointed as the Environmental Management Officer and the Assessor has sighted the relevant document signed by the Director, EPD, Sabah on 16 th December 2009.	Closed
Criterion 4.7	Merotai Oil Mill does not have appropriate competent person-in-charge for its boiler. iii- 1st Grade Steam Engineer iv- 1st Grade Engine Driver	The new Mill Manger who reported duty in June 2010 is a qualified 1 st Grade Steam Engineer. As an interim measure, the only 1 st Grade Engine Driver will look after both shifts. The 2nd Grade Engine Driver and fireman have sat for examination on November 2009 and June 2009 respectively; still waiting result from DOSH.	Closed
Criterion 5.2	The management plan for the new HCV assessment findings especially for ERTs is inadequate.	The Assessor verified that the Management Plan for the new HCV assessment (ERT) was implemented accordingly in line with the plan that was consulted with the Sabah Wildlife Department.	Closed
Criterion 6.1	The management plan for the new SIA conducted at each SOU has not established time table with responsibilities for mitigation and monitoring the impact except for SOU 30.	The management plan for SOU 28 and SOU 29 have established timetable with responsibilities for mitigation and monitoring of the impact.	Closed
Criterion 6.5	The new collective agreement (CA) that is in used (2008-2010) is not in language understood by the workers or explained to them by plantation management official.	There is evidence as sighted by the Assessor that the Collective Agreement has been explained in Bahasa Malaysia.	Closed