



**PUBLIC SUMMARY  
2<sup>ND</sup> RSPO SURVEILLANCE ASSESSMENT**


**AUDIT DATE : 7<sup>TH</sup> – 11<sup>TH</sup> OCTOBER 2013**

**SIME DARBY PLANTATION SDN BHD  
DERAWAN CERTIFICATION UNIT  
BINTULU, SARAWAK, MALAYSIA**

**Prepared by:**

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	<b>RSPO SURVEILLANCE AUDIT REPORT</b>	

**CLIENT : SIME DARBY PLANTATION SDN BHD, DERAWAN PALM OIL MILL**

Derawan Palm Oil Mill, 97011 Bintulu, Sarawak  
 Sahua Estate, 97011 Bintulu, Sarawak  
 Derawan Estate, 97011 Bintulu, Sarawak  
 Takau Estate, 97011 Bintulu, Sarawak  
 Damai Estate, 97011 Bintulu, Sarawak

**LOCATION (MAP AND GPS), MILL AND/OR HECTARAGE:**  
 (In the case of multisite certification, list additional sites in attachments) :

Certification Unit	Estate/Mill	GPS Location		Total Area (ha)
		Latitude	Longitude	
SOU 33 - Derawan	Derawan POM	3°23'24.732"N	113°20'43.500"E	-
	Sahua Estate	N3.49674	E113.387	2,108.87
	Derawan Estate	3°23'59.23"N	113°20'33.62"	2,163.52
	Takau Estate	3°23'59.23"N	113°20'33.62"	2,140.00
	Damai Estate	N3.47099	E113.398	2,361.12

**AUDIT DATE : 7<sup>th</sup> - 11<sup>th</sup> October 2013**

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**STANDARD : MALAYSIAN NATIONAL INTERPRETATION WORKING GROUP (MY-NIWG) : NOV 2010**  
**OF RSPO PRINCIPLE AND CRITERIA ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)**  
**RSPO SUPPLY CHAIN CERTIFICATION, NOVEMBER 2011**

**SCOPE OF REGISTRATION : PRODUCTION OF CRUDE PALM OIL AND PALM KERNEL USING**  
**SEGREGATION MODEL**

**CLIENT : SIME DARBY PLANTATION SDN BHD, DERAWAN PALM OIL MILL**

The following attachments form part of this report:

Non-conformity Report(s) ☐

List of additional site(s) ☐

**Report by Audit Team Leader**

**Acknowledgement by Client's Representative**

Name : Mohamed Hidir Zainal Abidin

Name : \_\_\_\_\_

Signature



Signature



Date

12/03/2014

Date

\_\_\_\_\_

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**Abbreviations:**

ARM	Agriculture Reference Manual
BOD	Biochemical Oxygen Demand
B.Sc.	Bachelor of Science
CA	Collective Agreement
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CUs	Certification Units
DID	Drainage and Irrigation Department, Malaysia
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EAI	Environmental Aspect Identification
EARA	Environmental Auditors Registration Association
EB	Executive Board
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EIE	Environmental Impact Evaluation
EMP	Environmental Management Plan
EPF	Employees Provident Fund
EQA	Environmental Quality Act
ERT	Endangered, Rare and Threatened Species
FFB	Fresh Fruit Bunch
FMA	Factory Machineries Act
FSC	Forest Stewardship Council
GAP	Good Agricultural Practice
GPS	Global Positioning System
Ha	Hectares
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IEMA	Institute for Environmental Management and Assessment
IPM	Integrated Pest Management
ISO	International Organization for Standardization
IRCA	International Register of Certificated Auditors
JCC	Joint Consultative Committee
MSDS	Material Safety Data Sheet
MOA	Memorandum of Alliance or Agreement
MPOB	Malaysia Palm Oil Board
MYNI – WG	Malaysia National Interpretation – Working Group
NADOPOD	Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease
NCR	Non-Conformity Report
NGO	Non Governmental Organisation
OER	Oil Extraction Rate
OG	Oil & Grease
OSH	Occupational Safety and Health
OSHA	Occupational Safety and Health Act
OHSAS	Occupational Health and Safety Assessment Series
Ph.D.	Doctor of Philosophy
PIC	Person-In-Charge
PK	Palm Kernel
PMM	Proposal of Mitigation Measure
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PTW	Permit To Work
QMS	Quality Management System
SIA	Social Impact Assessment
SDPSB	Sime Darby Plantation Sdn. Bhd.
SOCISO	Social Security Organization
SOU	Strategic Operating Unit
SOP	Standard Operating Procedure
SPIEU	Sabah Plantation Industry Employees Union
TQEM	Total Quality Environment Management
UNFCCC	United Nations Framework Convention for Climate Change
UKAS	United Kingdom Accreditation Services
USA	United States of America
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health
WWF	World Wide Fund for Nature

## SUMMARY REPORT

### 1.0 Scope of the Certification Assessment

#### 1.1 Introduction

This surveillance assessment report described one certification unit of Sime Darby Plantation Sdn. Bhd. (SDPSB) strategic operating unit (SOU) namely SOU 33 – Derawan. SOU Derawan was certified by other certification body (Control Union Certification) on 30th December 2011. This assessment is the first surveillance assessment after SDPSB decided to transfer the certification body to SIRIM QAS International Sdn. Bhd.

SOU is equivalent to a certification unit as defined in the RSPO Certification Systems Document. Each SOU consists of one mill and its supply bases. The supply bases are made up of estates owned by SDPSB and small holders' plantations located near the oil mill.

This assessment covered a management unit and its supply bases as detailed in Table 1. The supply bases assessed were confined to estates owned by SDPSB. There are two main estates supplying to Derawan Palm Oil Mill (POM) i.e. Sahu Estate, Derawan Estate, Takau Estate and Damai Estate.

The focus of the assessment team was to determine SOU Derawan conformance against the RSPO P&C MYNI as well as to verify the actions taken on the previous assessment findings.

Details of 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 33	Derawan Oil Mill	Sahua Estate Derawan Estate Takau Estate Damai Estate

#### 1.2 Location of Mills and Estates

SOU 33 is located in Bintulu District, Sarawak, Malaysia. The locations of the SOUs are shown in Attachment 1.

Location details of the SOU which includes palm oil mill and supplying estates are shown in Table 2

Table 2: Location and addresses of mills and estates

Certification Unit	Estate/Mill	GPS Location		Location Address
		Latitude	Longitude	
SOU 33 – Derawan	Derawan POM	3°23'24.732"N	113°20'43.500"E	97008 Bintulu, Sarawak
	Sahua Estate	N3.49674	E113.387	97008 Bintulu, Sarawak
	Derawan Estate	3°23'59.23"N	113°20'33.62'	97008 Bintulu, Sarawak
	Takau Estate	3°23'59.23"N	113°20'33.62"	97008 Bintulu, Sarawak
	Damai Estate	N3.47099	E113.398	97008 Bintulu, Sarawak.

### 1.3 Production Volume for All Certified Products

Table 3: Actual CPO and PK tonnage since date of last reporting period (October 2012 to September 2013)

Certification unit	FFB Processed (mt)	CPO Production (mt)	PK Production (mt)	Certified CPO (mt)	Certified PK (mt)
SOU 33	245,896.51	52,867.75	11,065.34	-	-

Table 4: Estimated certified CPO and PK tonnage (October 2013 to September 2014)

Certification unit	FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)	CPO Tonnage claimed for certification (tonne)	PK Tonnage claimed for certification (tonne)
SOU 33	245,896	52,867	11,065	52,867	11,065

### 1.4 Certification Details

The name of the certified Unit and its RSPO identification are as follows:

Parent company: Sime Darby Plantations Sdn. Bhd.

Certificate no: RSPO 0019

The date of certification was the date of the RSPO approval which was 30th December 2011.

The certification for SOU 33 – Derawan covers production from Derawan Oil Mill with FFB supplied by the following company owned estates: Sahua Estate, Derawan Estate, Takau Estate and Damai Estate. Crop from third party is not accepted by Derawan Oil Mill.

### 1.5 Description of The Supply Base

Details of the FFB contribution from each source to the SOU are shown in Table 5:

Table 5: SOU 33 Derawan - Actual FFB production since date of last reporting period October 2012 to September 2013)

Estates	FFB Production	
	Tonnes	Percentage (%)
<b>Sahua</b>	47,299.88	29.09%
<b>Derawan</b>	37,848.55	23.28%
<b>Takau</b>	42,827.47	26.34%
<b>Damai</b>	31,546.50	19.40%
Bayu	1,394.09	0.86%
Semarak	734.93	0.45%
Samudera	600.93	0.37%
Rajawali	362.16	0.22%
Total	162,614.51	100.00

## 1.6 Date of Planting and Replanting Cycle

The planting profiles for each estate is detailed in the following tables:

Table 6: Planting profile for Sahu Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1994	1 <sup>st</sup>	Mature	241	11.43
1995	1 <sup>st</sup>	Mature	614.41	29.13
1998	1 <sup>st</sup>	Mature	1222.46	57.97
2000	1 <sup>st</sup>	Mature	31	1.47
Total			2108.87	100.00

Table 7: Planting profile for Derawan Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1994 - 1996	1 <sup>st</sup>	Mature	1776.80	85.41
2012 - 2013	2 <sup>nd</sup>	Immature	303.33	14.59
Total			2,163.52	100

Table 8: Planting profile for Takau Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1995	No info	Mature	1808.01	90%
2013	2 <sup>nd</sup>	Immature	200.61	10%
Total			2008.62	100

Table 9: Planting profile for Damai Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1996	1st	Mature	276.03	13.65
1997	1st	Mature	836.33	41.36
1998	1st	Mature	909.67	44.99
Total			2022.03	100.00

## 1.7 Organizational Information/Contact Person

The details of the contact persons for SOU 33 are as shown below:

Chairman of **SOU 33**:

Name : Muhammad Irsan Bin Azmi  
 Designation : Manager, KKS Derawan  
 Address : P. O. Box 2324, 97011 Bintulu, Sarawak  
 Phone # : 086-477313  
 Fax # : 086-477313

## 1.8 Time Bound Plan for Other Management Units

Initially, there were a total of 65 certification units under Sime Darby Plantation Sdn. Bhd. located in Peninsular Malaysia, Sabah & Sarawak in Malaysia and in Kalimantan, Sumatera & Sulawesi in Indonesia. 42 units in Malaysia and 23 units in Indonesia. At the point of this surveillance assessment, there were 59 palm oil mills (59 SOUs) after strategic alignment in August 2013. The variance was due to in Malaysia, 3 palm oil mills (Jeleta Bumi, Mostyn, Segaliud) in Sabah Sungai Samak, Yong Peng) had been closed down and another Sepang Mill was assigned to receive crop solely from third parties. 1 mill (Tamiang) in Indonesia has been ceased operation and combined with Blang Simpo Oil Mill.

Sime Darby Plantation Sdn. Bhd 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. However, the time bound plan has been shifted to 2014 due to commissioning of new mills in Malaysia and Indonesia. As to date 32 of their SOUs in Malaysia and 21 SOUs in Indonesia are certified. 2 mills in Peninsular Malaysia namely (SOU Pagoh and Sua Betong) has undergone main assessment and the other 4 SOUs in Indonesia have also undergone assessment and delayed due to some disputes and pending for certification approval.

## 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. We have certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001.

SIRIM QAS International was approved as a RSPO certification body on 21st March 2008.

### 2.2 Qualification of Lead Assessor and Assessment Team

The assessment team consisted of four assessors. None of the assessor has involved any auditing stage at Derawan certification unit since this assessment was conducted on transfer of certification body basis. The details of the assessors and their qualification are detailed below:

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Mohamed Hidir Zainal Abidin	Assessment Team Leader/ Occupational health & safety and environmental issues at mill and estate, legal related issues and supply chain certification system	<ul style="list-style-type: none"><li>• Successfully completed IRCA/RABQSA accredited Lead Assessor training for ISO 9001, ISO14001 &amp; OHSAS 18001 in 2012</li><li>• Successfully completed RSPO Lead Assessor Course in 2013</li><li>• B.Sc. (Hons) Chemical Engineering, Universiti Kebangsaan Malaysia (UKM)</li></ul>
Mahzan Munap	Assessor/ Occupational health & safety and environmental issues at mill and estate, legal related issue and supply	<ul style="list-style-type: none"><li>• CIMA Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997.</li><li>• Occupational Safety and Health Trainer at INSTEP Petronas</li><li>• Successfully completed RSPO Lead Assessor</li></ul>



	chain certification system.	<p>Course – 2008.</p> <ul style="list-style-type: none"> <li>• Successfully completed Lead Assessor Course for OHSAS 18001-2000.</li> <li>• Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006</li> <li>• Successfully completed RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2008.</li> <li>• MBA, Ohio University. B.Sc. Petroleum Engineering, University of Missouri, USA.</li> </ul>
Selvasingam T. Kandiah	Assessor / Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none"> <li>• B. Sc. (Hons) Agriculture – University of Agricultural Sciences, Hebbal, Bangalore, India (1969-1973)</li> <li>• A Planter with Kumpulan Guthrie Berhad (1995-2002 – retired)</li> <li>• Inclusive of One year in Liberia and</li> <li>• 2 years in Estate Department in Guthrie head quarters</li> <li>• Experience in Managing:</li> <li>• Nursery : Rubber and Cocoa</li> <li>• Immature Area : Cocoa Replant, Rubber Replant, Oil Palm Replant &amp; Oil Palm New Clearing</li> <li>• Mature Area: Cocoa, Rubber &amp; Oil Palm.</li> </ul>
Mohd Razman Salim	Assessor / HCV habitat & ecology /workers' & community issues and related legal issues	<ul style="list-style-type: none"> <li>• Successfully completed ISO 14001 EMS RABQSA/IRCA approved Lead Assessor – 2013</li> <li>• Successfully completed ISO 9001 QMS RABQSA/IRCA approved Lead Assessor – 2013</li> <li>• Successfully completed OHSAS 18001 OHSMS RABQSA/IRCA accredited Lead Assessor Course – 2013</li> </ul>

### 2.3 Assessment Methodology

The Surveillance Assessment 1 was conducted on 5<sup>th</sup> to 9<sup>th</sup> November 2012. The main objectives of this assessment were to

- a) determine conformance against the RSPO Principles & Criteria - MYNI and RSPO Supply Chain
- b) verify the effective implementation of corrective actions arising from the findings of main assessment
- c) make appropriate recommendations based on the current assessment findings.

Planning for the Surveillance 1 assessment was guided by the RSPO Certification Systems Document. The sampling formula of  $0.8 \sqrt{y}$ , where y is the number of estates in the SOU, was used. Nonetheless, all of the five estates and the mill (Derawan Palm Oil Mill) were visited and assessed, but the coverage of number of RSPO P&C indicators were selective for each estate.

The assessment was conducted by visiting the field, mill, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Interviews with management, employees, contractors and other relevant stakeholders were also conducted. Apart from the above, records as well as other related documentation were also evaluated. Details of the Surveillance 2 assessment programme are in Attachment 2.

The assessment non-conformity report was raised on site and all the major non-conformities have been closed-out based on the corrective action evidence submitted to the assessment team. Detail of the non-conformity report and corrective action are in F.

### 2.4 Date of Next Surveillance Visit

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

## A. AUDIT FINDING

### a) Changes to certified products in accordance to the production the previous year

There was no changes to the total certified product production if compared to the certified product projection

FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)
245,896.51	52,867.75	11,065.34

Data since the last reporting period (October 2012 to September 2013)

FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)
162,614.51	33,225.49	7,872.02

Certified FFB and product projection from 2<sup>nd</sup> surveillance report. There was overproduction noted and changes to the certified source and product. The additional source of FFB comes from the SOU32 (Rajawali CU) with the total of 3,092.11 tonnes of FFB. It was verified that the additional volume was from the certified source. Refer table 5 for detail tonnage of FFB from the respective estates.

### b) Other changes (e.g. timebound plan, organizational structure, new contact person, addresses, etc.).

Initially, there were a total of 65 certification units under Sime Darby Plantation Sdn. Bhd. located in Peninsular Malaysia, Sabah & Sarawak in Malaysia and in Kalimantan, Sumatera & Sulawesi in Indonesia. 42 units in Malaysia and 23 units in Indonesia. At the point of this surveillance assessment, there were 59 palm oil mills (59 SOUs) after strategic alignment in August 2013.

The variance was due to in Malaysia, 3 palm oil mills (Jeleta Bumi, Mostyn, Segaliud) in Sabah Sungai Samak, Yong Peng) had been closed down and another Sepang Mill was assigned to receive crop solely from third parties. 1 mill (Tamiang) in Indonesia has been ceased operation and combined with Blang Simpo Oil Mill.

Sime Darby Plantation Sdn. Bhd 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. However, the time bound plan has been shifted to 2014 due to commissioning of new mills in Malaysia and Indonesia. As to date 32 of their SOUs in Malaysia and 21 SOUs in Indonesia are certified. 2 mills in Peninsular Malaysia namely (SOU Pagoh and Sua Betong) has undergone main assessment and the other 4 SOUs in Indonesia have has also undergone assessment and delayed due to some disputes and pending for certification approval.

- c) All associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, are audited within 3 years from when their fruit was first included in the mill certification. ☐ Yes ☒ No
- d) Any new acquisition which has replaced primary forests or HCV areas ☐ Yes ☒ No
- e) Status of previous non conformity(ies) ☒ Closed ☐ Not closed\*
- \* If not closed, will be upgraded to major non conformity  
Indicator 4.8.1 (NCR MH1) - Closed. Reissue under different issues of training. Refer NCR MRS01  
Indicator 2.1.1 (NCR VS01) - Closed. Implementation still not consistent and effective. Issued under indicator 5.3.2. Refer NCR MH3  
Indicator 2.1.1 (NCR MM4) - Closed. Person in charge available for manning the operation.  
Indicator 6.1.3 (NCR RM02) – Corrective action not effective. Upgraded to major NCR. Refer MRS02  
SCCS D5, D5.1 - Closed. Has been updated accordingly  
Indicator 6.6.1 – Closed. No such issue found during the assesment.
- f) Environmental / Social Issue
- There were some environment issues sigthed during this assesment related to legal and also implentation of waste management plan as well as on the out going water monitoring. Legal issues related to compliance with Clean Air Regulation 1971 on the stack emission monitorig and boundary noise survey as per written approval requirement. This issue has yet to rectified and actioned by the Derawan POM. Refer to NCR MH4 for details. The other issue related waste management plan which has been issued in the last assessment under indicator 2.1.1. However, minor lapses was found on the implementation related to scheduled waste mangement during the audit. Therefore NCR MH3 was raised. On the out going water monitoing, Takau Estate was not carried out out going water monitoring as there is a significant activities on replanting area, P95TN. NCR MH5 was raised against indicator 4.4.3.
- For social issue at Derawan CU, there were some issue under principle 6 which has not been effectively carried out and implemented. Knowledge and awereness among workers and staff yet to be improved. NCR MRS01 was issued against the indicator 4.8.1. Other issues related to SIA management and action plan, communication on action taken for internal and external grivance, details of paymets was not clearly under stood by workers and lastly contribution on local development were among issue of concern raised by auditor. Details of each issues can be refered in the report and NCR MRS02, 03, 04 and 05.
- g) Complaint received from stakeholder (if any)
- Complaint from internal and external stakeholder was evident during the assessment by interviewing the respective group of stake holders. Complaint and grievance machanism was in place, however understanding of the procedures has yet to be further improved. Record of communication and action taken on the stakeholder complaints/grievance has yet to consistanly and captured and recorded. Refer to NCR MRS 03 for details.
- h) Specific findings during the surveillance in accordance to MYNI RSPO P & C .

#### Principle 1: Commitment to Transparency

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

<b>1.1.1</b>	<b>Records of requests and responses must be maintained.</b>				<b>Major</b>
<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
<b>Objective evidence:</b>	<p>SOU 33 has continued to implement communication procedure as described in the established procedures for estates and mill. At the point of audit, there was no request for information from the stakeholders received by SOU33. However, communications with the internal stakeholders were identified and maintained. The record stated date of communication received, response and remarks. Most records were for repairs required for workers quarters.</p> <p>The stakeholder list was also made available at Derawan POM. Last stakeholder meeting was conducted on July 2009. They had maintained the relevant stakeholders for year 2013/2014. Sample of stakeholders listed for Derawan POM and consulted during the assessment :</p>				

	<ul style="list-style-type: none"><li>• Kejuruteraan Bumi Sentosa Sdn Bhd</li><li>• Kejuruteraan Makmur</li></ul>				
Criterion 1.2: Management <b>documents are publicly available</b> , 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 <b>must</b> be publicly available include, but are not necessarily limited to:-					
1.2.1 1.2.2 1.2.3 1.2.4 1.2.5 1.2.6 1.2.7	Land titles / user rights (C 2.2) Safety and health plan (C 4.7) Plans and impact assessment relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3) Pollution Prevention Plan (C 5.6) Details of complaints and Grievances (C 6.3) Negotiation procedures (C 6.4) Continuous improvement plan (C 8.1)				
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	<p>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.</p> <p>SDPSB 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 <a href="http://plantation.simedarby.com">http://plantation.simedarby.com</a>.</p> <p>Among the documents that were made available for viewing are:</p> <ul style="list-style-type: none"><li>• Good Agricultural Practices</li><li>• Social enhancement</li><li>• Sustainability initiatives</li><li>• Sustainability Management Programmes and;</li><li>• Complaint and grievances procedure.</li><li>•</li></ul> <p>These documents highlight current SDPSB practices and their continual improvement plans. Besides the above document SDPSB policy on the followings are also available at the same website:</p> <ol style="list-style-type: none"><li>1) Social</li><li>2) Quality</li><li>3) Food Safety</li><li>4) Occupational Safety &amp; Health</li><li>5) Environment &amp; Biodiversity</li><li>6) Slope Protection and Buffer Zone</li><li>7) Lean Six Sigma</li><li>8) Gender</li></ol> <p>In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view.</p> <p>To the point of this assessment, SOU 33 has not received any request pertaining Criterion 1.2.</p>				
Principle 2: Compliance with Applicable Laws and Regulation					
Criterion 2.1: There is compliance with all applicable local, national and ratified international laws and regulations.					
2.1.1	Evidence of compliance with legal requirements				Major
Findings	In compliance:	Yes:		No:	X
Objective evidence:	<p>SOU 33 had continued to comply with legal requirements as per indicator. Guided by the established procedure, the annual evaluation of compliance has been carried out concurrently with the review of legal register on May 2012. The list of applicable legal and other requirement was made available during the assessment. The list covers legal requirements such as :</p> <p>a) <b>Factories and Machinery Act 1967</b> (Notification, Certificate of Fitness and Inspection Regulation 1970, Steam Boiler &amp; Unfired Pressure Vessel Regulation 1970, Safety Health and Welfare 1970, Noise Exposure Regulation 1989, Person In Charge Regulation 1970</p>				

etc.

- b) **Occupational Safety and Health Act 1994** (NADOPOD Regulation 2004, Safety Health Committee Regulation 1996, USECHH Regulation 2004) etc.
- c) **Environment Quality Act 1974** (Prescribed Premise (CPO) Regulations 1977, Clean Air Regulation 1978, Scheduled Waste Regulation 2005 etc.
- d) **Fire Services** ( Fire Service Act 1984 & Fire Certificate Regulation 2001)
- e) **Housing and Amenities** (Worker's Minimum Standard of Housing and Amenities Act 1990)
- f) **Labour, EPF and SOCSO** (Employment Act 1955, Employee Provident Fund Act 1991, Employees Social Security Act 1969)

The Derawan CU has obtained and renewed license and permits as required by the law. Amongst the licences or permit viewed were :

- a) MPOB license
- b) DOE Licence/ *Jadual Pemuatan*
- c) Licenses for Steam Boilers, unfired pressure vessel (UPV) (sterilizers, back pressure receiver, steam separator, air receiver and found to be valid based on mill annual inspection by DOSH which has been conducted on 20<sup>th</sup> May 2013. Boiler inspection for PMD 548 was last conducted on 24<sup>th</sup> September 2013.
- d) Calibration (weighbridge)
- e) Calibration (weighbridge)

It was found that SOU33 had on most instances fulfilled the legal requirement except for the following lapses and thus one **Major NCR MH4** was raised for:

- a) Non-compliance to Factories and Machinery (Person In Charge) Regulation 1970, Regulation (4), Last sentence that reads "in addition, the owner shall employ a first grade ICE visiting engineer."
- b) Non-compliance to Electricity Rules 1999, Section 4 (5) Rule 3, Licence to Use, Work or Operate an Electrical Generating Installation as per the Sarawak Electricity Ordinance, Chapter 50, 2007.
- c) Non-compliance to Environmental Quality (Clean Air) Regulations 1978 written approval for 900kVA genset at Derawan POM.
- d) Non-compliance to Workers Minimum Standards of Housing and Amenities Bill 1990, Section 19 (3).
- e) Controls of Supplies Regulations 1974, Regulation 9(2) were not complied with at Damai Estate.

<b>2.1.2</b>	<b>A documented system, which includes written information on legal requirements</b>				<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder. Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.				
<b>2.1.3</b>	<b>A mechanism for ensuring that they are implemented</b>				<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU33. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.				
<b>2.1.4</b>	<b>A system for tracking any changes in the law</b>				<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<input type="checkbox"/>	No:	<input checked="" type="checkbox"/>
<b>Objective evidence:</b>	As stated in the Standard Operation Manual, PSQM Department will undertake the responsibility of identifying, managing, updating and tracking the legal requirements. However, some of other applicable legal and other requirements has yet to be identified and updated in the legal register which related to :				

	a) Environment Quality Act 1974, 49A on competence person (amendment 2012) b) Code of Practice Confined Space 2010 c) Sarawak Electricity Ordinance (Chapter 50) 2007 d) MPOB Regulations (Licencing) 2005 e) The Business, Profession and Trading Licensing Ordinance (Section 5, 23 & 24(2)) f) Medical Assistant (Registration) Act 1977 Therefore, minor <b>NCR MH1</b> was issued.
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Criterion 2.2: The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.

<b>2.2.1</b>	<b>Evidence of legal ownership of the land including history of land tenure</b>	<b>Major</b>
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<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
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<b>Objective evidence:</b>	<p>Derawan Estate which is in Kemena Land District shares the land titles with the other estates. It has 6 lots under the ownership of Derawan Sendirian Berhad. The change of ownership to Sime Darby is being resolved by its Land Office Department. There has been no changes in the land issues except that acquisition for the coastal highway is in progress</p> <p>All original titles are kept in Sime Darby headquarters in KL. And has verified by the assessment team.</p> <p>During consultation Senior Executive at the Sime Darby Regional Office, the company was in progress to change name from Derawan Sdn Bhd to Sime Darby for Takau Estate, was under SOU 33 (Derawan CU) management. The progress has been sighted during the audit. Based on the content of the correspondence, the auditor found the issue needed more time to resolve especially in the merger exercise where it involved different owner companies from Derawan Sdn Bhd and Sime Darby. The relevant rules and regulations as stipulated in the Land Enactment of Peninsular are applicable to SDPSB. There is a need to keep track on the status of this issue from time to time during every surveillance audit.</p>
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<b>2.2.2</b>	<b>Growers must show that they comply with the terms of the land title. [This indicator is to be read with Guidance 2]</b>	<b>Major</b>
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<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
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<b>Objective evidence:</b>	<p>Based on land grant of Takau Estate between Derawan Sendirian Berhad and Land &amp; Surveys, Department of Bintulu, the rented land was a lease hold title. The rented term will be expired on 19 April 2048 and was used for agricultural purposes as stated in the grant agreement with Kemena Land District. The Estate complies with the terms of the land title which is for Agricultural purposes and incidental to the production and processing of crops grown thereon.</p>
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<b>2.2.3</b>	<b>Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained</b>	<b>Minor</b>
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<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
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<b>Objective evidence:</b>	<p>Takau Estate has located and maintained boundary stones along perimeter adjacent to neighbouring company estate such as Sarawak Plantation Industry Sdn Bhd (SPI) and Palm Head Sdn Bhd (PH).</p>
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<b>2.2.4</b>	<b>Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. (CF 2.3.3, 6.4.1 and 6.4.2)</b>	<b>Minor</b>
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<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
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<b>Objective evidence:</b>	<p>About 84 ha of estate area acquired by government for road construction Bintulu - Miri. The construction was still in progress. Official documentation between Sarawak Government and Sime Darby was kept at the Sime Darby's Land Management Department.</p>
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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.

<b>2.3.1</b>	<b>Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights.</b>	<b>Major</b>
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<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
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<b>Objective evidence:</b>	<p>There is no dispute reported at the time of audit.</p>
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<b>2.3.2</b>	<b>Map of appropriate scale showing extent of claims under dispute</b>	<b>Major</b>
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<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
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<b>Objective evidence:</b>	<p>There is no dispute reported at the time of audit.</p>
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<b>2.3.3</b>	<b>Copies of negotiated agreements detailing process of consent (C 2.2, 7.5, 7.6)</b>	<b>Minor</b>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	
<b>Objective evidence:</b>	There is no dispute reported at the time of audit. However, the procedure for negotiation is made publicly available in the company website at: <a href="http://www.simedarbyplantation.com/Boundary_Disputes_.aspx">http://www.simedarbyplantation.com/Boundary_Disputes_.aspx</a>	

<b>Principle 3: Commitment to Long-Term Economic and Financial Viability</b>		
Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability		
<b>3.1.1</b>	<b>Annual budget with a minimum of 2 years of projection</b>	<b>Major</b>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	
<b>Objective evidence:</b>	SOU33 had annual budget for the financial year 2013/2014 which is from July 2013 to June 2014. The budget included Capital and Operating Expenditures. The operating expenditure includes expenditure for Mature and Immature Oil Palm upkeep, Administration cost, Housing and Machinery upkeep, Plant and machinery upgrades etc. Annual budget projections until the final year 2017/2018 were shown to the auditors.	
<b>3.1.2</b>	<b>Annual replanting programme projected for a minimum 5 years with yearly review</b>	<b>Minor</b>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	
<b>Objective evidence:</b>	The replanting programmes until 2018 were sighted for both Derawan & Damai Estates. This programme is reviewed once a year and is incorporated in their annual financial budget. The programme was being implemented as scheduled	

<b>Principle 4: Use of Appropriate Best Practices by Growers and Millers</b>		
Criterion 4.1: Operating procedures are appropriately documented and consistently implemented and monitored.		
<b>4.1.1</b>	<b>Documented Standard Operating Procedures (SOP) for estates and mills</b>	<b>Major</b>
<b>Findings</b>	In compliance: Yes: <input type="checkbox"/> No: <input checked="" type="checkbox"/>	
<b>Objective evidence:</b>	<p>SOU 33 has continued to implement established procedures for mill and estate operation. Derawan Palm Oil Mill for example is operating based on Mill Quality Management System (SOP and Manual) dated 1 November 2008. The SOP explains the details of processes involved in mills daily operation such as:</p> <ul style="list-style-type: none"> <li>a) Reception Station (Weighbridge, Loading Ramp, FFB Conveyor, Fruit Cages, Locomotive)</li> <li>b) Fruit Handling Station (Tipper, Vehicles)</li> <li>c) Sterilization Station (Sterilizer, Railway Line, Trolley Bridge)</li> <li>d) Threshing Station (EFB Conveyor, FFB/EFB Elevator, EFB Ramp)</li> <li>e) Pressing Station (Digester, Screw Press, Vibrating Screen, Crude Oil Pump)</li> <li>f) Clarification Station (Sludge Tank, Vacuum Dryers, Centrifuges)</li> <li>g) Depericarping Station (Cake Breaker Conveyors, Nut Polishing Drums, Fibre Cyclone)</li> <li>h) Kernel Recovery Station</li> <li>i) Boiler Station</li> <li>j) Product Storage and Despatch (CPO Storage Tank, Flowmeter, Despatch Conveyor)</li> <li>k) Laboratory</li> <li>l) Water Treatment Plant (Water catchment, Overhead Water Tank, Softeners)</li> <li>m) Effluent Treatment Plant (Cooling Pond, Digester Tank, Aerobic and An-aerobic)</li> <li>n) Workshop and Maintenance (Welding Set, Lathe Machine)</li> </ul> <p>During the assessment, there were some supporting SOP were sighted. The additional procedures</p>	

	are:  i) Mill Weighing Operations (Standard Operating Policies and Procedure) revision 1 dated 8/3/2011.  ii) SOP on Healthcare Management dated 7/3/13  Like all Sime Darby estates both Derawan Estate & Damai Estate adopt and use the SOPs established by Sime Darby Plantations in their daily operation. Estates operations were guided by Sustainable Plantation Management Systems (SPMS), Estate Quality Management System (EQMS) and compliments with technical guidelines in the Agricultural Reference Manual (ARM).  Both estates had consistently implemented and monitored most good agricultural practices as per SOPs, except that some patches of palms in the 2012 A and 2012B replants of Derawan Estate were smothered by weeds, creepers and cover crop. Section 7, 6.1.6 of the Agricultural Reference Manual (ARM) on frequency of circle spraying rounds of Immature palm was not complied with. Thus a <b>MAJOR NCR STK1</b> was raised on this issue.  It was also noted that relevant SOP were displayed at various work station for easy reference, for example, at estate office notice board. Random interview with the estate workers showed that they understand the requirement stated in the SOPs. For example, it was observed that ripeness standard and chemicals usage had been properly understood by the estate harvesters and sprayers respectively
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<b>4.1.2</b>	<b>Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	For the estates under Derawan CU, records of monitoring and the actions taken by the estates and mill continued to be maintained and kept for a minimum of 12 months. Some of the records sighted in the estates were Field Cost Book, Store Bin Cards, and Programme sheets for Fertiliser Application, Field upkeep and Rat baiting records. Mill related operation records was seen and verified. Monitoring records for mill operation was also made available during the audit. Daily production figure and also MPOB official reports (MF EL4 & PX4 MF) was verified with the production figures given. All report to the authorities was send in timely manner as well as to DOSH and DOE.
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Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to a level that ensures optimal and sustained yield.

<b>4.2.1</b>	<b>Monitoring of fertilizer inputs through annual fertilizer recommendations</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	Annual Fertiliser recommendations are made by Sime Darby agronomist based on annual foliar sampling. The applications are monitored via programme sheets. Records sighted showed a total of 1291.59 tonnes of CCM 44, Borate and CCM25 was applied in Derawan Estate and 1275.10 tonnes of CCM44 was applied in Damai Estate during the financial year 2012/2013. For the current financial year 378.8 tonnes of CCM44 and 94.27 tonnes of CCM25 had been applied in Derawan Estate.
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<b>4.2.2</b>	<b>Evidence of periodic tissue and soil sampling to monitor changes in nutrient status</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	Periodic foliar and soil sampling to monitor changes in nutrient status are in place in both estates. Annual foliar sampling had been carried out in both estates and the results formed the basis for the fertiliser recommendations. The last foliar sampling done in Derawan Estate was in February 2103 and in Damai Estate in April 2013.  Soil sampling is carried out every 5 years as per requirement in the SPMS Manual for PH, Organic Carbon, Total N, Total & Available P and Exchangeable K, Mg and Ca. The last sampling was in July 2008.
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<b>4.2.3</b>	<b>Monitor the area on which EFB, POME and zero-burn replanting is applied</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	EFB mulching and Compost application was carried in both estates. 9,890.50 tonnes and 8,537.60 tonnes of EFB at a rate of 40tones / Ha were applied in Derawan Estate & Damai Estate respectively in 2013/2014. EFB was also applied in 2012A, 2012B and 2013A replants id Derawan Estate. From July to September 2013, 2,610 tonnes and 1,40.69 toones of EFB had been applied in Derawan Estate & Damai Estate respectively.  The CU practiced Zero burning and this was evident in the 3 replants, 2012A, 2012B & 2013A in Derawan Estate. Domestic waste was buried in Landfills and there was no evidence of open burning.
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Criterion 4.3: Practices minimize and control erosion and degradation of soils.						
4.3.1	Documented evidence of practices minimizing soil erosion and degradation (including maps)					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Both estates continue to have practices in place to minimise and control erosion and degradation of soils. The topography for both the estates was generally undulating and hilly. Pruned fronds were stacked along terraces in the undulating and hilly areas while in flat areas U shaped stacking was practiced. During the site visit, the estates endeavored to maintain soft vegetation such as <i>Nephrolepis bisserata</i> and soft grasses in interlines though sporadic noxious weeds which are being sprayed out were seen. In order to establish more ferns in interlines, the management in Damai Estate has even cut and spread out leaves of <i>Nephrolepis bisserata</i> and planted them in some areas. Maps and photographs were sighted.  In the 2012 & 2013 replants in Derawan Estate the slopes were terraced and planted with cover crops. The terraces had stop bunds in place. Both estates continued to practice only circle and path spraying for field maintenance in the mature areas as stipulated in their SOP. Silt pits and roadside drains at estates visited were seen strategically located at some field to along the road to collect diverted road runoff to further minimize soil erosion. These pits could also retain moisture to the oil palm fields. In addition Damai Estate had made moisture conservation pits and trenches in some areas and their maps were sighted.					
4.3.2	Avoid or minimize bare or exposed soil within estates					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	In order to avoid/minimise bare or exposed soil the estates practised only circle and minimum path spraying. No blanket spraying was advocated. In areas where vegetation was sparse the management in Damai Estate has even cut and spread out leaves of <i>Nephrolepis bisserata</i> and planted them in some areas. Maps and photographs were sighted.					
4.3.3	Presence of road maintenance programme					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	During the field visit, it was noted road conditions were satisfactory and accessibility were made possible by regular maintenance guided by its road maintenance programmes which consist of road resurfacing, grading & compacting and culvert maintenance. At time of visit a back hoe was observed doing road works in Derawan Estate. The estates purchase stones from the Damai Quarry and placed them in strategy points ready for use. The financial support for this operation could be seen in the annual budget. Records of this activity are adequately maintained.					
4.3.4	Subsidence of peat soils should be minimized through an effective and documented water management programme					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	There is no peat soil in the estates and hence no water management programme developed.					
4.3.5	Best management practices should be in place for other fragile and problem soils (e.g. sandy, low organic matter and acid sulphate soils)					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	There were no fragile soils within the operating units.					
Criterion 4.4: Practices maintain the quality and availability of surface and ground water.						
4.4.1	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate.					Major
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Takau Estate has did protection of water courses, wetlands and swamp area including maintaining and restoring appropriate riparian buffer zones. Spraying and manuring activities was prohibited at the riparian buffer zone near Takau River and natural water catchment area. Length of buffer zone was followed the riparian guidelines.					
4.4.2	No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate					Major
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	No construction of bunds/dams across Takau River and natural water catchment in the Takau Estate.					

4.4.3	Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to 5.1 and 8.1)					Major
Findings	In compliance:	Yes:		No:	X	
Objective evidence:	Derawan mill DOE licence is for waterways discharge and the requirement is for the BOD 3 days, 30°C to be less than 20 mg/l.. As required under “ <i>Jadual Pematuhan</i> ” outgoing water into natural waterways had been closely monitored for Derawan POM As stipulated in <i>Jadual Pematuhan</i> , monitoring of final discharge and nearby river Sg Takau (downstream and upstream) has been conducted on monthly basis and the result was found below stipulated limit. Refer latest results: EP80/2013 (August 2013) for inlet SES (tertiary plant) and Final discharge and IE133/2013 (Aug 2013) (upstream, midstream and downstream) Sg Takau. Mill records of water monitoring for DOE submission in the ‘ <i>Borang Penyata Suku Tahunan</i> ’. The latest quarter July - September 2013 was available for viewing as well as 1 <sup>st</sup> and 2 <sup>nd</sup> quarter of 2013.  Estates were also carried out the incoming and outgoing water crossing the estates as per established procedure, Sustainable Plantation Management System, Appendix 7, dated 1/4/2008 to be carried out quarterly. However, water sampling was carried out for raw water sampling intake but not the other sampling point which have significant impact on the water quality. There was a replanting activity at area/plot P95TN and the upstream and downstream river was not monitored. Therefore, <b>Major NCR MH4</b> was issued.					
4.4.4	Monitoring rainfall data for proper water management					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Both estates monitored rainfall days and rainfall in mm. In Damai Estate the record was available from year 2005, while in Derawan Estate records were available from year 2002.					
4.4.5	Monitoring of water usage in mills (tonnage water use/tonne FFB processed)					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	SOU 33 had also monitored the amount of water consumed by mill and its line sites. It was observed that the records of the mill and line sites water consumption (m <sup>3</sup> of water per ton of FFB) were being kept. Water usage plan for year 2013/2014 has been developed to reduce the usage of water by each contributing unit. For the palm oil mill, usage of water per mt FFB processed for 2011 was recorded.					
4.4.6	Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders.					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	There is no protected area at the estates. All water usage and water quality in the estates is monitored by collecting water samples at the designated water sampling points. A water sampling map (Hydrology Map) is available for the auditors.					
4.4.7	Evidence of water management plans					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	The data of rain fall and rain days have been well maintained over the past ten years. SOU 33 had developed water management plans. The plans consist of data on demand and supply of water for mills and line site consumption as well as for the estates/fields. Among items in the plans are: <ul style="list-style-type: none"><li>Action to reduce treated water usage at the mills,</li><li>Intensification of coordination and communication activities to promote effective consumption goals,</li><li>Details for investment on new infrastructure such as reservoir and HDPE tanks to facilitate rainwater harvesting</li><li>Contingency plan for water shortage.</li></ul>					
Criterion 4.5: Pests, disease, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.						
4.5.1	Documented IPM system					Minor
Findings	In compliance:	Yes:	X	No:		

<b>Objective evidence:</b>	<p>In all the estates evaluated, elements of IPM have been observed. Pest and weed infestation is recorded as minimal in these estates. The introduction of biological control is being promoted and the use of Barn Owls for rat control is also being investigated. Some attempt has been made to establish beneficial predator and parasitoid host plants e.g. <i>Tunera subulata</i>, <i>Cassia cobannensis</i> and <i>Antigonon leptopus</i>.</p> <p>Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques. In order to minimize use of Insecticides the estate has established a nurseries for beneficial plants mainly <i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>. This was to establish continuity in the planting of beneficial plants. At time of visit workers in Derawan Estate were seen planting <i>Tunera subulata</i> in the field.</p> <p>Spraying using chemicals was minimised by spraying only circle and paths and soft weeds and <i>Nephrolepis bisserata</i> are maintained in interlines with only noxious weeds sprayed out.</p>
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<b>4.5.2</b>	<b>Monitoring extent of IPM implementation for major pests</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	The monitoring of leaf eating pests are carried by the harvesters and harvesting mandores during harvesting operation. There was no recent attack by leaf eating pest. The estates implemented calendar baiting and extend of infestation is monitored with rat bait acceptance records. Baiting was continued until the acceptance of baits fell to 20%.
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<b>4.5.3</b>	<b>Recording areas where pesticides have been used</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	Both estates continued to record areas where pesticides had been used. Pesticides are used only when justified and areas used are recorded in Field Cost books, bin cards and in program sheets
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<b>4.5.4</b>	<b>Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredients (a.i) used/tonne of oil</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	Records of both current and past years' usage of pesticides by area, quantity used, hectares applied and Ai/Ha were made available to auditors
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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 categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

<b>4.6.1</b>	<b>Written justification in Standard Operating Procedures (SOP) of all agrochemical use</b>	<b>Major</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	The written justification in Standard Operating Procedure (SOP) of all agrochemical are available the Agricultural Reference Manual (ARM), SOP and in the Safety Pictorial Book prepared by Sime Darby.
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<b>4.6.2</b>	<b>Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53); and in accordance with ESECHH Regulations (2000)</b>	<b>Major</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	All pesticides used are those officially registered under the Pesticide Act 1974, The estates had used only class III & class IV pesticides. No illegal agrochemicals (stated by local and international laws) in particular paraquat were used or found. Paraquat was totally replaced by a systemic herbicide, glufosinate ammonium.
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<b>4.6.3</b>	<b>Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations</b>	<b>Major</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	All pesticides were stored in accordance with the legal requirement as well as recommendation by manufacturer inside the MSDS. Empty pesticides containers were found not triple rinsed and pierced in the schedule waste storage at all estate. Triple rinsing activities was continually implemented. Letter form DOA dated 29/10/2010 was sighted on the appointment of Fonsen Enterprise as an agent for empty container collector.
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<b>4.6.4</b>	<b>All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or</b>	<b>Major</b>
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	explained carefully to them by a plantation management official at operating unit level					
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	All information regarding the chemicals and its usage, hazards, trade and generic names were both English & Bahasa Malaysia and understood by workers. The MSDS for all pesticides used were available in both English and Bahasa Malaysia. Relevant information of the agrochemical used by estate workers, largely via morning muster and the use of Safety Pictorial poster, were conveyed and understood by all interviewed during the spraying activities and fertilizer application. It was also verified in the training records that training in chemical handling especially to the sprayers, had been conducted with the aim of disseminating the correct information and ensuring understanding regarding the usage and hazards of the agrochemicals.					
4.6.5	Annual medical surveillance as per CHRA for plantation pesticide operators					Major
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Annual medical surveillance was carried out for sprayers in both estates. In Damai Estate it was last done on 30/10/12 and in Derawan Estate November 2012.					
4.6.6	No work with pesticides for confirmed pregnant and breast feeding women					Major
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	There was no evidence of pregnant women sprayers being used in both estates.					
4.6.7	Documentary evidence that use of chemical categorized as World Health Organization Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	No Type 1A or 1B chemical evidenced used in the estate. No illegal agrochemicals (stated by local and international laws) in particular paraquat were used or found. Paraquat was totally replaced by a systemic herbicide, glufosinate ammonium					
4.6.8	Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities					Major
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	There was no evidence of any Aerial spraying found.					
4.6.9	Evidence of chemical residues in CPO testing, as requested and conducted by the buyers					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	No buyer requested for testing of chemical residues in CPO					
4.6.10	Records of pesticides use (including active ingredients used, area treated, amount applied per hectare and number of applications) are maintained for either minimum of 5 years or starting November 2007					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Records of both current and from financial year 2011/2012 on the usage of pesticides by area, quantity used, hectares applied and Ai/Ha were made available to auditors					
Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented						
4.7.1	Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Act 139)					Major
Findings	In compliance:	Yes:		No:	X	
Objective evidence:	a) Sime Darby Plantation has developed an OSH Policy which has been signed by Executive Vice President on April 2011 and made available for auditors. The policy had been communicated to all levels of the organization through briefings and also being displayed prominently in Bahasa Malaysia and English on notice boards at mill and estate office and Muster Ground. Random interviewed with employees showed that they generally understood the basic requirements of the policy.  Environment safety and health (ESH) management plan for each operating unit had been established. The ESH management plan sighted addressed issues related to hazards and					

risks, legal register and its requirements for compliance, OSH awareness and training programme, accident and emergency procedures, treatment of illness/injury during the job, use of PPE, OSH Committee meetings, etc. Generally, the OSH plans were acceptable. Among the ESH programme carried out were :

#### **Contractors Management**

Implementation of Permit To Work (PTW) was verified during the assessment. Interview with the contractor on site (SOLVETECH) found that they were aware on the safety precaution and intent of PTW issuance. The contractor was assigned to carried out mechanical works which involved hot work. All suitable and appropriate PPE for the assigned task was made available during the visit. The other PTW issuance was also verified for electrical, working at height and etc.

#### **Health Surveillance Programme**

Annual programme for the chemically exposed workers has to be carried out as per requirement of USECHH 2000 especially for the Schedule 2 chemicals. Based on the CHRA report the assessor has recommend the workers that exposed to manganese (workshop), N-hexane, benzene & chloroform (laboratory) to undergo health surveillance programme carried out by OHD. Last check by OHD was conducted on 4<sup>th</sup> April 2012 and was not carried out in the required interval of 12 month. Therefore, Major NCR MH2 was issued.

#### **Chemical Expose Monitoring**

Personal exposure monitoring for manganese, N-hexane, benzene and chloroform was last conducted on 14<sup>th</sup> February 2012. The result showed that the exposure level was below Permissible Exposure Limit (PEL) for the required expose hours. From the report, the PPE used and engineering control equipment installed were sufficient as to safeguard the workers and reduce the concentration of airborne in the laboratory.

#### **Audiometric Testing**

The latest audiometric testing was conducted on 15<sup>th</sup> and 25<sup>th</sup> of February 2013 which involved total of 85 workers. From the report, it was evident that 39 workers were found to be affected with hearing impairment. At the point of audit, there was no investigation carried out so far. As a prevention, PPE training was carried out on 23<sup>rd</sup> April 2013 for the workers. However, Derawan POM has yet to institute a training programme called Hearing Conservation Programme as per legal requirement and yet to be repeated in every 2 years. Therefore, Major NCR MH2 was raised.

- b) SOU 33 had identified and reviewed 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. At the estates, among the HIRARC carried out covered activities like chemical mixing and spraying, chemical storage, harvesting and FFB collection, machine maintenance and working in confined space. As for the mill, among the activities identified were FFB sterilization, kernel and oil extraction, oil clarification as well as maintenance activities. Last updates for HIRARC in February 2012 since there was no accident and new change equipment and activities at Derawan POM.
- c) Chemical hazards communication had been given through awareness and training programme to all workers involved in handling chemicals. The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE. Those trained included sprayers, manure spreaders, laboratory personnel, boilerman and store clerk. Field inspection and observation of spraying tasks confirmed chemicals being applied were in accordance with the product safety precautions. MSDS were made available at point of use – for example, at mill's water each estate treatment plant, boiler chemical dosing area and chemical mixing area and at the chemical store.
- d) Suitable PPE has been given to the workers appropriate for their daily routine task. The PPE includes safety boots, safety harness, helmets, goggles, ear plugs, rubber and cotton gloves, aprons and breathing masks (dusk mask and cartridge type respirator). Records of PPE issuance were maintained and were presented to assessor during the assessment. During the site tour, it was observed that signage (to remind workers to wear appropriate PPE) was posted at the appropriate places. Workers interviewed understood the reasons and importance why they were required to wear the PPE.
- e) Responsible person (s) has been identified for SOU 33. These are the samples of the appointed person at the visited site :

Derawan POM

New committee for FY2013 – new manager and engineer (MM – Mr Mohd Irsan, AMM – Mr Saiful).

Takau Estate

Appointment letter for the new safety health committee secretary, MA for Takau Estate was not made available. Refer Major NCR MH2

- f) Regular safety meetings between the responsible persons and workers where concerns of workers about safety and health are conducted. Minutes of Safety and Health Committee (SHC) meetings was made available during assessment. However, it was found that Takau estate was not consistently carried out the SHC meeting as well as the workplace inspection activities as required under Safety and Health Committee Regulation 1996. Refer NCR Major MH2.
- g) Each operating unit of SOU 33 has its own Emergency Response Team. They comprised of First Aiders, Fire Fighters and Search and Rescue Team. It also had basic emergency kit that include stretcher, First Aid box, emergency eye wash and shower station. Accident and emergency procedures exist. Information to response to emergencies had been disseminated. This included emergency contact number, site plan showing evacuation route to assembly point and location of firefighting equipment and action to be taken during emergency by staff and contractors. Instructions to respond to accident and emergency situation were tested and it was found to be clearly understood by all workers interviewed both at the mill and field. The first aid kit was also made available during site visit with the available trained first aid on site. To ensure the availability and readiness of first aid kit and also fire hydrant unit, periodic inspection was carried out. However for Derawan POM, it was noted that the inspection checklist for those inspection was not made available during the audit. Refer NCR Major MH2. Fire drill training was conducted on 6<sup>th</sup> June 2013 together with the contractor working in the mill. The drill was meant to train on the usage of fire extinguisher to all the employee and contractors. As to date, the last fire evacuation drill was on 2012 and Derawan POM has yet to conduct the drill in the next financial year.

Against the indicator 4.7.1, **Major NCR MH2** was issued based on the lapses of implementing and execution of the established ESH plan as per requirement of the indicator and also to comply with OSH Act 1994 and Factory and Machinery Act 1967 (Act 139). Among the lapses are :

- i) Appointment letter for the new safety health committee secretary, MA for Takau Estate was not made available.
- ii) Safety and health committee meetings were not conducted in timely manner. FY2012 (19/10/12 & 10/4/12) and FY 2013 (26/7/13) Takau Estate.
- iii) Workplace inspection activity was not consistently implemented at Takau Estate.
- iv) Inspection checklist for first aid kit and fire hydrant was not available in the Derawan POM.
- v) No further action taken for hearing impairment cases in Derawan POM. Total of 39 workers reported with hearing impairment.
- vi) Health surveillance programme for chemically exposed workers was not conducted in the required interval (12 month) at Derawan POM. Last checked was in 14/2/12.
- v) Hearing conservation programme was not conducted for every 2 years interval. No records to show the programme has been carried out before.

<b>4.7.2</b>	<b>Records should be kept of all accidents and periodically reviewed at quarterly intervals</b>	<b>Major</b>
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<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
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**Objective evidence:** Accidents records are available and recorded in PQSM-OSH Monthly Update records and kept in OSHA Monthly Updates files. All accidents records are reviewed on case by case basis and the findings from the review are discussed in OSH Meeting at least once every 3 months.

Accident cases as well as the returning of annual accident statistics via form JKPP 8 have been reported/submitted promptly to DOSH by the Safety Officer. It was in accordance with the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Poisoning (NADOPOD) Regulations, 2006.

<b>4.7.3</b>	<b>Workers should be covered by accident insurance</b>	<b>Major</b>
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<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
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**Objective evidence:** SOU 33 had continued to provide a group insurance for all workers as required under the Workmen Compensation Act 1992. The underwriter is RHB Insurance. Sighting of records and cross check with workers showed that they were covered with insurance policy and wa found valid valid until December 2013.

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

<b>4.8.1</b>	<b>A training programme (appropriate to the scale of the organization) that included regular assessment of training needs and documentation, including records of training for employees are kept</b>				<b>Major</b>
<b>Findings</b>	In compliance:	Yes:		No:	<b>X</b>
<b>Objective evidence:</b>	<p>SOU 33 has continued to conduct training needs on RSPO P&amp;C related elements. The training needs had been identified the Mill or Estate Manager with the assistance of Safety and Health Officer. The training programme for 2013/2014 for both estates and mill were made available and the focus was mainly on safety and standard operating procedures. Budget had been allocated to conduct training related to environment, social, safety and good agricultural practice. Among the training programmes that had been conducted for were :</p> <ul style="list-style-type: none"> <li>• Factory and Machinery Act 1967 ( Internal Combustion Engine) (26/3/13)</li> <li>• Working in confined space (11-12/8/13)</li> <li>• Safe Work Procedure for Mill Operation (11/4/13)</li> <li>• Lock Out Take Out System Training (30/4/13)</li> <li>• First Aid Training (26/8/13)</li> <li>• Chemical Safe Handling Training (6/9/13)</li> <li>• Basic PPE training (23/4/13)</li> </ul> <p>Training attendance list was available and well maintained. Contractors had also been briefed on safety, RSPO and OSH requirements upon commencement of work.</p> <p>It was observed that all training records had been properly filed. The records include information on the title of the training, name and signature of the attendees, name of the trainer, time and venue. Based on interviews held with workers from Derawan POM, it was evident that their understanding and implementation of the following issues has to be further improved :</p> <ul style="list-style-type: none"> <li>• Complaints and grievance mechanism (internal and external )</li> <li>• Social component in the P&amp;C (SIA, management plan and stakeholder meeting)</li> </ul> <p>Therefore, <b>Major NCR MRS01</b> was issued.</p>				

**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.

<b>5.1.1</b>	<b>Documented aspects and impacts risk assessment that is periodically reviewed and updated</b>				<b>Major</b>
<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
<b>Objective evidence:</b>	<p>SOU 33 had established its environmental aspects/impacts register associated with their activities. Environmental aspect and impact (EAI) which covers from upstream activities such as FFB reception until downstream processes was sighted during assessment. Identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the most significant environmental receptors are the boiler stack emission which associated with air emission, palm oil mill effluent (POME) discharge (water) and land contamination which related to managing the schedule waste and also general waste. For the estate operation, all activities from harvesting, pest and disease, upkeep programme until delivery to mill has been identified. The latest EAI review was to include and update path levelling activity using bulldozer, dated 25/8/13 sighted at Takau estate. As for the Derawan POM, there was no significant changes to the operation and the last review was on 1/6/12.</p>				
<b>5.1.2</b>	<b>Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored</b>				<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
<b>Objective evidence:</b>	<p>Significant environmental aspect and impact was derived from the environmental impact evaluation (EIE). Those activities evaluated as significant were then monitored using the mitigation measure established for each significant activities. Sighted waste water management plan and waste management plan FY2013/2014 developed for SOU 33.</p> <p>The management are periodically reviewed to assess the implementation and effectiveness of the established programme. For example the waste water management programme for Takau Estate</p>				

	was last update on 3/7/13.
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Criterion 5.2: The status of rare, threatened or endangered species (ERTs) and highly conservation value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

<b>5.2.1</b>	<b>Identification and assessment of HCV habitats and protected areas within land holdings and attempt assessments of HCV habitats and protected areas surrounding landholdings</b>	<b>Major</b>
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<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
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<b>Objective evidence:</b>	PSQM team from Sime Darby Headquarters had been identified and assess the HCV habitat and protected areas surrounding of Takau Estate. The Biodiversity Baseline Assessment Report had been established in June 2009. Only two areas had been identified as HCV which are (i) River reserve where river buffer zone is reserves for erosion control and habitat enhancement and (ii) Water catchment area for supporting domestic water usage for Takau Estate.
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<b>5.2.2</b>	<b>Management plan for HCV habitats (including ERTs) and their conservation</b>	<b>Major</b>
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<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
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<b>Objective evidence:</b>	Takau estate had established their HCV action plan for year 2013/2014 that stated their monitoring program for HCV habitat. Crocodile was exists in their area especially at the Takau river and water catchment. Management has plan some action on the management of crocodile in the HCV action plan in order to prevent any illegal hunting by their workers, staffs and outsiders if any. The action plan was annually revised by the estate.
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<b>5.2.3</b>	<b>Evidence of a commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts</b>	<b>Minor</b>
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<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
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<b>Objective evidence:</b>	Takau Estate has fixing awareness signage to create awareness for staff and outsiders such as 'No hunting', 'No fishing', 'Buffer zone' and 'No entering' at the Takau river and natural water catchment area. Takau Estate also manage for daily patrolling of estate boundary by Auxillary Police. Takau Estate also giving briefing and awareness training on HCV to all staffs and workers.
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Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.

<b>5.3.1</b>	<b>Documented identification of all waste products and sources of pollution</b>	<b>Major</b>
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<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
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<b>Objective evidence:</b>	<p>SOU33 has documented identification of all waste product and sources of pollution. The environmental management plan (cross reference to 5.1.1 and 5.1.2) were then established to mitigate all identified waste product and source of pollution.</p> <p>The most significant environmental receptors for the estates and mill operations were:</p> <p>Air – Source from boiler stack (smoke and particulate), vehicle &amp; generator (smoke and gases), anaerobic processes (ETP, EFB dumping – biogas emission) ,</p> <p>Water – Cleaning water/run-off/process station waters (hydrocyclone/claybath/sterilizer condensate/clarification waste) &amp; boiler quenching water and blowdown.</p> <p>Land – Scheduled waste, domestic waste and industrial/process waste.</p>
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<b>5.3.2</b>	<b>Having identified wastes and pollutants, an operational plan should be developed and implemented to avoid or reduce pollution</b>	<b>Minor</b>
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<b>Findings</b>	In compliance:	Yes:	<input type="checkbox"/>	No:	<input checked="" type="checkbox"/>
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<b>Objective evidence:</b>	<p>For the identified waste and pollutants, there were SOP and guideline established as to guide the waste disposal activities and to reduce pollution on the routine operation.</p> <p>Procedure for handling of domestic waste, appendix 9, version 1 dated 1/11/08 was made available during assessment. It was verified during site review, the landfill management was satisfactory at Takau Estate. The landfill was completely covered every week with no sign of scavenging. There was also no nearby stream and line site located at the landfill area.</p> <p>Industrial @ mill process wastes had been disposed as follows; EFB were sent for mulching in the field, while crop residue/biomass i.e. fibre and shell were used as fuel in the boiler. Records of EFB application (refer indicator 4.2.3) for details.</p> <p>On the monitoring of water and effluent discharge, monthly and quarterly report for final discharge were submitted in timely manner as stipulated in the written approval. Water quality monitoring for Sungai Takau was also done on the monthly basis. Sample taken at 500 meter before and after final discharge point was sent for analysis together with final discharge sample to accredited</p>
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	<p>laboratory (ESI Laboratory Sdn Bhd) and Sime Darby owned laboratory in Pulau Carey. Result of analysis was found satisfactorily and below the stipulated limit. Other than that, SOU 33 also conducted pesticide analysis to counter check pesticide residue and in Sungai Tukau and also microbiology analysis on treated water. Result of analysis was kept for reference and reporting purposes internally and externally to the regulatory body.</p> <p>On the monitoring of smoke emission from boiler, online monitoring system or Continuous Emission Monitoring System (CEMS) was used to record and monitor smoke emission and shows real-time event to DOE office. Online CEMS system show the smoke emission is below that Ringellman 2 @ 40% opacity. For the stack particulate monitoring, 3<sup>rd</sup> party consultant was appointed to conduct the sampling twice a year. The latest stack sampling was carried out on 22/5/13 for boiler stack no.2. From the report, it was evident stack sampling result was recorded at 0.387 g/Nm<sup>3</sup> corrected at 12% CO<sub>2</sub> against stipulated limit at 0.4 g/Nm<sup>3</sup></p> <p>On the scheduled waste management, the established SOP (section 1- Handling of Scheduled Waste) version:1, issue:1 dated 1/11/2008 was verified during audit. The SOP is aligned with the waste management plan for the scheduled waste. However, the following lapses were evident during the audit at Derawan POM and Takau Estate :</p> <p>i) Cracked and leaked containment bund found at Derawan POM schedule waste store.  ii) Some of the waste container was not properly closed. I.e SW410, SW409 and SW 305.  iii) SW 322 (spent chemical) was not disposed in timely manner. Last generation was on 5/11/12.  iv) 5<sup>th</sup> Schedule or inventory of schedule waste was not consistently updated and the data was not accurate. Latest inventory dated 20/9/13 with inconsistent amount of scheduled waste recorded.  v) Signed copy of consignment notes was not consistently recorded as well as waste information (7<sup>th</sup> schedule of the waste information). Disposal of SW 305, SW410 &amp; SW409 on 23/7/13  vi) Labelling of schedule waste (solid and liquid) has to be in accordance with 3<sup>rd</sup> Schedule.  vii) Some of the waste generated was not identified. I.e SW408 and SW312</p> <p>Therefore, <b>Minor NCR MH3</b> was issued.</p>
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<b>5.3.3</b>	<b>Evidence that crop residues/biomass are recycled (Cross reference C 4.2)</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	Pruned Fronds are stacked in the field to decompose. Palms that were felled during replanting were shredded, windrowed and left to decompose in the field. In addition EFB mulching and Compost application are carried out in order to recycle crop residues/biomass. 9,890.50 tonnes and 8,537.60 tonnes of EFB at a rate of 40tonnes / Ha were applied in Derawan Estate & Damai Estate respectively in 2013/2014. EFB was also applied in 2012A, 2012B and 2013A replants id Derawan Estate. From July to September 2013, 2,610 tonnes and 1,460.69 tonnes of EFB had been applied in Derawan Estate & Damai Estate respectively.

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

<b>5.4.1</b>	<b>Monitoring of renewable energy use per ton of CPO or palm product in the mill</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	Monthly monitoring of renewable energy (renewable energy/ ton CPO Processed) is available. Monthly biomass production has been recorded for fiber, shell and EFB. Fiber and shell will be used as the boiler fuel.

<b>5.4.2</b>	<b>Monitoring of direct fossil fuel use per ton of CPO or kW per ton palm product in the mill (of FFB where the growers has no mill)</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	Monthly monitoring of direct fossil fuel (diesel / ton CPO Processed) is available. Monthly consumption of diesel used from generators, mill prime movers and vehicle has been recorded

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.

<b>5.5.1</b>	<b>No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003</b>	<b>Major</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	There was no evidence of open burning in both estates. No fire was used for waste disposal and for replanting

<b>5.5.2</b>	<b>Previous crop should be felled/mowed down, chipped/shredded, windrowed or pulverized/ploughed and mulched.</b>	<b>Minor</b>
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<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
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<b>Objective evidence:</b>	The CU practiced Zero burning and this was evident in the 3 replants, 2012A, 2012B & 2013A where palms were felled, shredded, windrowed and left to decompose.					
<b>5.5.3</b>	<b>No evidence of burning waste (including domestic waste)</b>					<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:		
<b>Objective evidence:</b>	It was evident there was no sign of burning at the landfill/dumping site. There was also no evidence of open burning at line site area during the audit. All domestic waste was buried in the landfill.					
Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases are developed, implemented and monitored.						
<b>5.6.1</b>	<b>Documented plans to mitigate all polluting activities (Cross reference C 5.1)</b>					<b>Major</b>
<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:		
<b>Objective evidence:</b>	The Environmental Improvement Plan/Pollution Prevention Plan has indicated all significant environmental issues and mitigating measures. Cross reference (C5.1)					
<b>5.6.2</b>	<b>Plans are reviewed annually</b>					<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:		
<b>Objective evidence:</b>	The latest review for noted on 7/3/13 for Takau estate. All plan was reviewed FY2013/2014. Cross reference (Indicator 5.1.2)					
<b>5.6.3</b>	<b>Monitor and reduce peat subsidence rate through water table management (Within ranges specified in C 4.3)</b>					<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:		
<b>Objective evidence:</b>	No peat soil at SOU33					

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

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

6.1.1	A documented social impact assessment including records of meetings					Major
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	SOU33 has prepared a Baseline Social Impact Assessment (SIA) on 31 July 2009 based on their external and internal stakeholders meeting. The report will be revised every 5 years. All related stakeholders were invited for the meeting and free to give any suggestion during preparation of the SIA.					
6.1.2	Evidence that the assessment has been done with the participation of affected parties					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Based on their attendance form during the stakeholders meeting in 2009, all relevant stakeholders were participant and joint in the consultative meeting.					
6.1.3	A timetable with the responsibilities for mitigation and monitoring is reviewed and updated as necessary					Minor
Findings	In compliance:	Yes:		No:	X	
Objective evidence:	SOU33 has established social management and action plan for each operating unit. All units expect for Derawan POM has established and reviewed the annual plan. For Derawan POM, it was evident that the latest review of social action plan was only for 2012/2013. Social management and action plan for 2013/2014 was not been established. Due to this situation, there was no evidence to show that Derawan POM has reviewed and updated mitigation and monitoring program on social issues. Therefore, non-conformity was upgraded to Major NCR MRS02 where the previous surveillance audit assessor had raised Minor NCR for the same issue.					
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.						
6.2.1	Documented consultation and communication procedures					Major

Findings	In compliance:	Yes:	X	No:	
Objective evidence:	Derawan POM were using standard operation manual (SOP) that established by Sime Darby for external communication as stated in their Procedure for External Communication. The estates and mill communicate with their workers through various means, such as briefings and meetings, notice boards, emails, letters, and so on. The morning briefings appear to be most popular channel for the management to communicate on the policies matters to the workers and other workers related issues. The resolution is made available to the auditing team in the same document.  The procedures are also available in the company website as follow: <a href="http://www.simedarbyplantation.com/Negotiation_Procedures.aspx">http://www.simedarbyplantation.com/Negotiation_Procedures.aspx</a>				
6.2.2	A nominated plantation management official at the operating unit responsible for these issues				Minor
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	Mohamad Nasir Nor Arzmi has been assigned as social officer for 1 year from July 2013 - Jun 2014 at the Derawan POM.				
6.2.3	Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders				Minor
Findings	In compliance:	Yes:		No:	X
Objective evidence:	SOU 33 has established the latest stakeholder list and updated for 2013. Communication and action taken on external and internal grievances/complaints were not properly recorded by auditee. There were no records of all communications and actions taken on complaint/grievance by stakeholders. Complaint form for staffs and workers only on quarters were established by Derawan POM. However, the remark section in the complaint form was left blank. Contractors have discussed with the new manager of Derawan POM on the issue of unpaid maintenance works / supplier services that happened between these contractors with previous manager. However, records of discussion, decision and actions taken by the new manager on the issue were not recorded. This issue has been raised by contractors during consultation with external auditor. Due to this non-compliance, a <b>Minor NCR MRS03</b> was raised by the assessor.				
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.					
6.3.1	Documentation of the process by which a dispute was resolved and the outcome				Major
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	Sime Darby has prepared a standard of procedure for handling any complaint and grievance by following SOP 'Procedure for External Communication', 'Flowchart and Procedure on Handling Social Issues' and Flowchart and Procedures on Handling Land Disputes'. Sime Darby Plantation has documented these procedures which are followed by the SOU to handle disputes arising from social as well as land issues (refer the Estate/Mill Quality Management Manual).				
6.3.2	The system resolves disputes in an effective, timely and appropriate manner				Minor
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	The system was works effectively in resolving any cases of disputes. During consultation with workers and contractors at the Derawan POM, any grievances/complaint had been solved within two weeks and workers were satisfied with the action taken by the management.				
6.3.3	The system is open to any affected parties				Minor
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	The grievance book was open to all affected parties and clerk will recorded any complaints/grievances that related to Derawan POM.				
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.					
6.4.1	Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation				Major
Findings	In compliance:	Yes:	X	No:	
Objective evidence:	Any legal and customary rights issues that raised by neighboring estate company will be assigned to Land Management Department of Sime Darby as stated in their procedure 'Appendix 3 - Flowchart and Procedures on Handling Land Disputes'. This procedure was applicable to all Sime Darby mills and estates. Compensation scheme insurance for foreign workers have been implemented by Sime Darby.				
6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender				Minor

	differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land.					
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	The compensation procedure has been described in their SOP 'Appendix 3 - Flowchart and Procedures on Handling Land Disputes'. Compensation on loss of legal rights will be determined by the land authority.					
6.4.3	The process and outcome of any compensation claims is documented and made publicly available					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Currently, there was no cases been raised on compensation for Derawan POM.					
Criterion 6.5: Pay and conditions for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.						
6.5.1	Documented of pay and conditions					Major
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Pay and condition for employees at Derawan POM has been recorded in their employment contract and followed industry minimum standard of wages. Workers pay slip showed basic pay, attendance incentive, afternoon work, transport allowance, phone allowance, wage rate, work benefits, overtime, annual leave and public holidays. These contracts are renewed every time the worker renews its employment with the estate or mill. Details on monthly salary and deductions for every worker and staff are shown in their pay slips.					
6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Workers employment contract for Derawan POM are written in Bahasa that explained their work terms such as working hours, service period, medical facilities, housing, transportation allowance, maternity leave, entitle for sick leave and annual leave. However, payslip statement for Derawan POM was written in English. It was difficult for workers to understand details of the payment. During audit, three workers have been interviewed; an office cleaner and two Indonesian workers at the Derawan POM also did not really understand details statement in the payslip. Due to the non-compliance, a <b>Minor NCR MRS04</b> was raised by auditor.					
6.5.3	Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders)					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	All staffs and workers of Derawan were stayed at quarters which are provided by Sime Darby with adequate domestic water supply, electricity, clinic and welfare amenities such as mosque, creche, kindergarten and playground for children and workers. School bus also provided by estate for staff's children who studying at the primary and secondary schools. All facilities were provided without any charges.					
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.						
6.6.1	Documented minutes of meetings with main trade unions or workers representatives					Major
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	According to Sime Darby policy, forming a workers union was allowed to established worker union. However, there was no union has been established in the Derawan POM.					
6.6.2	A published statement in local languages recognizing freedom of association					Minor
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Freedom of association policy has been stated in the Social Policy and was displayed at the Derawan POM office. The policy was written in Bahasa and English languages.					

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.

<b>6.7.1</b>	<b>Documented evidence that minimum age requirement is met</b>				<b>Major</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	Document of list of staff age has been sighted during audit. No one of Derawan POM workers is under 18 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.

<b>6.8.1</b>	<b>A publicly available equal opportunities policy</b>				<b>Major</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	Derawan POM has displayed the Social Policy at the office that mentioned equal opportunities policy.				

<b>6.8.2</b>	<b>Evidence that employees and groups including migrant workers have not been discriminated against</b>				<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	As per interview with local and foreign workers at the Derawan POM, no complaint was raised by them on the discrimination issues between races, ethnics and religious. During consultation, a representatives by each ethnic was interviewed such as Javanese, Ibans and Malay.				

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.

<b>6.9.1</b>	<b>A policy on sexual harassment and violence and records of implementation</b>				<b>Major</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	The company has established Gender Policy that cover sexual harassment and violence cases again women, workers and communities. Gender Committee of Derawan POM has been established to overcome any issues on sexual and violence. Recent meeting was held on 25 June 2013. Derawan POM established Gender Committee consisted with 11 staffs. Meeting had been held 3 times a year. Derawan POM has established standard procedure to manage any issues on sexual harassment. Women worker could write or verbally report to chairman of Gender Committee on this issues. Currently, there was no any report/issue on sexual harassment in the Rajawali POM. Victim can use standard report form named 'Borang Aduan'.				

<b>6.9.2</b>	<b>A specific grievance mechanism is established</b>				<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	Derawan POM followed standard operating procedure on handling grievance / social issues which is established by Sime Darby. On women issues, Gender Committee at the Derawan POM will manage any occurrence of social issue. Pregnant women which are permanently work in laboratory will be assigned to work at other operation to avoid any contact with chemical and weight equipment/ machine.				

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

<b>6.10.1</b>	<b>Pricing mechanisms for FFB and inputs/services shall be documented</b>				<b>Major</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	Since there was no smallholder sending their FFB to Derawan POM, so this clause was not applicable to them. All FFB was came from Sime Darby's estate.				

<b>6.10.2</b>	<b>Current and past prices paid for FFB shall be publicly available</b>				<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	Derawan POM is not sourcing any FFB from outside suppliers including smallholders.				

<b>6.10.3</b>	<b>Evidence that all parties understand the contractual agreements they enter into and that contracts are fair, legal and transparent</b>				<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	Based on consultation with supplier/maintenance services company, they are understand on the contract agreement and agree with all the terms. Sample of contractual agreement between Derawan POM and contractors were sighted during audit.				

<b>6.10.4</b>	<b>Agreed payments shall be made in a timely manner</b>				<b>Minor</b>
<b>Findings</b>	In compliance:	Yes:	<input checked="" type="checkbox"/>	No:	<input type="checkbox"/>
<b>Objective evidence:</b>	The suppliers/contractors of Derawan POM's mentioned that they understand the contracts because they have been servicing the mill since 2008. They usually received their payments in the				

	form of cheques the following month after the job was done usually on 20th day monthly and paid by cheque.
Criterion 6.11: Growers and millers contribute to local sustainable development wherever appropriate.	
<b>6.11.1</b>	<b>Demonstrable contributions to local development that are based on the results of consultation with local communities</b> <span style="float: right;"><b>Minor</b></span>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	There was no documented evidence to show that management has demonstrate contributions to local development based on the results of consultation with local communities and relevant stakeholders. During audit, auditee at the Derawan POM cannot show any evidence of documented consultation with relevant stakeholders. A <b>Minor NCR MRS05</b> was raised due to non-conformity of this indicator

<b>Principle 7: Responsible Development of New Plantings</b>
This whole Principle is not applicable to this assessment as there are no new plantings. The company is only involved in re-planting programme after felling of old palms and there is no plan for expansion.

<b>Principle 8: Commitment to Continuous Improvement in Key Areas of Activity</b>	
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.	
<b>8.1.1</b>	<b>Minimize use of certain pesticides (C 4.6)</b> <span style="float: right;"><b>Major</b></span>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques. In order to minimize use of Insecticides the estate has established a nurseries for beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> . This was to establish continuity in the planting of beneficial plants. This was to establish continuity in the planting of beneficial plants. At time of visit workers in Derawan Estate were seen planting <i>Tunera subulata</i> in the field.  The estates were committed to reduce using chemicals by spraying only spraying circle and paths and soft weeds and <i>Nephrolepis bisserata</i> are maintained in interlines with only noxious weeds sprayed out. In Damai Estate <i>Nephrolepis bisserata</i> leaves are cut and spread out in interlines to encourage the growth and establishment of this fern. In addition the estate plants the fern.
<b>8.1.2</b>	<b>Environmental impacts (C 5.1)</b> <span style="float: right;"><b>Major</b></span>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	The mill and estates reviewed the environmental aspect and impact based on different activity yearly. Each activity will be rated according different impact such as land contamination or water pollution.
<b>8.1.3</b>	<b>Maximizing recycling and minimizing waste or by-products generation</b> <span style="float: right;"><b>Major</b></span>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	Biomass production such as fibre, shell and empty fruit bunch is available in Derawan POM. Most of the fibre and shell will be used for the renewable energy generation-steam turbine for the CPO production while the EFB will send to their own estate used for mulching.
<b>8.1.4</b>	<b>Pollution prevention plans (C 5.6)</b> <span style="float: right;"><b>Major</b></span>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	Pollution prevention plan is available and been reviewed annually (cross reference C5.1) for the mill and both estates. Inspection on site show that the suggested action plan for the environmental issue have been carried out. Derawan POM has maintained the CEMS smoke stack monitoring as well as the other requirements in "Jadual Pematuhan".
<b>8.1.5</b>	<b>Social impacts (C 6.1)</b> <span style="float: right;"><b>Major</b></span>
<b>Findings</b>	In compliance: Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>
<b>Objective evidence:</b>	The estates are regularly having communication with their internal and external stakeholders through their regular meetings. Additionally, they have also documented meetings for the Gender committee, Joint consultative committee meeting that includes the Safety and Health meetings.
<b>8.1.6</b>	<b>A mechanism to capture the performance and expenditure in social and environmental aspects</b> <span style="float: right;"><b>Minor</b></span>

<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
<b>Objective evidence:</b>	Before their yearly budget, meetings will be held among the staff and representatives to raised issues that need to be considered in the next financial year.				

## Module D: Segregation

Module D.1: Documented Procedures						
Criterion D.1.1: The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements.						
D.1.1.1	Complete and up to date procedures covering the implementation of all the elements in these requirements					
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Derawan POM has documented the up to date procedures- Standard Operating Procedures (SOP) for Traceability and RSPO Supply Chain Certification System revision 2 dated 1 March 2013.					
D.1.1.2	The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements					
Verifiers and guidance:						
This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.						
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	The appointed personnel for the monitoring of SCCS – Mill engineer					
Criterion D.1.2: The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.						
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	The Weighbridge SOP and the Outside Crop Procedures ensure the receiving and processing certified and non-certified FFBs.					

Module D.2: Purchasing and Goods In						
Criterion D.2.1: The facility shall verify and document the volumes of certified and non-certified FFBs received.						
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	The mill records all volumes of certified FFB received. Derawan POM receives FFB from its own supplying estates which already being certified. (Derawan, Takau, Damai and Sahua Estate)					
Criterion D.2.2: The facility shall inform the CB immediately if there is a projected overproduction.						
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	There is no overproduction as they have the internal monitoring and reporting mechanism in place. Refer FFB processed sheet, appendix 1 for actual, budgeted and diversion crop.					

Module D.3: Record Keeping						
Criterion D.3.1: The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.						
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Inspection the report, such as monthly crop report is up to September 2013.					
Criterion D.3.2: Retention times for all records and reports shall be at least five (5) years.						
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	All records and reports are achieved and stored for 5 years as indicated in the SOP.					
Criterion D.3.3: The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.						
Findings	In compliance:	Yes:	X	No:		

<b>Objective evidence:</b>	The weighbridge ticket and delivery note record the sources and weight of all the RSPO certified FFB. Monthly crop report indicates the source of estate, FFB, PO and PK up to September 2013.					
Criterion D.3.4: The following trade names should be used and specified in relevant documents (e.g. purchase and sales contracts, *product name*/SG or Segregated). The supply chain model used should be clearly indicated.						
<b>Findings</b>	In compliance:	Yes:	X	No:		
<b>Objective evidence:</b>	Up to date, there is no any sale of RSPO certified product yet.					

#### Module D.4: Sales and Good Out

Criterion D.4.1: The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:					
a) The name and address of the buyer b) The date on which the invoice was issued c) A description of the product, including the applicable supply chain model (Segregated) d) The quantity of the products delivered e) Reference to related transport documentation					
<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:	
<b>Objective evidence:</b>	Up to the date, there is no any transaction for RSPO certified material yet.				

#### Module D.5: Processing

Criterion D.5.1: The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100% segregated material to be reached. The systems should guarantee the minimum standard of 95% segregated physical material; up to 5% contamination is allowed.						
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Derawan POM only receives FFB from the certified estates. Other than that, they also receive FFB from other estate such as operating unit such as SOU 33 Rajawali (Rajawali & Bayu estate) which is already certified under RSPO P&C on March 2013 during crop diversion.					
Criterion D.5.2: The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.						
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	As to date, there is no transaction of RSPO segregated certified products. The weight bridge ticket and monthly crop report able to trace back to certified segregated material.					
Criterion D.5.3: In cases where a mill outsource activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to separately certified. The mill has to ensure that:						
a) The crush operator conforms to these requirements for segregation						
b) The crush is covered through a signed and enforceable agreement						
Findings	In compliance:	Yes:	X	No:		
Objective evidence:	Derawan POM did not have any outsources activities for palm kernel crush. They sell their palm kernel to other company such as Bintulu Edible Oil and Austral Edible Oil. (PK sold to Austral Edible Oil)					

#### Module D.6: Training

Criterion D.6.1: The facility shall provide the training for all the staff as required to implement the requirements of the Supply Chain Certification System.					
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<b>Module D.7: Claims</b>						
Criterion D.7.1: The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communication and Claims.						
<b>Findings</b>	In compliance:	Yes:	<b>X</b>	No:		
<b>Objective evidence:</b>	SOU 33 Derawan POM has not made any claims yet. The RSPO Trademark License Number for Sime Darby Plantation Sdn Bhd is RSPO 0019					

Total no. of major NCR(s) : 5      List : MH1, MH3, MRS03, MRS04, MRS05

## RSPO P & C SURVEILLANCE AUDIT REPORT

### D. AUDIT CONCLUSION

Generally, Derawan CU has progressively maintained the implementation of RSPO P&C certification in accordance with the requirements of the standard and also to the organization's documented procedures. Positive observation was also noted during the audit on the improvement of housing and related amenities condition, the use of cover crops instead of herbicides, as well as IPM implementation. Awareness on the RSPO generally has been improved since the last audit. However further improvements are required with regards to legal, environmental and social issues for the betterment of the RSPO P&C certification as highlighted in the NCR reports. Refer appendix F.

### E. RECOMMENDATION

☐

No NCR recorded. Recommended to continue certification.

☒

Minor NCR(s) recorded. Recommended to continue certification conditional upon acceptance of corrective action plans within 1 month of the date of this audit.

Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs .

☒

Major NCR(s) recorded. Proposed corrective action and evidence of implementation within 2 months of the date of this audit to be submitted to SIRIM QAS International Verification on major NCRs is required :

☐

On-site audit of the following areas is recommended within 2 months (if applicable)

☒

On-site audit not required. Records of implementation of corrective action to be submitted for verification.

Note: The major NCRs raised during surveillance audit shall be addressed within 60 days or certificate shall be suspended. Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.

### F STATUS OF NON CONFORMITIES RAISED IN SURVEILLANCE AUDIT




Clause	Non conformity	Corrective Action Submitted	Status
<b>Indicator 2.1.1</b> - Evidence of compliance with legal requirements  <b>(MAJOR)</b>  <b>NCR# MH4</b>	The following lapses were found: 1) Non-compliance to Factories and Machinery (Person In Charge) Regulation 1970, Regulation (4), Last sentence that reads "in addition, the owner shall employ a first grade ICE visiting engineer."  <b>Objective evidence :</b> Derawan POM did not have a 1 <sup>st</sup> Grade ICE visiting engineer.	1) To liaise with mill operation department and HQ pertaining to the 1 <sup>st</sup> grade ICE visiting engineer.	Appointment of 1 <sup>st</sup> grade ICE visiting engineer through MSIEA (Malaysian Steam & Internal Combustion Engine Engineer Association) MSIEA currently still searching for the available competent person in Sarawak  Status of corrective action taken will be verified in the next audit.  Status : Close

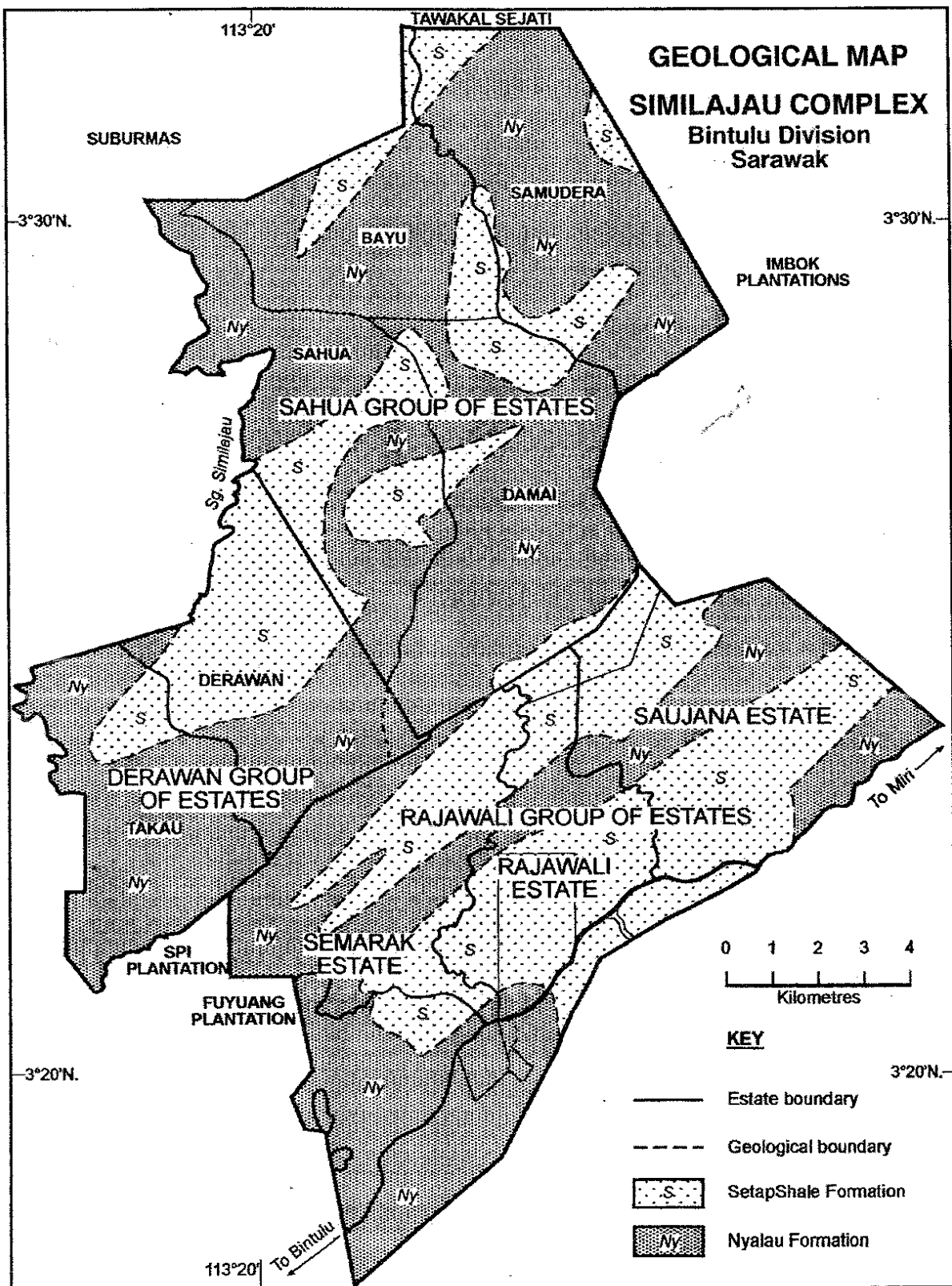
	<p>2) Non-compliance to Electricity Rules 1999, Section 4 (5) Rule 3, Licence to Use, Work or Operate an Electrical Generating Installation as per the Sarawak Electricity Ordinance, Chapter 50, 2007</p> <p><b>Objective evidence :</b></p> <p>All installation (RPOM and its estates offices that operate Generator Sets) did not possess licence to generate electricity exceeding 5kw</p> <p>3) Non-compliance to Environmental Quality (Clean Air) Regulations 1978 written approval for 900kVa genset at Derawan POM.</p> <p><b>Objective evidence :</b></p> <p>There was no evidence that requirements on stack emission and noise level are within the regulated limit for the 900kVA genset at Derawan POM</p> <p>4) Non-compliance to Workers Minimum Standards of Housing and Amenities Bill 1990, Section 19 (3).</p> <p><b>Objective evidence :</b></p> <p>There was no registered medical practitioner to visit all its clinic at least once a fortnight to supervise the operations and management of the clinic and to provide medical treatment to workers and their dependants at SOU 33.</p> <p>5) Controls of Supplies Regulations 1974, Regulation 9(2) were not complied with.</p> <p><b>Objective evidence :</b></p> <p>Damai Estate did not have the Licence for the purchase of Fertilizers.</p>	<p>2) To request/apply for the genset license</p> <p>3) To request/apply for the genset written approval</p> <ul style="list-style-type: none"> <li>- To conduct noise and Emission monitoring</li> </ul> <p>4) HQ to recruit VMO</p> <p>5) Application to KPDNKK, Bintulu</p>	<p>Appointment of consultant for genset license submission to Ministry of Public Utility and SESCO.</p> <p>Quotation from consultant, PKM Projek Konsultant Sdn Bhd has been obtained. Refer PKM/RAJAWALI/LIH dated 6/12/13.</p> <p>PO to the appointed consultant.</p> <p>Status of corrective action taken will be verified in the next audit.</p> <p>Status : Close</p> <p>Asialab Group quotation was sighted. Refer document ALM/EM/MKTG/0114/01.</p> <p>PO to the appointed consultant.</p> <p>Status : Close</p> <p>HQ decision to recruit full time medical doctor. Refer correspondence with VP/IDGM, Human Resource Upstream, Tn Muhammad Khairi Abu Bakar.</p> <p>Status of MO recruitment will be verified in the next audit.</p> <p>Status : Close</p> <p>Verified application letter to KPDNKK, Bintulu dated 23/10/13 for the :</p> <ul style="list-style-type: none"> <li>i) Application of new permit, fertilizer</li> <li>ii) Permit renewal for the diesel and petrol</li> </ul> <p>Status : Close</p>
<p><b>Indicator 2.1.4</b> – A system for tracking any changes in the law <b>(MINOR)</b></p>	<p>Legal register file QSHE/04/5.2.4 was not updated with regards to</p> <ul style="list-style-type: none"> <li>i) Environment Quality Act 1974, 49A on competence person (amendment 2012)</li> <li>ii) Code of Practice Confined Space 2010</li> </ul>	<p>PSQM will be updating the legal register.</p>	<p>Status of corrective action taken will be verified in the next audit.</p> <p>Status : Close</p>

<b>NCR# MH1</b>	iii) Sarawak Electricity Ordinance (Chapter 50) 2007 iv) MPOB Regulations (Licencing) 2005 v) The Business, Profession and Trading Licensing Ordinance (Section 5, 23 & 24(2)) vi) Medical Assistant (Registration) Act 1977		
<b>Indicators 4.7.1 –</b> Evidence of documented Occupational Safety and Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967(Act 139)  <b>(MAJOR)</b>  <b>NCR #MH2</b>	<p>The above requirement were not complied with</p> <p><b>Objective evidence :</b></p> <p>i) Appointment letter for the new safety health committee secretary, MA for Takau Estate was not made available.</p> <p>ii) Safety and health committee meetings were not conducted in timely manner. FY2012 (19/10/12 &amp; 10/4/12) and FY 2013 (26/7/13) Takau Estate.</p> <p>iii) Workplace inspection activity was not consistently implemented at Takau Estate</p> <p>iv) Inspection checklist for first aid kit and fire hydrant was not available in the Derawan POM.</p> <p>v) No further action taken for hearing impairment cases in Derawan POM. Total of 39 workers reported with hearing impairment.</p> <p>vi) Health surveillance programme for chemically exposed workers was not conducted in the required interval (12 month) at Derawan POM. Last checked was in 14/2/12.</p>	<p>i) To include related activities in the ESH plan FY2013/2014 for Takau Estate and Derawan POM.</p> <p>iv) To create and maintained the first aid and fire hydrant checklist</p> <p>v) Re-testing will be conducted for the affected workerS</p> <p>vi) Related workers will be sent for the surveillance testing</p>	<p>i) Verified OSH plan FY2013/2014 for Derawan POM and Takau estate</p> <ul style="list-style-type: none"> <li>- Planning of SHC meeting</li> <li>- Workplace inspection</li> </ul> <p>Verified appointment letter of new SHC secretary for Takau Estate, Mr Fernandez A/K Sam effective 25/10/13.</p> <p>Effectiveness of corrective action taken will be verified in the next audit.</p> <p>First aid kit has been established. Sample of hydrant checklist/fire extinguisher/WPI for Derawan POM was sighted.</p> <p>Management decided to send for retest to the hearing impairment workers.</p> <ul style="list-style-type: none"> <li>- 33 out of 39 will be sent for retest.</li> <li>- The remaining 6 employees were already resigned.</li> </ul> <p>Verified purchase order to Global Green OSH Services Sdn Bhd. PO number 4300215630. Result of audiometric testing will be verified in the next audit.</p> <p>Status : Close</p> <p>Sighted OSH plan for the Derawan POM. Health surveillance programme will be conducted on December 2013.</p> <p>Sighted purchase order to Klinik Hj Roslan. PO number 4300215646. Result of health</p>

	<p>v) Hearing conservation programme was not conducted for every 2 years interval. No records to show the programme has been carried out before.</p>	<p>v) To conduct hearing conservation training every 2 years.</p>	<p>surveillance will be verified in the next audit.</p> <p>Status : Close</p> <p>Sighted OSH plan for the Derawan POM. Hearing conservation programme will be carried out on January 2014.</p> <p>Sighted purchase order to Global Green OSH Services Sdn Bhd. PO number 4300215645.</p> <p>Status : Close</p>
<p><b>Criterion 4.1 &amp; Indicator 4.1.1:</b> Documented Standard Operating Procedures (SOP) for estates and mill.</p> <p><b>(MAJOR)</b></p> <p><b>NCR# STK1</b></p>	<p>Section 7, 6.1.6 of the Agricultural Reference Manual (ARM) on frequency of circle spraying rounds of Immature palm was not complied with.</p> <p><b>Objective evidence :</b></p> <p>Some patches of palms in the 2012 A and 2012B replants of Derawan Estate were smothered by weeds, creepers and cover crop.</p>	<p>Immediate to do circle spraying at field 2012A and 2012B</p> <p>To strictly adhere work programme as stated in the ARM.</p>	<p>Verified picture sent on immediate circle spraying at the respective block.</p> <p>Spraying programme for the respective field area (2012A &amp; B) has been verified.</p> <p>Status : Close</p>
<p><b>Indicator 5.3.2</b> : Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid and reduce pollution.</p> <p><b>(MINOR)</b></p> <p><b>NCR# MH3</b></p>	<p>Waste management plan FY 2013/2014 for Derawan POM and Takau Estate was not consistently implemented.</p> <p>Objective evidence :</p> <p>i) Cracked and leaked containment bund found at Derawan POM scheduled waste store.</p> <p>ii) Some of the waste container was not properly closed. I.e SW410, SW409 and SW 305.</p> <p>iii) SW 322 (spent chemical) was not disposed in timely manner. Last generation was on 5/11/12.</p> <p>iv) 5<sup>th</sup> Schedule or inventory of schedule waste was not consistently updated and the data was not accurate. Latest inventory dated 20/9/13 with inconsistent amount of scheduled waste recorded.</p> <p>v) Signed copy of consignment notes was not consistently recorded as well as waste information (7<sup>th</sup> schedule of the waste information). Disposal of SW 305, SW410 &amp; SW409 on 23/7/13</p> <p>vi) Labelling of schedule waste (solid and liquid) has to be in accordance with 3<sup>rd</sup> Schedule.</p> <p>vii) Some of the waste generated was not identified. I.e SW408 and SW312.</p>	<p>i) Mill has budgeted new SW store for the next financial year.</p> <p>ii) Dedicated staff has been appointed to oversee the DOE issue and schedule waste management</p> <p>iii) ESH regional officer will be conducting training on schedule waste.</p>	<p>Effectiveness of corrective action taken will be verified in the next audit.</p> <p>Status : Close</p>
<b>Indicator 4.4.3</b>	Outgoing water into waterways was	To conduct immediate water	Water sampling map has

<p>- Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts.</p> <p>(MAJOR)</p> <p><b>NCR# MH5</b></p>	<p>not monitored as stipulated procedure ; Sustainable Plantation Management System, Appendix 1 SOP for taking water samples from streams/rivers dated 1/11/2008.</p> <p>Objective evidence :</p> <p>i) Only one sampling point monitored at Takau Estate for surface water analysis. The upstream and downstream of Sg Takau was not monitored as there is a replanting programme carried out in P95TN, Takau Estate.</p>	<p>sampling analysis to R&amp;D lab Pulau Carey.</p>	<p>been incorporated with all 3 sampling point (SP1, SP and SP3)</p> <p>Water sampling programme for FY2013/2014 has been scheduled.</p> <p>Cover letter to R&amp;D lab for water sampling analysis dated 3/12/13 was sighted.</p> <p>Result of water sampling analysis will be verified in the next audit.</p> <p>Status : Close</p>
<p><b>Criterion 4.8:</b> All staffs, workers, smallholders and contractors are appropriately trained</p> <p><b>Indicator 4.8.1</b></p> <p>(MAJOR)</p> <p><b>NCR# MRS01</b></p>	<p>Auditees at the Derawan POM were not really understand the requirements and action needed for grievance or complaints procedure and the documentation.</p> <p>Objective evidence :</p> <p>i) Clerk and Asst. Engineer at the Derawan POM said different system to record any complaint/grievance from contractors :</p> <ul style="list-style-type: none"> <li>- fill in form at the security guard (told by clerk) or</li> <li>- by email (told by Asst. Engineer)</li> </ul> <p>ii) Contractors for Derawan POM were not aware with standard documented procedure on complaint/grievance</p> <p>iii) Asst. Engineer at the Derawan POM do not really understood the function of SIA report, management plan &amp; action plan including stakeholders meeting.</p>	<p>i) Grievance procedure will be made known to all stakeholders by published documents and statements.</p> <p>ii) Refresher training will be conducted by HQ personnel to all mill personnel involved.</p>	<p>Training for SIA has been conducted on 7/11/13. Verified the training module on social component, SIA, handling boundary dispute and gender issues.</p> <p>Grievance briefing was conducted on 20/11/13 for Rajawali POM. It was a combined training (Rajawali and Derawan</p> <p>Published documents/statement was made known to public</p> <p>Status : Close</p>
<p><b>Indicator 6.1.3</b> A timetable with the responsibilities for mitigation and monitoring is reviewed and updated as necessary</p> <p>(MAJOR) upgraded</p> <p><b>NCR# MRS02</b></p>	<p>There was no evidence to show that management has reviewed and updated mitigation and monitoring program on social issues with their stakeholders.</p> <p><b>Objective evidence :</b></p> <p>Derawan POM only prepared action plan of social assessment for 2012</p>	<p>Social action plan has been prepared for 2013/2014</p>	<p>Latest social action plan for FY2013/2014 was developed.</p> <p>Status : Close</p>
<p><b>Indicator 6.2.3</b> Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders</p>	<p>Communication and action taken on external and internal grievances were not properly recorded by auditee.</p> <p>Objective evidence :</p> <p>i) There was no record of all communications and actions taken on complaint/grievance by stakeholders. Only quarters complaint form for staffs and workers were established by Derawan POM. However, the remark section in the</p>	<p>Records of communication on complaint/grievance will be enhanced and rectified accordingly</p> <p>Issue arising will be discussed with the HQ personnel and action will be taken accordingly.</p>	<p>Stakeholder consultation meeting will be conducted on 26/12/13. Noted in the invitation letter that stakeholders will be explained on the grievance procedure.</p> <p>Memo has been published to all with regards to grievance and suggestion to Derawan POM management.</p>

<b>(MINOR)</b>  <b>NCR# MRS03</b>	complaint form was leave blank.  ii) Contractors have discussed with the new manager of Derawan POM on the issue of unpaid maintenance works / supplier services that happened between these contractors with previous manager. However, records of discussion, decision and actions taken by the new manager on the issue were not recorded. This issue has been raised by contractors during consultation with external auditor.		Effectiveness of corrective action taken will be verified in the next audit.  Status : Close								
<b>Indicator 6.5.2</b>  <b>(MINOR)</b>  <b>NCR #MRS04</b>	During consultation with staffs and workers on payslip statement, they do not well understood the detail of payments.  <b>Objective evidence :</b>  i) Cleaner and two Indonesian workers at the Derawan POM were also not really understand details statement in the payslip	Briefing on the payslip will be conducted to all workers and samples of translated payslip will be made available.	Details of the pay slip have been explained in the memo dated 8/11/13. Effectiveness of corrective action taken will be verified in the next audit.  Status : Close								
<b>Indicator 6.11.1</b>  Demonstrable contributions to local development that are based on the results of consultation with local communities  <b>(MINOR)</b>  <b>NCR #MRS05</b>	There was no documented evidence to show that management has demonstrate contributions to local development based on the results of consultation with local communities and other stakeholders  <b>Objective evidence :</b> i) No documented evidence to show that Derawan POM has demonstrate contribution to local development based on results of consultation ii) During audit, auditee at the Derawan POM cannot show any evidence of documented consultation with relevant stakeholders.	Proper records on CSR will be kept accordingly  Meeting/consultation with the relevant stakeholders will be conducted in due time.	Stakeholder consultation meeting will be conducted on 26/12/13.  Other records of Derawan POM contribution to local development and related CSR activities will be verified in the next audit.  Effectiveness of corrective action taken will be verified in the next audit.  Status : Close								
<b>G. IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN HAVE BEEN SATISFACTORILY VERIFIED. RECOMMENDED FOR CERTIFICATION.</b>											
<table> <tr> <td colspan="2"> Audit Team Leader : Mohamed Hidhir Zainal Abidin </td><td>  </td><td> 12/03/2014 </td></tr> <tr> <td colspan="2"> _____  (Name) </td><td> _____  (Signature) </td><td> _____  (Date) </td></tr> </table>				Audit Team Leader : Mohamed Hidhir Zainal Abidin			12/03/2014	_____ (Name)		_____ (Signature)	_____ (Date)
Audit Team Leader : Mohamed Hidhir Zainal Abidin			12/03/2014								
_____ (Name)		_____ (Signature)	_____ (Date)								





## ASSESSMENT PROGRAMME

### **SIRIM QAS INTERNATIONAL SDN. BHD. Food, Agriculture & Forestry Certification Section**

#### **RSPO SURVEILLANCE ASSESSMENT PLAN**

**1. Objectives**

The objectives of the assessment are as follows:

- (i) To determine Sime Darby Plantation Sdn Bhd Certification Unit (SOU32 & SOU33) conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI) and RSPO Supply Chain Certification Standard
- (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** : 7<sup>th</sup> to 11<sup>th</sup> October 2013

**3. Site of assessment** : Rajawali (SOU32) and Derawan (SOU 33) Certification Unit  
P.O. Box 2324,  
97011, Bintulu  
Sarawak

**4. Reference Standard**

- a. RSPO P&C MYNI:2008
- b. RSPO Supply Chain Standard (November 2011)
- c. Company's audit criteria including Company's Manual/Procedures

**5. Assessment Team**

- a. Lead Assessor : Mohamed Hidhir Zainal Abidin
- b. Assessor : Hj Mahzan Munap  
Mr Selvasingam T Kandiah  
Mohd. Razman Salim

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

**7. 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 documents and records
- c. Personnel protective equipment if required
- d. Photocopy facilities
- e. Amplifier facility should meeting be held in large audience
- f. A guide for each group

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

**Day One: 7<sup>th</sup> October 2013 (Monday)**

Activities /areas to be visited	Hidhir	Hj Mahzan	Selvasingam	Razman	Auditee
0800-0830	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader at <b>Rajawali POM</b> .				Top mgmt & Committee Member
0830-0900	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings) and update on time bound plan progress				Management Representative
0900-1300	<p>Site visit and assessment at <b>Derawan POM</b> relating to Good Milling Practices, environmental aspects and management plan and implementation of occupational safety and health</p> <ul style="list-style-type: none"> <li>• Loading Ramp</li> <li>• Production area</li> <li>• Utilities e.g. engine room, boiler, WTP and ETP etc.</li> <li>• Laboratory</li> <li>• Workshop</li> <li>• Management of contractors</li> <li>• Interview with safety and health committee</li> <li>• Safety and health plan</li> <li>• Waste mangement (hazardous, domestic and biomass waste)</li> <li>• Pollution prevention plan</li> <li>• Energy and water consumption</li> <li>• Water management plan</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Continuous Improvement Plan</li> <li>• Verification of previous audit finding</li> </ul>	<p>Site visit and assessment at <b>Rajawali POM</b> relating to Good Milling Practices, environmental aspects and management plan and implementation of occupational safety and health</p> <ul style="list-style-type: none"> <li>• Loading Ramp</li> <li>• Production area</li> <li>• Utilities e.g. engine room, boiler, WTP and ETP etc.</li> <li>• Laboratory</li> <li>• Workshop</li> <li>• Management of contractors</li> <li>• Interview with safety and health committee</li> <li>• Safety and health plan</li> <li>• Waste mangement (hazardous, domestic and biomass waste)</li> <li>• Pollution prevention plan</li> <li>• Energy and water consumption</li> <li>• Water management plan</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Continuous Improvement Plan</li> <li>• Verification of previous audit finding</li> </ul>	<p>Site visit and assessment at <b>Derawan Estate</b> relating to Good Agricultural Practice including IPM</p> <ul style="list-style-type: none"> <li>• Nursery (if any)</li> <li>• Good Agricultural Practice</li> <li>• Witness activities &amp; assessment at site (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>• IPM programme</li> <li>• EFB mulching</li> <li>• Soil erosion management</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Continuous Improvement Plan</li> <li>• Verification of previous audit finding</li> </ul> <p>Assessment on related Indicators of P1, P2,P3, P4, P5, P8</p>	<p>Site visit and assessment at <b>Samudera Estate</b> relating to estates boundary,HCV, and management plans</p> <ul style="list-style-type: none"> <li>• Conservation area management</li> <li>• Riparian Buffer Zone</li> <li>• Water bodies and river system</li> <li>• Plantation on hilly and swampy area</li> <li>• Consultation with relevant government agencies, if applicable</li> <li>• Commitment to transparency</li> <li>• Verification of land title and boundary stone</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Continuous Improvement Plan</li> <li>• Verification of previous audit finding</li> </ul> <p>Assessment on related Indicators of P1, P2,P3, P4, P5, P8</p>	Guide/PIC

	Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Assessment on related Indicators of P1, P2, P3, P4, P5, P8			
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Relevant PIC

**Day Two: 8<sup>th</sup> October 2013 (Tuesday)**

Activities /areas to be visited	Hidhir	Hj Mahzan	Selvasingam	Razman	Auditee
0800-1300	Continue on unfinished element	Continue on unfinished element	<p>Site visit and assessment at <b>Samudera Estate</b> relating to Good Agricultural Practice including IPM</p> <ul style="list-style-type: none"> <li>Nursery (if any)</li> <li>Good Agricultural Practice</li> <li>Witness activities &amp; assessment at site (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>IPM programme</li> <li>EFB mulching</li> <li>Soil erosion management</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> <li>Verification of previous audit finding</li> </ul> <p>Assessment on related Indicators of P1, P2,P3, P4, P5, P8</p>	<p>Site visit and assessment at <b>Bayu Estate</b> relating to, local community, indigenous peoples and workers issues. Verification of SIA and management plans</p> <ul style="list-style-type: none"> <li>Interviews with Administration staff Union representatives (if any) and FFB transporters.</li> <li>Discussion with management (CSR, community affairs)</li> <li>Consultation with relevant government agencies, if applicable</li> <li>Facilities at workplace (rest area etc)</li> <li>Visit line site and discussion with Workers and dependents</li> <li>Facilities at living quarters (surau, provision shop, crèche, etc)</li> <li>Visit and discussion with surrounding local community and contractors</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Commitment to long-term economic and financial</li> </ul>	Guide/PIC

				viability <ul style="list-style-type: none"> <li>Continuous Improvement Plan</li> <li>Verification of previous audit finding</li> </ul> Assessment on related Indicators of P1, P2, P3, P6 & P8	
1300-1400	Lunch Break				
1400-1700	Site visit and assessment at <b>Derawan POM</b> relating to Supply Chain implementation including the model used <ul style="list-style-type: none"> <li>General Chain of Custody System Requirements for the supply chain</li> <li>Documented procedures</li> <li>Purchasing and goods in</li> <li>Outsourcing activity</li> <li>Sales and goods out</li> <li>Processing</li> <li>Records keeping</li> <li>Registration</li> <li>Training</li> <li>Claims</li> <li>Mass balance accounting</li> </ul>	Site visit and assessment at <b>Rajawali POM</b> relating to Supply Chain implementation including the model used <ul style="list-style-type: none"> <li>General Chain of Custody System Requirements for the supply chain</li> <li>Documented procedures</li> <li>Purchasing and goods in</li> <li>Outsourcing activity</li> <li>Sales and goods out</li> <li>Processing</li> <li>Records keeping</li> <li>Registration</li> <li>Training</li> <li>Claims</li> <li>Mass balance accounting</li> </ul>	Continue assessment	Continue assessment	Guide/PIC

**Day Three: 9<sup>th</sup> October 2013 (Wednesday)**

Activities /areas to be visited	Hidhir	Hj Mahzan	Selvasingam	Razman	Auditee
0800-1300	<p>Site visit and assessment at <b>Semarak Estate</b> relating to environmental aspects and management plan</p> <ul style="list-style-type: none"> <li>Water bodies</li> <li>River system</li> <li>Soil erosion management</li> <li>Interview with stakeholders and relevant government agencies, if applicable</li> <li>Waste management at field and line site including scheduled wastes</li> <li>Estate facilities such as agrochemical store, workshop, generator set, clinic, etc.</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> </ul> <p>Assessment on related Indicators of P1, P2,P3, P4, P5, P8</p>	<p>Site visit and assessment at <b>Bayu Estate</b> relating to occupational safety and health</p> <ul style="list-style-type: none"> <li>Nursery (if any)</li> <li>Witness activities &amp; assessment at site i.e. (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>Chemical store</li> <li>Fertilizer store</li> <li>Estate Workshop</li> <li>Facilities at workplace (water treatment plant, clinic, genset etc.)</li> <li>Interview Safety Committee and contractors</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> </ul> <p>Assessment on related Indicators of P1, P2, P3, P4, P5, P8</p>	<p>Site visit and assessment at <b>Rajawali Estate</b> relating to Good Agricultural Practice including IPM</p> <ul style="list-style-type: none"> <li>Nursery (if any)</li> <li>Good Agricultural Practice</li> <li>Witness activities &amp; assessment at site (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>IPM programme</li> <li>EFB mulching</li> <li>Soil erosion management</li> <li>Commitment to transparency</li> <li>Laws and regulations</li> <li>Commitment to long-term economic and financial viability</li> <li>Continuous Improvement Plan</li> <li>Verification of previous audit finding</li> </ul> <p>Assessment on related Indicators of P1, P2,P3, P4, P5, P8</p>	<p>Site visit and assessment at <b>Rajawali POM</b> on responsible social considerations</p> <ul style="list-style-type: none"> <li>Interviews with Administration staff , Safety Committee, FFB Suppliers, contractors and Union representatives</li> <li>Discussion with management (CSR, community affairs)</li> <li>SIA and management plan</li> <li>Facilities at workplace</li> <li>Consultation with relevant government agencies (if applicable)</li> <li>Pricing mechanism of FFB</li> <li>Continuous Improvement Plan</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on related indicators of P1, P2, P3, P6, P8</p>	Guide/PIC
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	<p>Site visit and assessment at <b>Derawan POM</b> on responsible social considerations</p> <ul style="list-style-type: none"> <li>Interviews with Administration staff , Safety Committee, FFB Suppliers, contractors and Union representatives</li> </ul>	Guide/PIC

				<ul style="list-style-type: none"> <li>• Discussion with management (CSR, community affairs)</li> <li>• SIA and management plan</li> <li>• Facilities at workplace</li> <li>• Consultation with relevant government agencies (if applicable)</li> <li>• Pricing mechanism of FFB</li> <li>• Continuous Improvement Plan</li> <li>• Other areas identified during the assessment</li> </ul> <p>Assessment on related indicators of P1, P2, P3, P6, P8</p>	
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**Day Four: 10<sup>th</sup> October 2013 (Thursday)**

Activities /areas to be visited	Hidhir	Hj Mahzan	Selvasingam	Razman	Auditee
0800-1300	<p>Site visit and assessment at <b>Takau Estate</b> relating to environmental aspects and management plan</p> <ul style="list-style-type: none"> <li>• Water bodies</li> <li>• River system</li> <li>• Soil erosion management</li> <li>• Interview with stakeholders and relevant government agencies, if applicable</li> <li>• Waste management at field and line site including scheduled wastes</li> <li>• Estate facilities such as agrochemical store, workshop, generator set, clinic, etc.</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Continuous Improvement</li> </ul>	<p>Site visit and assessment at <b>Damai Estate</b> relating to occupational safety and health</p> <ul style="list-style-type: none"> <li>• Nursery (if any)</li> <li>• Witness activities &amp; assessment at site i.e. (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>• Chemical store</li> <li>• Fertilizer store</li> <li>• Estate Workshop</li> <li>• Facilities at workplace (water treatment plant, clinic, genset etc.)</li> <li>• Interview Safety Committee and contractors</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Continuous Improvement</li> </ul>	<p>Site visit and assessment at <b>Damai Estate</b> relating to Good Agricultural Practice including IPM</p> <ul style="list-style-type: none"> <li>• Nursery (if any)</li> <li>• Good Agricultural Practice</li> <li>• Witness activities &amp; assessment at site (weeding/ spraying/ harvesting/ other maintenance activities)</li> <li>• IPM programme</li> <li>• EFB mulching</li> <li>• Soil erosion management</li> <li>• Commitment to transparency</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Continuous Improvement Plan</li> <li>• Verification of previous audit finding</li> </ul>	<p>Site visit and assessment at <b>Takau Estate</b> relating to estates boundary,HCV, and management plans</p> <ul style="list-style-type: none"> <li>• Conservation area management</li> <li>• Riparian Buffer Zone</li> <li>• Water bodies and river system</li> <li>• Plantation on hilly and swampy area</li> <li>• Consultation with relevant government agencies, if applicable</li> <li>• Commitment to transparency</li> <li>• Verification of land title and boundary stone</li> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Continuous Improvement Plan</li> </ul>	Guide/PIC

	Plan Assessment on related Indicators of P1, P2,P3, P4, P5, P8	Plan Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Assessment on related Indicators of P1, P2,P3, P4, P5, P8	<ul style="list-style-type: none"> <li>Verification of previous audit finding</li> </ul> Assessment on related Indicators of P1, P2,P3, P4, P5, P8	
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

**Day Five: 11<sup>th</sup> October 2013 (Friday)**

Activities /areas to be visited	Hidhir	Hj Mahzan	Selvasingam	Razman	Auditee
0800-1000	Verification on outstanding issues for Rajawali & Derawan Certification Unit				Guide/PIC
1000-1200	Audit Team discussion, preparation on audit findings and issuance of NCR (if any)				Audit team member
1200-1400	<b>LUNCH BREAK &amp; FRIDAY PRAYER</b>				
1400-1600	Closing meeting at Rajawali & Derawan Estate Office for SOU 32 & 33 – presentation of Rajawali & Derawan Certification Unit assessment findings				Top mgmt & Committee Member
1630	End of assessment				



OPPORTUNITIES FOR IMPROVEMENT		
Principle/ Criteria/ Indicator	Details of Opportunities For Improvement	Verification from auditor
I 2.1.1	<p><b><u>A system for tracking any changes in the law</u></b> Some of the applicable legal requirements such as (but not limited to) from</p> <ul style="list-style-type: none"> <li>• MPOB Act 1998, MPOB Reg (Licensing) 2005</li> <li>• Akta Timbang dan Sukat, 1972, KPDN – Peraturan Kawalan Bekalan 1974</li> <li>• Ordinan Perniagaan (Seksyen 5, 23 &amp; 24(2))</li> <li>• National Resource and Environment Ordinance on EIA</li> </ul> <p>have yet to be registered in the Legal and Other Requirements Register (LORR).</p>	Has been updated accordingly. Still yet to include other applicable legal. Refer NCR MH4
RSPO SCC Module D &E D.3.4 & E.3.4	<p><b><u>Record keeping</u></b> The trade names should be used and specified in relevant documents, e.g. weighbridge ticket, DO, dispatch ticket, etc. e.g. *product name*/SG or Segregated or MB or Mass Balance.</p>	Has been updated accordingly. Closed.
I5.3.2	<p><b><u>Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid and reduce pollution</u></b> Mechanism to identify competence scheduled waste contractor has yet to be established.</p>	Inconsistent implementation. Upgrade to NCR MH3
C4.7	<p><b><u>Evidence of documented system Occupational Safety and Health (OSH) plan which is in the compliance with OSHA 1994 and Factory Machinery Act 1967 (Act139)</u></b></p> <ul style="list-style-type: none"> <li>• Work inspection program was not clearly recorded and implemented at Derawan Estate</li> <li>• Investigation of accident for LTI less than 4 days was not consistently conducted and discussed in the Safety and Health Committee meeting at Derawan Estate</li> <li>• Derawan Estate has yet to update the chemical register for the new chemical used. Example EBOR rat bait etc</li> </ul>	Some of recurrence issues noted. Upgraded to NCR MH2

C4.7	<p>a) Issuance of Work Permit for Confined Space Entry to be issued daily and the monitoring of gases in the confine space atmosphere to be monitored frequently.</p> <p>b) Renewal of Authorized Gas Tester to be expedited.</p> <p>c) The composition of the Emergency Response Team to include Event Recorder.</p> <p>d) Night emergency drill to be considered for mill since it is currently operating round the clock.</p> <p>e) The Safety Committee could be enhanced with establishment of sub-committees, for example, Workplace Inspection Committee, Training Committee and Accident Investigation Committee.</p> <p>f) Follow-up retest of Audiogram for those with Standard Threshold Shift to be expedited not to exceed permissible time limit per Factories and Machinery (Noise Exposure) Regulation 1989 – for mill only.</p> <p>g) Most first aid kit inspected needs to be replenished and their contents checked as some were missing.</p>	
I5.2.1	<p><b><u>Identification and assessment of HCV habitats and protected areas within landholding; and attempt assessment of HCV habitats and protected areas surrounding landholdings</u></b></p> <ul style="list-style-type: none"> <li>Biodiversity Assessment has been conducted for SOU32. Sg Similajau was identified as HCV4. However during the site review and interview with the workers, it was noted the crocodile were commonly sighted at Sg Similajau. However it was not highlighted in the assessment report and action plan. Therefore the Biodiversity Assessment report for SOU33 needs to be improved.</li> <li>The Biodiversity Action Plan has been followed, however the monitoring records were not available.</li> </ul>	Has been updated accordingly. Closed.
I4.8.1	<p><b><u>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.</u></b></p> <p>The training on biodiversity conservation and management to workers and staff need to be improved.</p>	Has been updated accordingly. However, the social component of the P&C has be beefed up. Refer NCR MRS01
I2.1.1	<p><b><u>Evidence on compliance with legal requirements</u></b></p> <p>As required by the law, the estates and mills do have written contracts, in the form employment offer letters, covering the employment of foreign workers.</p>	Has been updated accordingly. Closed.

	<p>However, it was found out that there were inconsistencies in completing the contract forms, (i.e. period of employment), and also discrepancies in the contents of the contract (i.e maximum contract period and employment benefits).</p> <p>It appears that there is an urgent need for the relevant parties to discuss and finalise the details before completing the form and streamline its contents.</p>	
<b>I6.1.3</b>	<p><b><u>A timetable with responsibilities for mitigation and monitoring is reviewed and as necessary</u></b></p> <p>Several issues were raised during the social impact assessment exercise carried out in 2009, for examples, housing conditions and amenities, services at the clinics, the prices of goods at the canteens in the estates and employment for local communities.</p> <p>While some action plans have been formulated and implemented to address the other issues, so far, no formal action has been taken to address the issue of high grocery prices. The interviews during the audit and remarks from some staffs revealed that grocery price is still a relevant issue. Remarks were also made on the prices of food at the Rajawali POM's cafeteria.</p> <p>In the interest of the workers and also staffs, it is felt that some concerted efforts be undertaken to address the issues raised</p>	Inconsistent implementation noted. Upgraded to NCR MRS02
<b>I6.3.1</b>	<p><b><u>Documentation of the process by which a dispute was resolved and the outcome</u></b></p> <p>Certain estates/mills (eg. Takau, Damai and Rajawali POM) require their workers to make verbal requests for services and these requests are then entered into record books by the clerks. Certain other estates/mills (eg. Derawan POM) require their workers to make written requests by way of completing request forms.</p> <p>One of the drawbacks of verbal requests is that there is no guarantee such requests are entered into record books and thus no proof can be shown on the requests. It is felt that written request is a better option than verbal request in getting services.</p>	<b>No such issues during the assessment</b>

<p><b>I6.5.2</b></p>	<p><b><u>Labor laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.</u></b></p> <p>Interviews with the workers revealed that there is a certain degree of ignorance on the terms of the employment contract among foreign workers. The majority of them do not understand their entitlements for annual leave, for example. Also, they do not fully comprehend the concept of sick leave.</p> <p>It would certainly help these workers if appropriate training sessions could be carried out to explain in detail the terms and conditions of the contract</p>	<p>.</p> <p>Has been addressed accordingly. Closed.</p>
<p><b>I6.9.1</b></p>	<p><b><u>A policy on sexual harassment and violence and records of implementation</u></b></p> <p>Gender committees have been formed in the estates and mills. However, it was found that they have not been very active in organizing activities of direct relevance to women needs as required by the indicator.</p> <p>The authority in the estates and mills could help the gender committees by giving proper support and encouragement for them to carry out more focused and relevant activities.</p>	<p>Has been addressed accordingly. Closed.</p>