



**PUBLIC SUMMARY
THIRD SURVEILLANCE ASSESSMENT**

**GIRAM CERTIFICATION UNIT (SOU 29)
SIME DARBY PLANTATION SDN. BHD.**

**Kunak District,
Sabah, Malaysia**

Audit Date: 6TH – 9TH December 2011

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1.0 SCOPE OF THE CERTIFICATION ASSESSMENT

1.1 Introduction

This public certification summary provides the general information on the Giram Certification Unit (Giram CU), the assessment process, the findings of the surveillance assessment including the non-conformity reports (NCRs) and opportunities for improvements (OFIs) being raised, verification of corrective actions on the minor NCRs and OFIs raised during the previous surveillance as well as the decision on the continued certification of the CU against the requirements of the RSPO Principles and Criteria for Sustainable Palm Oil Production, Malaysian National Interpretation Working Group (RSPO MYNI: 2010)

This third surveillance audit on the Giram CU or Strategic Operation Unit (SOU) was conducted on 6-9 December 2011. For the previous year's surveillance assessment, there was only one report being produced for three SOUs (SOU 28 - Binuang, SOU 29 - Giram and SOU 30 - Merotai). For this surveillance, the assessment on the three SOUs was done separately and an audit report was prepared for each of the SOU as required under the RSPO Certification System.

An SOU is equivalent to a certification unit (CU) as defined in the RSPO Certification Systems Document. An SOU consists of one palm oil mill (POM) and its supply bases. The Giram SOU's supply base is made up of estates owned by Sime Darby Plantation Sdn Bhd (SDPSB). Giram Palm Oil Mill (GPOM) had stopped taking and processing fresh fruit bunches (FFBs) from third parties.

This assessment covered the Giram CU as detailed in **Table 1**. The supply bases being assessed were confined to estates owned by SDPSB.

Table 1
Certification Units Covered in the Assessment

No.	Certification Unit	Palm Oil Mill	FFB Supplying Estates owned by SDPSB
1.	SOU 29	Giram Palm Oil Mill	Giram Estate and Mostyn Estate

The focus of the assessment team was to determine SDPSB Certification Unit, SOU 29 – Giram's continued compliance against the RSPO MYNI: 2010 as well as to verify the actions taken by the SOU to address on the minor NCRs and OFI raised during the previous surveillance.

1.2 Location of Mill and Estates

SOU 29 is located in the Kunak District, Sabah, East Malaysia. The map of the SOU (mill and estates) is shown in **Attachment 1** while the details on their locations are as in **Table 2**.

Table 2
Location and Addresses of Mill and Estates

Certification Unit	Estate/Mill	GPS Location		Location Address
		Latitude	Longitude	
Giram (SOU 29)	Giram Palm Oil Mill	4° 35' 60" N	118° 12' E	91207 Kunak, Sabah
	Giram Estate	4° 35' N	118° 12' E	91207 Kunak, Sabah
	Mostyn Estate	4° 39' N	118° 07' E	91207 Kunak, Sabah

1.3 Production Volume for All Certified Products

Table 3
Actual CPO and PK (Tonnes) Since Date of Last Reporting Period
(16 January 2011 - 15 January 2012)

Certification Unit	FFB Processed	CPO Production	PK Production	Certified CPO	Certified PK
SOU 29	208,107.15	50,942.76	10,003.00	50,942.76	10,003.00

Table 4
Approximate CPO and PK (Tonnes) Claimed for Certification
(16 January 2012 – 15 January 2013)

Certification Unit	FFB Processed	CPO Production	PK Production	CPO Claimed for Certification	PK Claimed for Certification
SOU 29	186,994.223	42,742.629	9,184.386	42,742.629	9,184.386

1.4 Certification Details

The name of the CU and its RSPO certification are as follows:

Parent Company : Sime Darby Plantation Sdn. Bhd.

Certificate No. : RSPO 002 - Giram Palm Oil Mill

The date of certification was the date of the RSPO approval which was 16 January 2009. The certification for SOU 29 - Giram covers the production of crude palm oil and palm kernel from the GPOM with FFBS supplied by the SOU's own estates; i.e. Giram and Mostyn Estates.

1.5 Description of the Supply Base

The FFBS are sourced only from the SOU's owned estates that had been certified. Details on the FFBS contribution from each source to SOU 29 are shown in the following tables:

Table 5
Actual FFB Production Since Date of last Reporting Period
(16 January 2010 - 31 October 2010)

Estates	FFB Production	
	Tonnes	Percentage
Giram	106,437.21	51.15%
Mostyn	101,669.94	48.85%
3rd party (if any)	Nil	Nil
Total	208,107.15	100%

1.6 Date of Planting and Replanting Cycle

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

Year of Planting	Planting Cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area
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1993	3 rd	Mature	1,006.74	25.59
1995	3 rd	Mature	1,276.55	32.45
1996	3 rd	Mature	612.76	15.58
1999	3 rd	Mature	319.81	8.13
1987	2 nd	Mature	130.78	3.32
1988	2 nd	Mature	56.85	1.45
2009	3 rd	Immature	175.89	4.47
2011	3 rd	Immature	354.23	9.01
Total			3,933.61	100.00

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

Year of Planting	Planting Cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area
1957	1 st	Mature	1.76	0.05
1980	2 nd	Mature	143.74	3.89
1981	2 nd	Mature	128.09	3.46
1982	2 nd	Mature	62.05	1.68
1983	2 nd	Mature	103.77	2.81
1984	2 nd	Mature	41.60	1.13
1988	2 nd	Mature	23.50	0.64
1990	2 nd	Mature	105.19	2.85
1991	2 nd	Mature	38.24	1.03
1992	2 nd	Mature	81.60	2.21
1993	2 nd	Mature	56.00	1.51
1994	2 nd	Mature	104.27	2.82
1995	2 nd	Mature	80.05	2.17
1996	2 nd	Mature	501.22	13.56
1997	2 nd	Mature	1003.37	27.14
2002	2 nd	Mature	338.93	9.17
2003	2 nd	Mature	165.49	4.48
2005	2 nd	Mature	70.09	1.90
2007	2 nd	Mature	6.00	0.16
2009	2 nd	Immature	200.96	5.44
2010	2 nd	Immature	236.03	6.38
2011	2 nd	Immature	205.26	5.55
Total			3,697.21	100.00

1.7 Time Bound Plan for Other Management Units

Initially, there were a total of 65 CUs under SDPSB in Peninsular Malaysia, Sabah & Sarawak in Malaysia and in Kalimantan, Sumatera & Sulawesi in Indonesia. Of these CUs, 42 are in Malaysia while the remaining 23 are in Indonesia. At the time of this surveillance assessment, there were 58 palm oil mills (POMs) (58 CUs) and a total of 230 oil palm estates. The reduction in the number of POMs was due to the closure in Malaysia of 3 POMs (Jeleta Bumi, Sg. Sama and Sg. Tawing) and 1 POM (Tamiang) in Indonesian while another 3 POMs (Mostyn, Sepang and Bukit Talang) had been assigned to receive crop solely from third parties.

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

1.8 Progress of Associated Smallholders/Small growers Towards Compliance with Relevant Standard

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

1.9 Organizational Information/Contact Person

SOU 29 is championed by the Estate Manager who is also the contact person. The details of the correspondence address and the contact persons for SOU 29 are as shown below:

Address:
Ladang Giram
P.O. Box 135
91007 Tawau
Sabah

Contact Person:
Md. Yusof Jamil
Designation: Head Zone Sabah Central/South
Phone #: 089-750434
Fax #: 089-750222
e-mail: yusof.jamil@simedarby.com

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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

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

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

2.2 Qualifications of Lead Assessor and Assessment Team

The assessment team consisted of five assessors. All of the team members have been involved as assessor in either the original or 1st surveillance certification assessment except for En. Khairul Najwan. The details of the assessors and their qualification are detailed below:

Assessment Team	Role/Area of RSPO Requirement	Qualifications and Experiences
Valence Shem	Assessor / Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none">Collected more than 150 Auditor days in auditing ISO 14001 and RSPONine years experience in Oil Palm Plantation management

		<ul style="list-style-type: none"> • Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004 • B. Tech. (Hons) Industrial Technology • Successfully completed and passed the RSPO Lead Assessor Course – 2011.
Mahzan Munap	<p>Assessment Team Leader / Occupational health & safety and related legal issues</p>	<ul style="list-style-type: none"> • Collected over 370 days of auditing experience in OHSAS 18001 and MS 1722 OHSMS (72 days for palm oil milling & 8 days for oil palm plantation). and 9 days RSPO • CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997. • Occupational Safety and Health Trainer at INSTEP PETRONAS • Successfully completed RSPO Lead Assessor Course – 2008. • Successfully completed Lead Assessor Course for OHSAS 18001-2000. • Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006 • Successfully completed RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2008. • MBA, Ohio University. • B.Sc. Petroleum Engineering, University of Missouri, USA.
Dr. Zahid Emby	<p>Assessor / workers' & community issues and related legal issues</p>	<ul style="list-style-type: none"> • Collected 31 auditor days in auditing Forest Management Certification (FMC) Forest Management requirements. • Collected 7 audit days in auditing RSPO • Peer reviewer for FSC Forest Management certification reports • BA. Hons (Social Anthropology / Sociology) • M.A. (Social Anthropology) • Ph.D. (Major: Cultural Anthropology; Minors: Southeast Asian Studies International Agriculture and Rural Development)
Khairul Najwan Ahmad Jahari	<p>Assessor / ecology and environmental issues/ HCV / Forestry</p>	<ul style="list-style-type: none"> • Collected 45 auditor days in auditing Forest Management Certification (FMC – MC&I 2002) • Collected 12 auditor days in auditing RSPO • 10 years working experience related to forest management, inventory, surveying, HCVF and logging operation. • Successfully completed accredited Lead Assessor training for ISO 14001: 2004, ISO 9001:2008 and OHS 18001:2000 • Successfully completed RSPO Lead Assessor Course – 2011. • B. Sc of Forestry (Forest Management)

2.3 Assessment Methodology

The surveillance assessment was guided by the sampling formula of $0.8 \sqrt{y}$. hence, both 2 estates were planned to be assessed namely Giram and Mostyn.

The assessment team carried out field and office assessments for conformance against the RSPO-MYNI: 2010. The visits also covered HCV habitats, labour lines, storage areas and other workplaces.

Interviews, particularly those with employees, local communities and suppliers were conducted formally as well as informally, without the presence of the SOU's personnel. In addition, records as well as other related documentation were also reviewed. The assessment programme is as in **Attachment 2**.

2.4 Date of Next Surveillance Visit

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

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The assessment was conducted as planned using the methodology described in Section 2.3. The findings against each of the RSPO MYNI: 2010 indicators are reported below. It was noted that the operations of SOU 29 were guided by the Estate/Mill Quality Management System documents. These documentation were inspired by the ISO 9001, ISO 14001 and OHSAS 18001 requirements.

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

Several Non conformity report and opportunity for opportunity (OFI) was raised against RSPO MY:NI. The details on the NCRs and OFIs and the corrective actions taken to address them are presented in Attachment .

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

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1

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

Findings:

SOU 29 had continued to implement the same procedure for responding to any communication as outlined in the Estate/Mill Quality Management System documents. The system required response to all communication within a certain time frame. Action may then be taken to fulfil the request or for decision to be made by relevant person-in-charge at the SOU level or Sabah Zone Office. All communications had been logged and registered.

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

Criterion 1.2

Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

This concerns management documents relating to environmental, social and legal issues that are relevant to

compliance with RSPO Criteria. Documents that **must** be publicly available include, but are not necessarily limited to:-

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

Findings:

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

SDPSB had 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 made available on the SDPSB website at <http://plantation.simedarby.com>.

There were still no changes since last year being made to the following documents available for viewing:

- Good Agricultural Practices;
- Social enhancement;
- Sustainability initiatives;
- Sustainability Management Programmes and; and
- Complaint and grievances procedure.

These documents highlight the current SDPSB's practices and their continual improvement plans. Besides the above documents, SDPSB policy on the followings were also made available on the same website:

- 1) Occupational Safety & Health;
- 2) Environment & Biodiversity;
- 3) Social;
- 4) Gender;
- 5) Slope Protection & River, and
- 6) Quality

During the conduct of this surveillance, SOU 29 had still not received any request for documents listed in Criterion 1.2.

PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Criterion 2.1

There is compliance with all applicable local, national and ratified international laws and regulations

Findings:

SOU 29 has a documented system for identifying, accessing and updating the legal requirements and monitoring of the status of legal compliance. SDSPB had continued to ensure all applicable legal requirements pertaining to RSPO P&C were established, implemented and maintained.

A special department which is based in Kuala Lumpur was responsible for tracking the changes to the Acts and Regulations in the legal register by communicating with the publishers of the documents. This mechanism was outlined in its procedure. The last revision of the legal register was in July 2011 and it had been communicated to SOU 29.

SOU 29 was still committed to comply with all the applicable laws and regulations as demonstrated by the evidences of compliance sighted during the assessment. Licenses and permits issued by the relevant government agencies were still made available and they were found to be valid. Licences being displayed were those for the purchase and storage of diesel, CPO and PK and the approval conditions for the mill's operation.

Evidences such as the record of periodic inspection by the Department of Occupational Safety & Health (DOSH) on boilers, pressure vessels and hoisting machines were also made available and found to be satisfactory. However, an NCR was raised against Indicator 2.1.1 where the GPOM was operating the steam boiler PMD 10604 not in accordance to the Factories and Machinery Act (Person In-Charge) Regulations, 1970, as the mill did not possess a competent Steam Engineer Grade 1 to be in-charge of the said boiler.

Meanwhile, the GPOM had taken the action to send the Manager to sit for the 1st Grade Steam Engineer examination at the upcoming June 2012 schedule. The status of this NCR was still outstanding.

Criterion 2.2

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

Findings:

SOU 29 still had the evidence of legal ownership. Copies of land titles for the estates were sighted and it was evident that the terms of land title had continued to be complied with. The original ownership documents were kept at the SDPSB's headquarters.

The legal ownership and the map to indicate the boundary stone had been sighted for Mostyn Estate. The ownership e.g. Country Lease # 29078 dated 15 May 1967 for 99 years lease which terms and condition for oil palm plantation was clearly stated. The map of the areas, including the boundary stones were made available. Based on document review, it was confirmed the terms of the land title for the estate has been continuously complied with.

During the site visit in Mostyn Estate, it was noted that the estate had managed to locate some of the boundary stones adjacent to the small holdings. The boundary stone along the perimeter adjacent to state land and other reserves were sighted during the site visit. The estate had made continuous effort to locate all the boundary marks by engaging a licensed surveyor (Jurukur Sabah) to ensure that there was no encroachment by any party. Maps to indicate the results of this work were sighted during the assessment. Generally, the right to use the land has been adequately demonstrated, and had not been legitimately contested by local communities with demonstrable rights.

Criterion 2.3

Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

Findings:

Evidences of ownership (cross refer to section 2.2) were available and sighted. It was also noted from the records sighted as well as through interviews with stakeholders, that there were no disputes on land rights in the area.

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

Criterion 3.1

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

Findings:

The budget documents for the Financial Years 2010/2011 and 2011/2012 were made available. Financial year was from current year July to following year June. Besides the normal type of operating budgets allocated for the palm oil mill and plantations (that is, FFB yield/ha, OER, CPO yield/ha and unit cost of production), the budget had continued to include allocation for welfare and social services.

The replanting programme for the next ten years had been prepared as sighted in the 'Replanting programme 2011 to 2021. This programme was reviewed once a year and being incorporated in the annual financial budget. The programme had been implemented as scheduled.

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

Criterion 4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

Findings:

SOU 29 had continued to adopt a comprehensive Standard Operating Procedures (SOPs) for all its estate and mill practices. Operation activities in the estates and the mills include from preparation of seedlings in nursery to planting of young palms and plantation upkeep to mill despatch of CPO, PK and PKO that were guided by the SOPs. They were established as part of the Estate/Mill Quality Management System documents. For the estates, on top of the Estate Quality Management System, technical guidelines as listed in the Agricultural Reference Manual had also been used.

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

Briefing on the SOPs and related documents had been conducted and workers had frequently been reminded about them during the morning muster. Interviews with employees had revealed that they had understood the requirements of the SOPs.

It was also noted that relevant SOPs were still being displayed at various work station for easy reference, for example, at the notice boards in the estate offices and mill workstations.

Monitoring on the SOP implementation was being closely done by the person-in-charge and their records were verified. Among the records were work programmes for major activities at the estates such as manuring, herbicide spraying and replanting. Other records sighted were the issuance of Personal Protective Equipment, agrochemicals and fertilizer through the stock books, store requisition and issue sheets.

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

Criterion 4.2

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

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

Findings:

SOU 29 had continued to monitor their fertilizer inputs as recommended by the agronomist. The recommendation was made on an annual basis as sighted in the 'Agronomic & Fertilizers Recommendation Reports – Oil Palm 2011/2012.

Leaf (tissue) sampling was still being carried out and its result formed part of the basis for the recommendation on fertilizers input. The quantity of fertilizer applied had followed the recommended input as stated in Agronomic & Fertilizer Recommendation Report – Oil Palm. All the relevant information was recorded in the Manuring Cost Book/Pesticides.

EFB was mulched at every alternate palms, and the progress of mulching had been closely monitored. The EFB mulching rate/Ha was still maintained at 40 MT/Ha.

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

Findings:

SOU 29 had continued to be committed to minimize soil erosion. In general, the soil and water conservation practices include constructing and maintaining terraces (terrace planting) on hilly to steep terrains. L-shaped frond stacking and contour stacking of the pruned fronds were clearly advocated in line with the SOPs and other biomass retention in the field had been consistently

implemented.

SOU 29 had continued to practice only circle and path spraying for field maintenance in the mature areas as stipulated in the SOPs. Other efforts noted was the planting of Vertiver grass on areas that were prone to erosion. For replanting areas, the company had continued to plant and maintain cover crops. Generation of non-competitive ground covers especially *Nephrolepis bisserata* and soft grasses had significantly minimized the occurrence of bare ground, soil erosion and surface run-off.

SOU 29 had demonstrated continued legal compliance to the Environmental Impact Assessment (Order 2005) by carrying out Proposal for Mitigation Measure (PMM) for oil palm replanting of between 100 ha and 500 ha.

During the field visit, SOU 29 still had a satisfactory road condition and accessibility made possible by regular maintenance guided by its road maintenance programmes which include road resurfacing, grading and culvert maintenance. The financial support for this operation could be seen in the annual budget. Records of this activity had been adequately maintained.

Silt pits in the estate visited were seen strategically located along the road to collect diverted road runoff to further minimize road rutting. No peat soils were found during the field visit.

Generally, SOU 29 had continued to comply with the requirement of conserving areas with more than 25⁰ slope gradients to minimise soil erosion and degradation. Consultation held with the managers indicated that they had been fully aware of the requirements to conserve such areas. Inspection indicated that the sites had not been adversely disturbed.

Another evidence of commitment to minimise soil erosion and degradation was conserving areas of more than 25⁰ gradients from any adverse activity. Identification of these areas was made during the PMM exercise and there was no replanting being conducted within the identified area.

Criterion 4.4

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

Findings:

SOU 29 was found to continue implementing its SOPs and Policy on maintenance of riparian zone. This practice had also been recommended in the PMM. It was seen that the marking of riparian buffers with an "X" or a ring painted in white or red was still being continued. The buffers had been identified in accordance with Sabah Water Resources Enactment (1998). Interviews with the workers had revealed that they understood the requirement of keeping the riparian zones free from any agricultural activities such as application of fertilizer and chemical weeding.

The site visit was conducted to verify the 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. SOU 29 had continued to maintain the protect water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways within the estate. There was no infringement of buffer zone sighted.

Guided by the SOPs, the SOU had continued to conduct water quality monitoring in identified waterways. The monitoring stations were well marked within the estates and mapped out. The water analysis reports were shown to the assessor for verification. Among the parameters tested in the analysis were BOD, COD, total solids, suspended solids, oil and grease, Ammoniacal Nitrogen.

There was no evidence of any constructions including bunds/weirs/dams took place across the main rivers or waterways passing through any of the visited estates in SOU 29.

Outgoing water into natural waterways from Giram Oil Mill was mainly from rain water. It was observed that the process water was channelled into effluent treatment plant.

The data of rain fall and rain days had been well maintained over the past ten years. Monitoring of water consumption by all the mill was also being carried out. Records on water usage (tonnage water

use / tonne FFB processed) were sighted.

SOU 29 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:

- Action to reduce treated water usage at the mills,
- Intensification of coordination and communication activities to promote effective consumption goals,
- Details for investment on new infrastructure such as reservoir and HDPE tanks to facilitate rainwater harvesting
- Contingency plan for water shortage.

For the field, the plans include construction of new moisture control pits, collection drains and subsidiary drains as well as desilting of existing collection drains and subsidiary drains.

Criterion 4.5

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

Findings:

SOU 29 had continued to maintain the documented IPM techniques as shown in SOP/Section B13/Pest and Diseases and ARM/Section B15/Plant Protection. Usage of pesticides was still being justified and monitored. Information on the quantity of pesticides and areas applied were documented and used to monitor the relationship between FFB produced to land area.

Beneficial plants from the four major species namely *Tunera subulata*, *Cassia cobanensis*, *Antigonon leptopus* and *Euphorbiaceae sp.* had continued to be planted in SOU 29 to maintain low population of leaf eating caterpillars, hence had reduced the need to use chemical treatment.

Ganoderma census had continuously been done in SOU 29 and infected palms had been identified. The disease was mitigated by excavating the infected soil during replanting and exposing it to sunlight. This was in accordance with their Agricultural Reference Manual.

Records showing the agrochemicals active ingredient (ai) used per hectare and per metric tonne basis were seen in SOU 29. Likewise, records of location where pesticides had been used were also made available.

Criterion 4.6

Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

Findings:

SOU 29 had continued to use chemicals that are registered under the Pesticide Act 1974, those listed in the World Health Organization Type 1A or 1B or Stockholm or Rotterdam Convention.

Usage and method of agro-chemicals applications (pesticides and herbicides) were justified and stipulated in the ARM and SOP as well as in Safety Pictorial procedure. No illegal agrochemicals (stated by local and international laws) in particular paraquat were used or found in SOU 29. Paraquat had been totally replaced by another contact herbicide, glufosinate ammonium.

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

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 and the storekeeper, had been conducted with the aim of disseminating the correct information and ensuring understanding regarding the usage and hazards of the agrochemicals.

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

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

Updated records to show agrochemicals purchase, storage and consumption were made available in SOU 29. In order to avoid human exposure to concentrates chemicals, pre-mixing was practiced. MSDS were adequate for each agrochemical at the estate stores.

Based on the recommendation of the CHRA, medical surveillance had been conducted for employees, such as estate sprayers and mill laboratory operators, whose jobs require them to be exposed to chemicals. Pregnant and breast-feeding women were strictly not being allowed to work with pesticides.

Aerial application of agrochemicals had not been practiced.

The GPOM had carried out the chemical residue test quarterly although till today there was no request to do it from the CPO buyer.

Criterion 4.7

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

Findings:

SOU 29 had continued to adopt SDPSB's Occupational Safety and Health Policy, plan and programme. The SDPSB Safety and Health Policy were being displayed prominently in Bahasa Malayu and English on notice boards at mill's and estates' offices and Muster Ground. Random interviews with the employees had shown that they had generally understood the basic requirements of the policy, i.e. to work safely, comply with legal requirements, follow established procedures and instructions from bosses.

The OSH plan had been documented, communicated and implemented to all levels of the organization. Based on the risk assessment, SOU 29 had identified and reviewed the 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 this assessment. At the estates, the HIRARC carried out covered activities like chemical mixing and spraying, harvesting and FFB collection. As for the mill, the identified activities were FFB sterilization, kernel and oil extraction, clarification and others.

During the mill and field visits including observation on spraying, it was confirmed that chemicals being applied were in accordance with the product safety precautions. MSDS were available at point of use – example, at mill: water treatment plant, boiler chemical dosing area; at the estate: chemical store and chemical mixing area. The pesticides used were registered under the Pesticides Act 1974 and in accordance to USECHH Regulations (2000). At GPOM and estates, CHRA and Health Surveillance were being conducted.

In the estate, it was noted that clean water was still being provided and transported to the field for use by the sprayer team for washing their hands before consuming any food during mid-morning work break or rest.

Appropriate PPE were given to employees of SOU 29 and they were seen to be wearing them including face masks, goggles, nitrile gloves, apron, Wellington boot and hard hat to estate workers to cover all potentially hazardous operations such as pesticide application and FFB harvesting. At the mill, the employees were provided and they were seen donning hard hat, safety shoes, gloves, ear plugs, safety glass, goggles and apron with the exception of a few not putting on ear plugs in high noise area. PPE issuance record was sighted and found acceptable for frequency of PPE replacement.

However, there were OFIs being issued which include the following:

- The filling in of the Permit to Work (PTW) should be done by the applicant instead of the PTW Coordinator.
- The Confined Space Entry Permit had no column for gas test.
- PTW form was not adequately completed and signed off by relevant personnel.

At the estates and mill, the Managers were responsible for all matters related to OSH as they had direct control over the assets and they were assisted by the Sabah Regional Safety Officer (Hj. Sohaimi B Juki).

SOU 29 had continued to use the same OSH Committee to facilitate their OSH implementation plan. Roles and responsibility of each member, including worker's representative, were clearly defined and the committee meetings were being held on a quarterly basis. Minutes of the meetings were available on file and as well as the detailed discussions that include accident cases, workplace inspections, relevant training required for workers, health monitoring results and areas for improvement.

SOU 29 had continued to maintain the existing facilities for various types of emergencies that had been identified. At the mill, an 'Emergency Room' equipped with basic facilities (i.e. stretcher, First Aid kit, emergency eye wash and shower station) were still being provided. They had also continued to use the same documented accident and emergency procedures that include steps required to response for a range of potential emergencies. Site Plan and Emergency Callout list of Contacts were being reviewed and updated annually. Emergency evacuation and fire drill and demonstration had been conducted at Giram Estate on 26th March 2011.

Workers trained in First Aid were present in both the field and mill operations, including on every shift. Interviews with First Aiders found that they were aware of their duties and responsibility. First aid boxes were being provided and maintained at several locations in the mill's and estates' offices, stores and workshop. At the estate, it was observed that each mandore had been provided with the First Aid box to take with them when on duty in the field. First aid kits were also made available at Laboratory and Boiler Control Room.

OHS training for staff and workers had been conducted as per the OSH plan and programmes developed by the SHO, and the training records were being kept by mill and estates. Among the training provided were safe operating procedure, first-aid, proper handling of chemicals and the use of PPE.

OSH performance had continuously been monitored and accident cases managed in accordance with OSH Regulations. Accident records were being kept and reviewed. An accident scoreboard was made available at the mill and estates and updated regularly to show the current OSH performance status. In 2011, two (2) LTI cases were recorded at the mill and the accident were investigated. JKPP 8 had been submitted to DOSH timely.

SOU 29 had insured all its foreign workers in the mill and the estates under the Worker's Compensation Accident Scheme with a recognized insurance underwriter. The local employees were covered by SOCSO.

Criteria 4.8

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

Findings:

SOU 29 had established their training needs and programmes for the year 2011/12. Generally the training programme had covered the major training being identified such an awareness on the RSPO, safety & health, first aid, fire fighting, 5S housekeeping and the implementation of SOPs.

The training programmes had also been extended to the contractors and suppliers. Trainings were either conducted internally by its own staff or externally by other department within Sime Darby Group or consultants. Training records were being updated and well maintained.

PRINCIPLE 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Criterion 5.1

Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

Findings:

SOU 29 had developed an environmental aspects/impacts register associated with its activities. The assessor had found that most of the activities had been identified and evaluated accordingly.

Generally, the Environmental Aspect Identification (EAI) and Environmental Impact Evaluation (EIE) were reviewed on annual basis. Environmental improvement plan or known as Environmental Management Programmes (EMP) was then established. It was based on the identified significant aspects that can be improved within the SOU's capabilities. Among the EMP at estate's level were reduction of diesel consumption and the planting of beneficial plant while EMP at oil mills include ensuring their effluent discharge and boiler smoke emission were within the legal requirements. Monitoring records showed that the effluent discharge and smoke emission were within the legal permissible limits.

Based on interviews held with the PIC for reviewing and updating the aspect and impact assessment, it was revealed that further enhancement was still needed.

Criterion 5.2

The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exists in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

Findings:

The Biodiversity Baseline Assessment Report, Sime Darby Plantation for SOU 29 was prepared by PS-RSPO Unit, TQEM Department dated on November 2009. The assessment had covered all the HCV for Mostyn Estate, rare, threatened and endangered species (ERTs) including the management and an action plan.

Based on the management plan derived from the assessment, SOU 29 had established an action plan and conducted the monitoring on a yearly basis. During the annual Surveillance Audit 2 (2010) a concern had been raised on HCV management plan. During this audit, it was found the management plan for HCV habitats had been improved by including the HCV maps and management prescription for each HCV areas. The signage for HCV sites had also been erected.

During the site review, it was found that the Mostyn Estate had identified and maintained the significant HVC habitats such as HCV4 and HCV 6.

The monitoring form had also been filled by the person in charge on 1st July 2011 for all related HCV areas as evident on HCV monitoring activities.

In general it was found that SOU 29 had continued to monitor and maintain the significant HCVs areas, including the status of rare, threatened or endangered species (ERTs) and high conservation value habitats. However, minor improvement could be made as during the site review in Mostyn Estate it was found that the signage to prohibit illegal hunting of wildlife had not been clearly displayed within the plantations.

Criterion 5.3

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

Findings:

The SOU has identified the wastes generated from their operations. Among the wastes identified were biomass and general wastes from line sites.

Waste management plan and SOP for the disposal of the identified wastes were being sighted in the SOU. For example, EFB was sent to the field for mulching while fibre was used as fuel for the boiler. General wastes had been appropriately managed by disposing them at designated disposal areas within the plantation.

While sources of pollution were effluent from oil clarification plant and production floor washing activities, smoke from boiler operation, contaminated gloves from maintenance activities and general domestic waste from line sites. An operational control procedure was established and monitoring activities were carried as per schedule to ensure all wastes and pollutants did not give rise to significant impact to the environment.

Recycling of palm biomass generated from the milling activities was fully exploited by the SOU. It was observed that biomass such as excess fibre, shell and EFB were recycle where excess fibre and shell were use as fuel in the boiler and EFB were sent to estate for mulching. Apart from that, the estates had continued to practice chipping of oil palm trunks and returned to the soils via decomposition during replanting activities.

Criterion 5.4

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

Findings:

SOU 29 had continued to use renewable energy in the mill. Fibre and shell were used to power the boiler and generate steam for the process as well as electricity for the mill complex and labour line.

Records on monitoring for both renewable energy and fossil fuel were available as per the requirement of the indicator. Besides, diesel reduction programme had been initiated and monitored as part of their environmental management program.

Criterion 5.5

Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN Guidance or other regional best practice.

Findings:

Fire had not been used in any estate operations, replanting, land clearing and waste disposal. This practice had been adopted company-wide since 1989 in accordance with what had been written as a zero burning policy and also in the Agricultural Reference Manual. All replanting areas in the SOU were developed without burning.

The replanting practice was verified on site at Mostyn Estate where there was no trace of open burning. Instead palms were felled, chipped/shredded and windrowed within the plantation during replanting development. The palm biomass was left to rot naturally.

Criterion 5.6

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

Findings:

SOU 29 has established and maintained its plans to reduce pollution. These plans were translated into SOP in their Estate/Mill Quality management System and Sime Darby Plantation - Sustainable Plantation Management System or environmental management program.

Among the plans were reducing black smoke emission, enhancing scheduled waste management, reducing diesel consumption and ensuring effluent discharge was within the legal requirements.

Monitoring of the pollution and emissions plans were carried out as per schedule and result of monitoring had shown improvements.

PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND

COMMUNITIES AFFECTED BY GROWERS AND MILLS

Criterion 6.1

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

Findings:

The current format and content of the SIA for the SOU including GPOM and the former SOU 30a (Mostyn Estate) had been generally adequate. However, the SIA had not been revised to incorporate potential impacts of the estate's activities on the local communities outside the SOU as recommended in the last surveillance report. Hence a minor non-compliance was raised against Indicator 6.1.2

It was observed that since the last surveillance audit, neither the Mostyn Estate nor GPOM had taken any effort to address this non-compliance. However, the SOU had given an undertaking that this non-compliance will be remedied. The minor non-compliance remained outstanding until the SOU's promised action would be verified during the next surveillance.

Criterion 6.2

There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

Findings:

Procedures for external communication were sighted during this surveillance. SDSB had established the procedure on consultation and communication as had been documented in the Sime Darby Plantation Estate Quality Management System and Mill Quality Management System. Each estate had nominated a plantation management official to be responsible on issues related to external communication, as part of the implementation mechanism.

A list of stakeholders had continued to be kept at both the estates and the mill. Records of communications and consultations were sighted. Among the communication records were correspondence with various government agencies, suppliers and representatives of Sabah Plantation Industry Employees Union (SPIEU).

Criterion 6.3

There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

Findings:

During this surveillance, the Mostyn Estate and GPOM had not been able to produce evidence related to documentation on the process for dealing with complaints and grievances being implemented and accepted by all parties. There was no grievance file or logbook being kept by both Mostyn Estate and GPOM. Record on grievance being dealt with was limited to house repairs in the line sites. Hence a major NCR was raised against Indicator 6.3.1. In order to close this major NCR, SOU 29 thereafter had submitted some documents related to handling of grievances. The assessor had reviewed, verified and accepted the documents and therefore closed out this major NCR.

It was also observed that among the SOUs, there had been some differences on the methods of recording disputes and forms or format for recording complaints. Some kept a grievance file and a logbook; some kept a file or logbook only. As such a standardized method be developed to document complaints and disputes for all the three SOUs in the Kunak-Tawau areas.

Criterion 6.4

Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Findings:

There had been no compensation for loss of legal or customary rights made against the SOU. Nonetheless, the SOU 29 has documented the procedures on compensation in the Sime Darby Estate Quality Management System and Mill Quality Management System.

Criterion 6.5

Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Findings:

The Collective Agreement (CA), 2008-2010, between SPIEU and SDPSB covering various aspects of employment including pay and terms of services had been replaced by a new one covering the period 2011 -2013. Currently, the CA has not been translated into Bahasa Malayu or other languages understood by the workers. However, during the consultations with workers and SPIEU representatives, the assessor was informed that there had been efforts to explain the terms of employment to the workers and that they had generally understood the agreement.

The SOU had continued to provide houses and amenities for the employees. New houses were being constructed in phases to replace the old ones. In addition, all the estates had also continued to provide water supply, medical, educational and basic amenities for the workers. Water supply was still provided free of charge while a small fee being charged for electricity for non clerical and general workers. Nonetheless, a few of the workers interviewed had suggested that electricity supply hours be lengthened. Other facilities which had continued to be made available within the SOUs were primary school, clinic, crèche, religious school (KAFA) and sundry shop.

Criterion 6.6

The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

Findings:

The workers of the estates were still free to join the SPIEU to bargain collectively with no restriction from their employer, SDPSB. A union committee was still available in every estate visited. The estates' management had continued to meet with the Union's representatives as and when necessary. Minutes of the meetings had been recorded, and made available when requested by the assessor.

There were also records on correspondence between union and estates related to employee matters (e.g. benefits, joint meetings, use of estate facilities). It was observed that the estate had continued to be responsive to union concerns and needs.

Criterion 6.7

Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

Findings:

The SOU's employee register had shown that the minimum age of the worker was 19 years old. The policy of not employing children both in the estate and mill had continued to be implemented. Random interviews held with workers had revealed that they had been made aware of this requirement. However, as had been observed in the last audit, children may be seen helping their parents with their work, particularly during school holidays.

Criterion 6.8

Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.

Findings:

A policy on equal opportunities and non-discrimination was still being displayed in the office. Female workers interviewed affirmed that such a policy had benefited the female workers in the estates.

Assessment on terms of employment had shown a similar terms of employment was given for the same category of work regardless of race, sex or origin. There was also no evidence to indicate that employees and workers had been discriminated against in any way.

Criterion 6.9

A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

Findings:

SDPSB had continued to implement the policy on sexual harassment with a Gender Committee being established in each of the estate. This policy guides the social and educational programs and activities carried out for female employees. The female workers interviewed had said they were aware of the existence of this committee and the procedures to follow when submitting a complaint on sexual harassment. It was noted that only a few of the planned activities had been directed towards enhancing awareness and education of the female employees on sexual harassment. It was suggested that in the future, more activities should be geared towards educating female employees on handling sexual harassment.

Criterion 6.10

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

Findings:

Based on SDPSB strategic business planning, GPOM had been directed to receive crop only from the SOU's own certified estates i.e. the Giram and Mostyn Estates. GPOM would not be taking any crop from third party. Records had shown that all the received crop were from the SOU's own estates.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Findings

The SOU had continued to contribute to local sustainable development but in a rather limited way. They had continued to provide for example, employment opportunities to the local population, local school needs and allow estate roads to be used by the neighbouring villagers at certain hours of the day. This rather limited contribution to local development may be due to the limited consultations with the local communities, ranging from little to none, as highlighted in the minor non-compliance against Indicator 6.1.2.

PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Criterion 7.1

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

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

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

Criterion 8.1

Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

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

Findings:

Generally, the SOU 29 had continued to implement the continuous improvement plans for all the indicators under the internal integrated management system. Among the improvement plans were practices to minimize chemical usage by planting of cover crops in the immature fields rather than using herbicides for field upkeep and construction of new workers housing and facilities as part of the company's commitment to provide better living conditions.

With respect to zero-waste, GPOM had obtained an approval from the Department of Environment (DOE) on 13th April 2010 to build a composting plant and the compost product for use as fertilizer in the estate. As a result, all of the effluent from the palm oil mill's operations would no longer be discharged to water stream.

3.2 Identified Non-Conformities

Details of the non-conformities, corrective actions taken by the SOU, and assessors' verification of the corrective actions taken are as in **Attachment 3**. All major nonconformities had been closed out.

3.3 Status of Non-Conformities Previously Identified

The assessors had verified on the effectiveness of the corrective actions taken by the Giram SOU to address the minor NCRs and OFIs raised during the previous surveillance. The assessors were satisfied that the corrective actions taken had been adequate to address the minor NCRs and OFIs and had therefore closed them out. The details of the verified NCRs are as in **Attachment 4**.

3.4 Noteworthy Positive Observations

SOU 29 had made further improvements on its compliance against the requirements of the RSPO MYNI: 2010. This was evident in terms of the physical improvement being made on housing and related amenities, use of cover crops instead of herbicides, as well as on chemical and wastes storage and the changing room for the sprayers.

The workers' housing had continued to be kept clean and beautiful as part of the 'Beautiful House Contest'. A good housekeeping was still continually being practised at all workplace. The SOU had also continued to subsidizing the migrant worker's children education at the HUMANA school.

It was also observed that the level of awareness among the workers on the implementation of activities related to the requirements of the RSPO MYNI: 2010 had also improved. They had been able to explain not only on the operating procedure related to their work but also the impact of not following the procedures.

It was also evident that there had been sustained commitment from top management to continue complying with the requirements of the RSPO MYNI: 2010 and maintaining the certification.

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

Among the stakeholder consulted during the surveillance assessment were:

- Workers from different group of tasks;
- Management staff;
- Union's representatives,
- FFB suppliers;
- Local community;
- Female workers' representatives; and
- Civil work contractors

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

4.0 Recommendation

Based on the evidence gathered it can be concluded that **Sime Darby Plantation Sdn. Bhd. Giram-SOU 29** continue to conform to the requirements of the RSPO MY-NI: 2008. All nonconformities including major nonconformities have been closed out through verification of corrective action records.

Therefore, the assessment team recommends **Sime Darby Plantation Sdn. Bhd. Giram-SOU 29** to continue to be certified against RSPO MY-NI: 2008.

5.0 Certified organization's Acknowledgement of Internal Responsibility and Formal sign-off of assessment findings

I, the undersigned, representing SOU 29 acknowledge and confirm the contents of the assessment report and findings of the assessment.

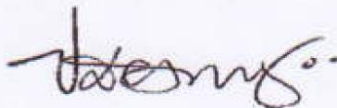
SIME DARBY PLANTATION (SABAH) SDN. BHD.
(Company No. 29959-V)
KILANG KELAPA SAWIT GIRAM

Name :


Mohd Yusri bin Muhammad
Mill Manager

Date : 29/06/12

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



Name : VALENCE SHEM
(Lead Assessor)

Date : 25/6/2012

LOCATION MAP KUNAK/TAWAU SABAH, MALAYSIA
LOCATION OF SOU GIRAM



Note: Not to scale

ASSESSMENT PROGRAMME**1. Objectives**

The objectives of the assessment are as follows:

- (i) To determine Sime Darby Plantation Sdn. Bhd. SOU 28, SOU 29, SOU 30 conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MY-NI).
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

2. Date of assessment : 6th – 9th December 2011

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

4. Reference Standard

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

5. Assessment Team

- a. Lead Assessor : Valence Shem
- b. Assessor : Mahzan B. Munap
Dr. Zahid B. Emby
Khairul Najwan B. Jahari

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

6. Audit Witness: None

7. Audit Method

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

8. Confidentiality Requirements

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

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

9. Working Language : English and Bahasa Malaysia

10. Reporting

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

11. Facilities Required

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

e. A guide for each group

12. Assessment Programme Details : As follows:

Day one: 6th December 2011 (Tuesday)

Activities /areas to be visited	Mahzan	Dr. Zahid	Najwan	Valence	Auditee
Morning	Travelling from KL to Tawau / Flight MH 2660 / ETD 0825 Hrs / ETA 1115 Hrs Travelling from Tawau Airport to Kunak				
1400-1430	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader				Top mgmt & Committee Member
1430-1500	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings)				Management Representative
1500-1730	Site visit and assessment at Binuang Oil Mill <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1), P4(4.7), P6(6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8 <ul style="list-style-type: none"> Production area & Utilities Waste management 	Site visit and assessment at Binuang Estate. <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1,2.1.1), P6 (6.1, 6.2, 6.3, 6.4, 6.5) P8 <ul style="list-style-type: none"> Local communities and stakeholders Interview with Union representative Workers Issues Line site 	Site visit and assessment at Tingkayu Estate <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1, 2.2), P3, P4 (4.4.7), P5 (5.1, 5.2), P8 <ul style="list-style-type: none"> Conservation area management Riparian Zone Boundary Water catchment area 	Site visit and assessment at Tingkayu Estate <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2, P3, P4 (4.1, 4.2, 4.3, 4.4, 4.5, 4.6), P5(5.3, 5.5), P8 <ul style="list-style-type: none"> Good Agricultural Practice Chemical store / fertilizer store Nursery EFB mulching Waste management 	Guide/PIC
1730-2000	Break				
2000-2200	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records				Relevant PIC

Day Two: 7th December 2011 (Wednesday)

Activities /areas to be visited	Mahzan	Dr. Zahid	Najwan	Valence	Auditee
0800-1200	<p>Site visit and assessment at Mostyn Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P6 (6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p> <ul style="list-style-type: none"> Workshop Witness activities at site i.e. spraying / weeding harvesting, etc Chemical stores 	<p>Site visit and assessment at Jelata Bumi Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P2 (2.1,2.1.1), P6,</p> <ul style="list-style-type: none"> Local communities and stakeholders Interview with Union representative Workers Issues Line site 	<p>Site visit and assessment at Jelata Bumi Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1, 2.2), P5 (5.1-5.6), P8</p> <ul style="list-style-type: none"> Conservation area management Riparian Zone Boundary Water catchment area 	<p>Site visit and assessment at Jelata Bumi Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2(C2.1-2.1.4), P3, P4, P8</p> <ul style="list-style-type: none"> EFB mulching Witness activities at site i.e. spraying / weeding harvesting, etc Waste management 	Guide/PIC
1200-1300	Break				
1300-1630	<p>Site visit and assessment at Giram Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1-2.1.1), P4 (4.7), P6 (6.3, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p> <ul style="list-style-type: none"> Production area & Utilities Waste management 	<p>Site visit and assessment at Giram Oil Mill</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1,2.1.1), P6 (6.1, 6.2, 6.3, 6.4, 6.5) P8</p> <ul style="list-style-type: none"> Local communities and stakeholders Interview with Union representative Workers Issues Line site 	Continue assessment at Jelata Bumi	Continue assessment at Jelata Bumi	Guide/PIC
1630-2000	Break				
2000-2200	<p>Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records</p>				Relevant PIC

Day Three: 8th December 2011 (Thursday)

Activities /areas to be visited	Mahzan	Dr. Zahid	Najwan	Valence	Auditee
0800-1100	<p>Site visit and assessment at Giram Oil Mill</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1-2.1.1), P4 (4.1, 4.7), P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p> <ul style="list-style-type: none"> Production area & Utilities Waste management 	<p>Site visit and assessment at Mostyn Estate.</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1,2.1.1), P6 (6.1, 6.2, 6.3, 6.4, 6.5) P8</p> <ul style="list-style-type: none"> Local communities and stakeholders Facilities Interview with Union representative 	<p>Site visit and assessment at Mostyn Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1, 2.2), P3, P5 (5.2), P8</p> <ul style="list-style-type: none"> Conservation area management Riparian Zone Water catchment area 	<p>Site visit and assessment at Giram Oil Mill</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1,2.1.1), P5, P6, P8</p> <ul style="list-style-type: none"> Production and utilities 	Guide/PIC
1100-1400	Break and travelling to Merotai SOU				
1400-1700	<p>Site visit and assessment at Merotai Oil Mill</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1-2.1.1), P4 (4.1, 4.7), P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p> <ul style="list-style-type: none"> Production area & Utilities Waste management 	<p>Site visit and assessment at Merotai Estate.</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1,2.1.1), P6 (6.1, 6.2, 6.3, 6.4, 6.5) P8</p> <ul style="list-style-type: none"> Local communities and stakeholders Facilities Interview with Union representative 	<p>Site visit and assessment at Tiger Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1, 2.2), P3, P5 (5.2), P8</p> <ul style="list-style-type: none"> Conservation area management Riparian Zone Water catchment area 	<p>Site visit and assessment at Merotai Oil Mill</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1,2.1.1), P5, P6, P8</p> <ul style="list-style-type: none"> Production and utilities 	Guide/PIC
1700-2000	Break				
2000-2200	<p>Audit team discussion and verification on any outstanding issues</p> <p>Note: Assessor to inform auditee on the required document/records</p>				Relevant PIC

Day Four: 9th December 2011 (Friday)

Activities /areas to be visited	Mahzan	Dr. Zahid	Najwan	Valence	Auditee
0800-1100	<p>Site visit and assessment at Imam Estate</p> <ul style="list-style-type: none"> • Verify previous audit findings <p>Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P6 (6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p> <ul style="list-style-type: none"> • Workshop • Witness activities at site i.e. spraying / weeding harvesting, etc • Chemical stores 	<p>Site visit and assessment at Table Estate.</p> <ul style="list-style-type: none"> • Verify previous audit findings <p>Assessment on P1, P2 (2.1,2.1.1), P6 (6.1, 6.2, 6.3, 6.4, 6.5) P8</p> <ul style="list-style-type: none"> • Local communities and stakeholders • Facilities • Interview with Union representative 	<p>Site visit and assessment at Table Estate</p> <ul style="list-style-type: none"> • Verify previous audit findings <p>Assessment on P1, P2 (2.1, 2.2), P3, P5 (5.2), P8</p> <ul style="list-style-type: none"> • Conservation area management • Riparian Zone • Water catchment area 	<p>Site visit and assessment at Imam Estate</p> <ul style="list-style-type: none"> • Verify previous audit findings <p>Assessment on P1, P2(C2.1-2.1.4), P3, P4, P8</p> <ul style="list-style-type: none"> • EFB mulching • Witness activities at site i.e. spraying / weeding harvesting, etc • Waste management 	Guide/PIC
1100-1400	Break and Friday Prayer				
1400-1600	Discussion and preparation on audit findings				
1600-1700	Closing Meeting				Management and representative

DETAIL OF NON-CONFORMITY AND CORRECTIVE ACTIONS TAKEN

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.1.1 NCR #: MM 01A	Major	No on-site competent Steam Engineer Grade 1 in-charge of Steam Boiler, Registration SB PMD 10604 (heating surface area is 1100m ²) when it is in operation. The Mill Manager and his Assistant are Grade 2 Steam Engineer in-charge of boiler PMD 10604.	Giram Oil Mill has planned to send its Mill Manager to sit for First Grade Steam Certificate in June 2012.	Corrective actions taken found to be adequate to close out the NCR.
Indicator 4.8.1 NCR #: MM 02	Major	Re-assessment following training is not done by management, for example, HIRADC training (for Mill Manager), LOTO system, Use of Standard Exposure of Chemical Hazardous to Health 2000, etc. Ear Plug was not worn at boiler area where Signage was clearly displayed requiring use of PPE.	Giram Oil Mill will continuously conduct training on safety and importance of PPE. Warning letter would be issued to those who disobey the requirements.	Corrective actions taken found to be adequate to close out the NCR.
Indicator 6.1.2 NCR #: ZE 02	Minor	The current format and contents of the SIA for SOU 29 (including Giram Oil Mill) and the former SOU 30a (Mostyn Estate) are generally adequate. However the SIA has not been revised to incorporate potential impacts of estate activities on external local communities as recommended in the last surveillance report. The original assessment had been done without the participation of local communities in the vicinity of Mostyn Estate and Giram POM, neither has any effort been made to do	SDPSB has planned to revise its SIA to include the participation from stakeholders such as Kg. Seri Bahagia, Kg. Kadazan, Kg. Cenderawasih and Kg. Wawasan.	Corrective actions taken found to be adequate to close out the NCR. Nevertheless, effectiveness of the actions will be verified in the next assessment.

		so since then.		
Indicator 6.3.1 NCR #: ZE 01	Major	Documentation of the process for dealing with complaints and grievances is not available in Mostyn Estate and Giram Oil Mill.	Grievances were formally recorded in "Minutes of Stakeholder". Now the document is renamed as "Grievance Book" to records any form of complaints.	Corrective actions taken found to be adequate to close out the NCR.

VERIFICATION ON PREVIOUS ASSESSMENT (2010)
NON-CONFORMITY REPORTS FOR SOU 28, SOU 29 & SOU 30

P & C, Indicator	Previous Assessment Findings	Verification by Assessor	Status
Indicator 2.1.1 Major	SOU 30. - The Merotai Palm Oil Mill on-duty Engine Driver was not competent. He has not sat for the required competency test.	A copy of the letter to DOSH Sabah to apply and appear for the competency test scheduled in December 2010 was send to the assessors. The corrective actions both short and long term taken is adequate.	Closed
Indicator 4.7.1 Major	SOU 28. - There is no evidence that 13 foreign workers working in Binuang Oil Mill has been covered by accident insurance. SOU 29. - There is no evidence that 4 foreign workers working in Giram Oil Mill has been covered by accident insurance.	Copies of the said insurance from both SOUs have copied to the Auditors.	Closed
Indicator 5.2.2 Major	The implementation of the management plan (biodiversity action plan) for HCV habitats (including ERTs) and their conservation was found to be inadequate.	A photograph showing signage Quarry Closed has been sent to the Auditor. Likewise, copies of photographs showing signage that have been erected with words Danger - Steep slope illustrated with graphics have been sent to the Auditor. The corrective actions taken are adequate.	Closed