



**PUBLIC SUMMARY
1ST RSPO SURVEILLANCE ASSESSMENT**

AUDIT DATE : 27-29 APRIL 2011

**SIME DARBY PLANTATION SDN. BHD.
CERTIFICATION UNIT (SOU 17) – KEMPAS
MELAKA, MALAYSIA**

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SUMMARY REPORT

1.0 Scope of the Certification Assessment

1.1 Introduction

The certification unit, Kempas Certification Unit and commonly known as Strategic Operating Unit 17 (SOU 17) within Sime Darby Plantation Sdn. Bhd. (SDPSB) was assessed for continuing certification against the RSPO Principles and Criteria for Sustainable Palm Oil Production MYNI (RSPO MYNI). This assessment is the Surveillance assessment no. 1. SOU17 consisting of Kempas Palm Oil Mill and the following company-owned estates: Kempas Estate, Kemuning Estate, Tangkah Estate and Pagoh Estate.

Note, since financial year 2008/2009 the following changes have taken place:

Kempas Estate now comprise of two former estates, that is, the former Kempas Estate - 1745.45 ha (now named as Kempas Main) and the former Merlimau Estate – 2842.61 ha (now called as Merlimau Division) have been merged and collectively now known as Kempas Estate.

2. Rumbia Division – 596.44 ha has merged with Kemuning Estate effective July 2009

1.2 Location of Mill and Estates

Kempas Palm Oil Mill and Kempas Estate are located in Jasin District, Melaka while Kemuning Estate is located in Alor Gajah District, Melaka. Tangkah Estate is in Ledang District, Johor and Pagoh Estate is in Muar District, Johor. All of these estates are located in the southern region of Peninsular Malaysia.

The coordinates of the estates and oil mill are shown in Table 1.

Table 1: Location and addresses of mill and estates

Estate/Mill	Coordinates		Location Address
	Latitude	Longitude	
Kempas Palm Oil Mill	2° 36.68" N	102° 28' 52.99" E	77000 Jasin, Melaka
Kempas Estate	2° 15' N	102° 26' E	71000 Jasin, Melaka
Kemuning Estate	2° 27' N	102° 20' E	76460 Tebong, Melaka
Tangkah Estate	2° 22' N	102° 37' E	84900 Tangkak, Johor
Pagoh Estate	2° N	10 ° E	84309 Bukit Pasir, Johor

1.3 Production Volume for All Certified Products

The approximate annual tonnage of CPO and PK produced as well as the tonnage claimed for certification are as follows:

Table 2: Actual (July 2008 to March. 2011) and forecasted (April 2011 to June 2011) annual tonnage of CPO and PK produced and claimed for certification

FFB Processed (mt)	CPO Production (mt)	PK Production (mt)	% of FFB from company owned estates (non RSPO certified)	% of FFB from 3 rd party / smallholder	CPO claim for certification: (mt)	PK claim for certification: (mt)
Period of reporting : July 2008 to June 2009						
336,754.61	69,876.59	16,449.07	15.34	0.18	59,031.74	13,896.17
Period of reporting : July 2009 to June 2010						
292,852.34	60,966.61	15,721.66	12.02	1.30	52,845.85	13,627.53
Period of reporting : July 2010 to March 2011						
213,789.14	44,591.29	11,228.81	7.65	6.26	38,388.64	9,666.88
Period of reporting : April 2011 to June 2011						
78,638.79	11,399.42	4,325.12	10.98	0	10,147.76	3850.22

Table 3: Actual and Estimation of FFB contribution by estate

Estate undergoing RSPO certification	FFB Production July 2008 – June 2009		FFB Production July 2009 – June 2010		FFB Production July 2010 – March 2011		FFB Production April 2011 – June 2011	
	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%
Kempas Estate	84,927.43	25.21	123,155.65	42.05	94,615.34	44.25	30,157.68	38.34
Kemuning Estate	43,233.13	12.83	54,404.65	18.57	33,645.72	15.73	15,949.52	20.28
Merlimau Estate	82,353.67	24.45	-	-	-	-	-	-
Tangkah Estate	21,400.07	6.35	29,918.30	10.21	25,987.88	12.15	12,796.12	16.27
Pagoh Estate	52,523.45	15.59	46,318.89	15.81	29,782.73	13.93	11,095.04	14.10

Estates that have yet to undergo RSPO certification	FFB Production July 2008 – June 2009		FFB Production July 2009 – June 2010		FFB Production July 2010 – March 2011		FFB Production April 2011 – June 2011	
	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%
Bukit Asahan Estate	26,083.39	7.74	1480.72	0.51	2787.13	.130		
Bkt Asahan SE			16,306.54	5.56				
New Labu/Kirby Estate	7075.21	2.10	669.97	0.23	69.30	0.03		
Salak Estate	5652.79	1.68	1875.93	0.64	1097.69	0.51		
Serkam	1855.68	0.55	7566.72	2.58	1093.50	0.51		

Estate								
DJ Estate	307.66	0.09	1141.95	0.39	696.07	0.33		
Labu	1947.90	0.58	37.44	0.01				
Sua Betong	303.49	0.09	2628.87	0.90	53.88	0.03		
PD Lukut	1982.46	0.59	520.37	0.18				
Ladang Tanah Merah	236.18	0.07	682.42	0.23				
Tampin Linggi	1224.96	0.36	840.07	0.29	1473.79	0.69		
Kok Foh Estate	4894.88	1.46			1172.93	0.55		
St. Helier	91.40	0.03			540.33	0.25		
Bkt. Pilah	21.97	0.01	24.47	0.01	180.90	0.08		
Sg. Sebalang	11.38	0.00			120.58	0.06		
Siliau			415.46	0.14	224.99	0.11	8640.43	10.98
Sengkang			821.21	0.28	2755.87	1.29		
Pertang			65.67	0.02	693.00	0.32		
Bradwall			125.43	0.04	519.05	0.24		
Sg. Senarut			24.53	0.01	636.00	0.30		
Pengkalan Bukit					1203.28	0.56		
Welch					283.15	0.13		
Lanadron					40.60	0.02		
Sg. Gemas					731.74	0.34		

It is to be noted that there is no third party contribution of FFB for claiming of CPO and PK. However, there is contribution from other estates owned by the company which have yet to undergo RSPO certification.

1.4 Certification Details

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

Parent company: Sime Darby Plantation Sdn. Bhd.

Certificate no: RSPO 005 - Kempas Oil Mill

The date of certification was the date of the RSPO approval which was 20th May 2010.

1.5 Description of The Supply Base

Kempas Palm Oil Mill commenced operations in December 2003 with a processing capacity of 60 metric tonnes of fresh fruit bunches (FFB) per hour. A significant proportion of the FFB are sourced from company owned estates, that is, 90% of the FFB are from SOU 17 itself while 10% are sourced from neighbouring non-RSPO certified estates. The total combined land area of the four estates is 12125.44 hectares (ha) of which 11,483.81 ha had been planted with oil palm.

The FFB contribution from each estate is detailed in Table 2.

It was noted that, FFB production of Kemuning and Tangkah Estates are particularly low due to higher percentage of immature area as compared to other estates. Percentage of immature area is detailed in Table 4. Table 4 also detailed out year of oil palm establishment and their respective total and planted areas. Prior to the oil palm establishment, cocoa and rubber were the crop grown at Kempas, Merlimau and Pagoh while rubber at Kemuning and Tangkah Estates.

Table 4: Areas of plantations

Estate	Year of oil palm establishment	Area (ha)				Area (%)	
		Total	Planted	Mature	Immature	Mature	Immature
Kempas Estate	1979	1745.45	1655.67	1598.58	57.09	96.55	3.45
Kemuning Estate	1973	2540.90	2540.90	2103.57	437.33	82.79	17.21
Merlimau Estate	1987- 2006	2792.93	2792.93	2765.12	27.81	99	1
Tangkah Estate	1966	2661.76	2505.40	1809.43	695.97	67.98	26.15
Pagoh Estate	1975	2334.02	1988.91	1752.99	235.92	75.10	10.11

1.7 Time Bound Plan for Other Management Units

As at the date of the surveillance assessment, Sime Darby Plantation Sdn. Bhd. owns sixty-five palm oil mills (sixty-five SOUs) and two hundred and eight oil palm estates. Three SOUs have been realigned due to strategic business / development reasons. The mills and the estates are located in Peninsular Malaysia, Sabah & Sarawak in Malaysia and in Kalimantan, Sumatera & Sulawesi in Indonesia.

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. To date sixteen of their SOUs in Malaysia and three SOUs in Indonesia are certified and twenty-five SOUs in Malaysia and nine SOUs in Indonesia have undergone certification assessment. Of those that have been assessed, thirty nine reports have been sent to RSPO secretariat.

1.9 Organizational Information / Contact Person(s)

Sime Darby Plantation Sdn. Bhd.
 SOU 17 (with the address at Kempas Estate)
 71000 Jasin, Melaka,
 Malaysia

Contact person:

Tn. Hj. Abdul Aziz Jamaluddin
 Chairman of SOU 17 and Kempas Estate Senior Manager
 Phone : + 60 89 826290
 Fax : + 606 2635260

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. 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 Qualification of Lead Assessor and Assessment Team

The details of the assessors and their qualification are detailed below:

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Mahzan Munap	Assessment Team Leader / Occupational health & safety and related legal issues	<p>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.</p> <p>Occupational Safety and Health Trainer at INSTEP Petronas</p> <p>Successfully completed RSPO Lead Assessor Course – 2008.</p> <p>Successfully completed Lead Assessor Course for OHSAS 18001-2000.</p> <p>Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006</p> <p>Successfully completed RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2008.</p> <p>MBA, Ohio University.</p> <p>B.Sc. Petroleum Engineering, University of Missouri, USA.</p>
		Over 40 days of auditing experience, having audited to FSC Forest Management and

Dr. Zahid Emby	Assessor / community issues	<p>RSPO requirements. Peer reviewer for FSC Forest Management certification reports Attended a training on RSPO P&C and certification requirements in 2008, November 2009 and February 2011 Doctor of Philosophy M.A. (Social Anthropology) B.A. Hons (Social Anthropology/Sociology)</p>
Valence Shem	Assessor / Good Agricultural Practices (GAP) and environmental issues	<p>Collected more than 150 Auditor days in auditing ISO 14001 and RSPO Nine years experience in Oil Palm Plantation management Attended a training on RSPO P&C and certification requirements in November 2009 and February 2011 Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004 B.Tech. (Hons) Industrial Technology Diploma In Science</p>
Khairul Najwan Ahmad Jahari	Assessor on criteria related to HCV, habitats & ecology	<p>7 years experience in Forest related areas as a researcher with FRIM since 2003 36 man-days in auditing MC&I(2002) Forest Management certification 3 man-days in auditing and RSPO P&C. Attended Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] organized by MTCC, April 2009. Attended Auditor Training Course on Malaysian Criteria and Indicators for Forest Plantation Certification [MC&I(2002)] organized by MTCC 2010. Attended Auditor Training Course on RSPO Certification in January 2011. Successfully passed EMS 14001: 2004 Lead Auditor Course, March 2009. Successfully passed OHSAS 18001: 2007 Lead Auditor Course, Feb 2009. Successfully passed QMS 9001: 2008 Lead Auditor Course, Feb 2009. B.Sc. of Forestry (Forest Management) M Sc Environmental (GIS Remote Sensing, still pursuing)</p>
		<p>April 2001 to Present: Certification Executive at SIRIM QAS International Sdn. Bhd. As Lead Auditor for environmental management system (EMS) and had</p>

Akim Kaji	Assessor / Mill operation, Environmental and related legal issues	<p>conducted EMS certification audits for over 10 years at various industries such as oil palm plantation, palm oil mill, rubber factories, electrical & electronic manufacturing and etc.</p> <p>Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004 in 2001</p> <p>Successfully completed OHS Lead Assessor Course ISO 18001:2007 in 2009</p> <p>Attended the RSPO P&C training in 2009</p> <p>CPE International Diploma in Occupational Safety and Health, Queensland University of Technology 1997</p> <p>Worked in the following positions at Motorola Semiconductor Sdn. Bhd,</p> <p>1998: Senior Facilities Administrator expert in effluent treatment plant</p> <p>1995-1997: Facilities Administrator incharge of effluent treatment plant</p> <p>1991–1993: Staff Technical Specialist / Engineering Assistant</p> <p>1980-1990: Senior Facilities Technician</p> <ul style="list-style-type: none"> • 1979: Junior Facilities Technician <p>1976-1978: Engine Room Maintenance Technician at Malaysia International Shipping Corporation.</p>
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2.3 Assessment Methodology

The Surveillance Assessment 1 was conducted on 27th to 29th April 2011. The main objective of this assessment was to

- a) determine conformance against the RSPO MYNI.
- 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. Based on this, the mill (Kempas Palm Oil Mill) and two of the estates (Merlimau Estate, Tangkah Estate) were chosen to sample new estate from previous assessment. However, a third estate was added after discussion following the opening meeting, that is, Kemuning Estate to verify issue on HCV and add coverage on social issue as this issue was not present at Merlimau Division.

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.

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.

2.4 Date of Next Surveillance Visit

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

3.0 Assessment Findings

3.1 Summary of Findings

The findings of the assessment were highlighted and discussed during the on-site surveillance 1 assessment. There were five major nonconformity report (NCR) being raised on SOU 17 compliance against the requirements of the RSPO MYNI. Evidences of the actions taken by the CU had been submitted to the assessment team. In addition, the assessment team had made seven opportunities for improvement, which the SOU 17 should improve upon in complying with the requirements of the RSPO MYNI.

The detailed findings of the assessment on the CU's compliance with the requirements of the RSPO MYNI are as follows:

The findings for the assessment are reported based on RSPO MYNI indicator.

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.

Indicator 1.1.1

Records of requests and responses must be maintained.
Major compliance

Guidance :

Growers and millers should respond constructively and promptly to requests for information from stakeholders

Audit findings

SDPSB has a procedure for responding to requests for information on issues relevant to the RSPO criteria. Assessment of the implementation of the procedure showed that records of communication between management and internal as well as external stakeholders (namely workers / suppliers / contractors / local authorities / local community) are maintained. Among the records sighted were communications with workers and minutes of stakeholder consultation forum with the local communities as well as actions taken to handle complaints made by workers. In consultations with workers, auditors noted the responses were made in a timely manner. There were no records of complaints by local communities and suppliers as no complaints were made by these stakeholders. This was confirmed through interviews with these external stakeholders. Suggestion Boxes at the field offices, Communication Books in the Assistant Manager's office and Request Forms are used to record and act on complaints made by workers. For external stakeholders complaints are made directly to the manager or his assistants, verbally or in written form. This was confirmed in auditor consultations with local communities and suppliers.

From the above records, it was evident that the company had committed to be transparent in its dealings with internal and external stakeholders.

Criterion 1.2

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

This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Documents that **must** be publicly available include, but are not necessarily limited to:-

1.2.1 Land titles / user rights (C 2.2)

1.2.2 Safety and health plan (C4.7)

Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3)

Pollution prevention plans (C 5.6)

Details of complaints and grievances (C 6.3)

Negotiation procedures (C 6.4)

Continuous improvement plan (C 8.1)

Guidance:

Examples of commercially confidential information include financial data such as costs and income, and details relating to customers and/or suppliers. Data that affects personal privacy should also be confidential.

Examples of information where disclosure could result in potential negative environmental or social outcomes include information on sites of rare species where disclosure could increase the risk of hunting or capture for trade, or sacred sites, which a community wishes to maintain as private.

Audit findings

SOU 17 has adopted the Sime Darby Plantation-Sustainable Plantation Management System procedure. The procedure (communication clause 3.2) has defined several means to disclose information to public. Among the mechanisms available are through the annual report, brochures and website.

The assessment team verified Sime Darby's use of its website as the mechanism to make available information relating to land titles, safety and health plans, environmental and social plans, pollution prevention plans as well as continuous improvement plans. The procedure on negotiations and the handling of complaints and grievances are also publicly available in the website. Following are the web addresses for the verification:

http://plantation.simedarby.com/Sustainability_Management_Programmes.aspx

http://plantation.simedarby.com/Boundary_Disputes.aspx

http://plantation.simedarby.com/Land_Title.aspx

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

Indicator 2.1.1

Evidence of compliance with legal requirement
Major compliance

Indicator 2.1.2

A documented system, which includes written information on legal requirements.
Minor compliance

Indicator 2.1.3

A mechanism for ensuring that they are implemented.
Minor compliance

Indicator 2.1.4

A system for tracking any changes in the law.
Minor compliance

Guidance:

1. Lists down all applicable laws including international laws and conventions ratified by the Malaysian government.
2. Identify the person(s) responsible to monitor this compliance.
3. Display applicable licenses and permits.

Unit responsible to monitor these will also be responsible to track and update changes.

Audit findings

SDPSB has a documented system for identifying and tracking of legal requirements. As required by the procedure there is evidence that the Mill and Estate Managers have complied with the requirements to identify, track and update changes of legal requirements, and also to evaluate compliance to it on an annual basis. For example, the assessor sighted for Merlimau Estate and Tangkah Estate that the evaluation of compliance was last done respectively by their Assistant Managers in November 2010 and April 2011. The evidence of evaluation was documented in the register of applicable legal requirements, document no. SM/5.2/LR.

Among the legal requirements they have identified were Environmental Quality Act and Regulations, 1974, Factories and Machinery Act and Regulations, 1967, Occupational Safety and Health Act and Regulations, 1994 & Worker' Minimum Standards of Housing and Amenities Act, 1990.

Relevant licenses and permits were valid and displayed at the estate and mill offices. Among those seen displayed include those from MPOB, Energy Commission and Domestic Trade Ministry for purchase of FFB, generation of electricity, diesel and fertilizer storage. Operational performance monitoring activities conducted included the employee audiometric test, hearing conservation programme, workplace inspection and monitoring of smoke & dust particulates emission from the boiler and discharges from the effluent treatment plant. The monitoring of boiler emissions and effluent discharges has also included measurements conducted by external accredited laboratories

Based on the result of the evaluation, the assessor has verified that this exercise has produced reliable results to gauge the legal compliance of the company. However, the legal register can be further improved by heeding to the recommendations stated in the Chemical Health Risk Assessment (CHRA) report, dated November 2008 Thus, an OFI was issued due to no medical surveillance being carried out to one of the methamidhopos operator as well as the fogging operator at Merlimau Estate as recommended in the CHRA report.

In addition to the above, it was found that the management of the scheduled waste at Kempas Palm Oil Mill (KPOM), Tangkah Estate (TE) and Merlimau Division (MD) was not in compliance with the

requirement of the Environmental Quality (Scheduled Waste) Regulation 2005. Further, two units of diesel generator at KPOM were found installed without written approval as required under Environmental Quality (Clean Air) Regulation 1978. This issue was previously raised during the main assessment. Hence, due to the infringement of these legal requirements a major non-conformity was raised against Indicator 2.1.1.

Criterion 2.2

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

Indicator 2.2.1

Evidence of legal ownership of the land including history of land tenure.
Major compliance

Indicator 2.2.2

Growers must show that they comply with the terms of the land title. [This indicator is to be read with Guidance 2]
Major compliance

Indicator 2.2.3

Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.
Minor compliance

Specific Guidance: Growers should attempt to comply with the above indicator within 15 months from date of announcement of first audit. Refer to State Land Office for examples of other reserves.

Indicator 2.2.4

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.
Minor compliance

Guidance:

1. For any conflict or dispute over the land, the extent of the disputed area should be mapped out in a participatory way.
2. Where there is a conflict to the condition of land use as per land title, growers must show evidence that necessary action has been taken to resolve the conflict with the relevant authorities.
3. Ensure a mechanism to solve the dispute (Refer to C 6.3 and C6.4)
4. Evidence must be demonstrated that the dispute has been resolved.
5. All operations shall cease on land planted beyond the legal boundary.

Audit findings

SOU 17 has relevant proof of legal ownership of the land in the assessed estates. Copies of land titles were sighted and SOU 17 complies with the terms of the land title.

Merlimau Estate has 29 land titles while Tangkah Estate has 35 land titles.

Referring to the verbal claim made by a villager of Kampung Terentang living next to Kempas Estate that several palms in the estate belonged to him (highlighted in the Stage 2 assessment report), action has been taken by the management of SOU 17 by mapping the area and had consulted the stakeholder and the village headman and a meeting with the village headman, the claimant and Kempas Estate Management will be held on 3rd August 2011 at Sime Darby Kempas Eco Resort.

As of to date, the outcome of that discussions and details of the investigation were not made available at the time of the current assessment. Our assessor is still waiting to sight the relevant documents.

During 2003 through acquisition by the Johor state government Tangkah Estate had surrendered 4.8 ha of land, which in turn was given to the community to build a mosque in Kampung Sagil Parit 2. The assessor had sighted the certified true copy of the land title including the exclusion of the 4.8 ha, which was kept at the site. The original ownership documents are kept at SDPSB's headquarters. The provisional leases stated in the land titles were still valid. The assessor confirmed that the total hectare

declared by both estates tally with their land titles.

With respect to boundary stones there were evidence of its presence or signages erected at the estates visited and they were visibly maintained. For example, at Kemuning estate and smallholders, along the Merlimau estate perimeter adjacent to Kampung Kilang Berapi, and Tangkah Estate and Johor State Park (Gunung Ledang). See photographs no. 1 – 4 below.

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.

Indicator 2.3.1

Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights.

Major compliance

Indicator 2.3.2

Map of appropriate scale showing extent of claims under dispute.

Major compliance

Indicator 2.3.3

Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6).

Minor compliance

Guidance:

Where lands are encumbered by legal or customary rights, the grower must demonstrate that these rights are understood and are not being threatened or reduced. This criterion should be considered in conjunction with Criteria 6.4, 7.5 and 7.6.

Where customary rights areas are unclear these are best established through participatory mapping exercises involving affected and neighbouring communities.

This criterion allows for sales and negotiated agreements to compensate other users for lost benefits and/or relinquished rights. Negotiated agreements should be non-coercive and entered into voluntarily, carried out prior to new investments or operations and based on an open sharing of all relevant information in appropriate forms and languages, including assessments of impacts, proposed benefit sharing and legal arrangements.

Communities must be permitted to seek legal counsel if they so choose. Communities must be represented through institutions or representatives of their own choosing, operating transparently and in open communication with other community members.

Adequate time must be given for customary decision-making and iterative negotiations allowed for, where requested. Negotiated agreements should be binding on all parties and enforceable in the courts. Establishing certainty in land negotiations is of long-term benefit for all parties.

Audit findings

The assessment verified that the property was bought by SDPSB and no customary rights issues are involved (refer to C2.2). Also, interviews with stakeholders confirmed that there was 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.

Indicator 3.1.1

Annual budget with a minimum 2 years of projection

Major compliance

Specific Guidance:

Annual budget may include FFB yield/ha, OER, CPO yield/ha and cost of production that is not required to be publicly available.

Indicator 3.1.2

Annual replanting programme projected for a minimum of 5 years with yearly review. Minor compliance
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Audit findings

The budget documents for their Financial Years 2010/2011 and 2011/2012 were available. Apart from this, the company's Business Planning Consolidation Report (which can be accessed in the computer system), also showed budget projection for 5 years. The budgets have included the allocation for crop, oil yield/ha, fertilizer, agrochemical, and pest and disease control to name a few.

The replanting plan for both Kemuning and Tangkah estates was available on site and are projected for ten years, 2011 - 2021. This included the details about the costing and total area in hectare. It was also evident that this plan was reviewed by the top management on annual basis.

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

Criterion 4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

Indicator 4.1.1

Documented Standard Operating Procedures (SOP) for estates and mills Major compliance
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Indicator 4.1.2

Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months. Minor compliance

Audit findings

Operation activities at the estates were guided by standard operating procedures (SOP) established as part of the Estate Quality Management System documents, technical guidelines as listed in Agricultural Reference Manual (ARM) and for activities related to environmental requirements, SOPs in the Sime Darby Plantation-Sustainable Plantation Management System (SPMS) were referred to. Both Merlimau and Tangkah estates have the current version of all the SOPs and manual.

The agriculture manual provides guidance on oil palm nursery, oil palm replanting, field upkeep, FFB harvesting and collection. As for the mill, the SOP (part of the Mill Quality Management System) covers aspects related to oil palm processing, boiler operation, effluent treatment plant, products analysis method, workshop activity and chemical and waste handling procedures. It was also seen for critical operation the SOP has been translated into the local language and displayed at all workstations in the mill and other strategic work places for the employees to refer.

The estates' staffs conduct briefing on estate SOP and related documents frequently during the morning muster. Through random interviews held with the staff and workers, the assessor confirmed that most of them have good knowledge of their field operation standard requirements.

However, Merlimau Division office has several water discharge points equipped with oil traps that have yet to be determined in terms of their compliance with the EQ (Industrial effluent) Regulation 2009.

The Assistant Managers and Mill Engineer were task with the responsibility to ensure that the SOPs were implemented as well as for safe keeping of relevant records for verification. Among the records sighted were work programmes for harvesting, manuring and herbicide spraying at the estates and SOP for FFB grading, utilities and boiler operations, process start-up and shut down at the mill. Other records viewed include the issuance of agrochemicals and fertilizer through the stock books, store requisition and issue sheets and PPE issuance. All the records were well maintained and kept for the

minimum of 12 months.

Monitoring of the best practices implementation is also verified by inspections carried out by the Plantation / Mill Advisor on a quarterly basis.

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

Indicator 4.2.1

Monitoring of fertilizer inputs through annual fertilizer recommendations.
Minor compliance

Indicator 4.2.2

Evidence of periodic tissue and soil sampling to monitor changes in nutrient status.
Minor compliance

Indicator 4.2.3

Monitor the area on which EFB, POME and zero-burn replanting is applied.
Minor compliance

Audit findings

All the estates visited had been keeping track on their fertilizer input. The assessors sighted records on the movement of the fertilizer and found to be current. The applications of the fertilizers were on scheduled, and as recommended by the agronomist and their dosage varies from one estate and field to another estate and field much on the basis of leaf (or tissue) analysis carried out annually. The results of the analysis are reported in the 'Agronomic & Fertilizers Recommendation Reports – Oil Palm 2010/2011'.

Besides the application of inorganic fertilizers, SOU 17 was also applying empty fruit bunches (EFB) to provide nutrient to the oil palms. Application of the EFB is based on the advice of the agronomist. In Merlimau estate EFB application is in selected old alluvium (sandy soil) 94 planting as well as deferred replanting areas 87 and 88 plantings. Inspection of their monitoring records, showed that the Merlimau and Tangkah estates were applying EFB at 45 mt/ha for mature area.

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

Indicator 4.3.1; Documented evidence of practices minimizing soil erosion and degradation (including maps).
Minor compliance

Specific Guidance: Replanting on sloping land must be in compliance with MSGAP Part 2: OP (4.4.2.2)

For Sarawak, steep slopes are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report and approved by the Natural Resources and Environment Board (NREB).

For Sabah, slopes 25 degree and steeper are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Environment Protection (Prescribed Activities)(Environment Impact Assessment) Order 2005] and approved by the Environmental Protection Department (EPD).

Slope determination methodology (slope analysis) should be based on average slope using topographic maps or topographical surveys.

Indicator 4.3.2: Avoid or minimize bare or exposed soil within estates.
Minor compliance

Specific Guidance: Appropriate conservation practices should be adopted.

Indicator 4.3.3: Presence of road maintenance programme.
Minor compliance

Indicator 4.3.4 : Subsidence of peat soils should be minimised through an effective and documented water management

programme
Minor compliance

Specific Guidance:

Maintaining water table at a mean of 60 cm (within a range of 50-75cm) below ground surface through a network of weirs, sandbags, etc. in fields and watergates at the discharge points of main drains.

Indicator 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 compliance

Guidance:

Techniques that minimise soil erosion are well-known and should be adopted, wherever appropriate. These may include practices such as:

1. Expediting establishment of ground cover upon completion of land preparation for new replant.
2. Maximizing palm biomass retention/ recycling.
3. Maintaining good non-competitive ground covers in mature areas.
4. Encouraging the establishment/regeneration of non-competitive vegetation to avoid bare ground.
5. Construction of conservation terraces for slopes >15o
6. Advocating proper frond heap stacking such as contour/L-shaped stacking. For straight line planting and stacking along the terrace edges for terrace planting.
7. Appropriate road design and regular maintenance.
8. Diversion of water runoff from the field roads into terraces or silt pits.
9. Construction of stop bunds to retain water within the terrace.
10. Maintaining and restoring riparian areas in order to minimize erosion of stream and river banks.

Audit findings

At all estates assessed, they were found committed to minimize and control soil erosion. Among the best practices evident were construction and maintenance of terraces, frond stacking (straight) to prevent/slow down surface run off, the provision road-side drain pit at the hilly areas and the grow of legume cover in replanting areas.

In addition it was also observed that all estates had maintained soft vegetations such as grasses and ferns to avoid bare soil in the matured fields. Inter-row vegetation was slashed annually to maintain the growth of soft grass and fern for soil conservation. Weed spraying activities had also been carefully limited to circle and path spraying for field maintenance in the mature areas in accordance with the requirement of their SOP. Other efforts noted was the planting of cover crop at the areas that are prone to erosion.

Also, there were road maintenance programmes which consist of road resurfacing, grading and culvert upkeep being implemented as planned for the estates visited. The financial support for this operation could be seen in the annual budget. Records of this activity are adequately maintained. On-site assessment and travelling on them showed that most of the roads were in reasonably good condition.

Criterion 4.4

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

Indicator 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 compliance

Specific Guidance:

Riparian buffer zones: Reference to be made to relevant national regulations or guidelines from state authorities e.g. Department of Irrigation and Drainage (DID), whichever is more stringent.

Indicator 4.4.2

No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate.

Major compliance

Indicator 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 compliance

Indicator 4.4.4

Monitoring rainfall data for proper water management
Minor compliance

Indicator 4.4.5

Monitoring of water usage in mills (tonnage water use/tonne FFB processed).
Minor compliance

Specific Guidance:

Data trended where possible over 3 years to look into resource utilization

Indicator 4.4.6

Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders.
Minor compliance

Indicator 4.4.7

Evidence of water management plans.
Minor compliance

Audit findings

SOU 17 has made efforts to protect watercourses including maintaining appropriate riparian buffer zones. At the estates assessed they continued to implement their SOP on maintenance of riparian zone as part of their commitment (a) to comply with the DID requirements and (b) to their policy on river buffer zone. On-site assessment confirmed that demarcation of the areas had been conducted.

Interviews with the workers revealed that they understood the requirement of keeping the riparian zones free from any agricultural activities. At Tangkah Estate a natural water way passed through Field 1985A in Ledang Division and it was marked as buffer zone by management. However, evidence of agriculture activities such as chemical circle spray was sighted during the site visit and no water quality monitoring ever had been done. It was explained to the auditor that the stream width does not exceed 5m, thus it was not categorized as buffer zone. Therefore, an OFI was raised to highlight this issue.

At Kemuning, Tangkah and Kempas estates visited, the auditors did not find any drainage going into any protected areas. It was also confirmed that there were no weirs/dams across the main rivers or waterways passing through estates.

SOU 17 has also identified the source of outgoing water from the mill and estates, which lead into natural waterways. The sources identified are run off from the estates, discharges from the ETP and monsoon drain from the mill. Periodic monitoring of these discharges, as well as the river water, was being carried out. The monitoring stations are well marked within the estates and mapped out. The water analysis report had been shown to the assessor for verification. Among the parameters tested in the analysis were BOD, COD, TS, SS, O&G to name a few. The lab engaged by the company was one of Sime Darby's subsidiaries located at Carey Island, Selangor. Results of analysis showed that they were within permissible limits.

Both the mill and estates are monitoring the rainfall data as well as their water consumption as required by RSPO criteria & indicator. Monthly and annual rainfall data have been well maintained over the past ten years in SOU 17. The records were also noted in the Agronomist's report.

SOU 17 was seen committed in ensuring that the water used and discharged is sustainable. The mill consumed rain water that was collected in a man-made pond and treated water piped from the public water supply scheme. The rainwater was used for general cleaning while water from the public water

supply scheme was used for processing FFB and the boiler. The estates tapped water from the nearby river as their main supply.

There is evidence of water management plan in both the mill and estates assessed as described above in 4.4.5 and 4.4.6. The mill water usage/ mt FFB processed is at 1.25 and diesel at 0.42.

Criterion 4.5

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

Indicator 4.5.1

Documented IPM system.
Minor compliance

Indicator 4.5.2

Monitoring extent of IPM implementation for major pests.
Minor compliance

Specific Guidance:

Major pests include leaf eating caterpillars, rhinoceros beetle and rats.

Indicator 4.5.3

Recording areas where pesticides have been used.
Minor compliance

Indicator 4.5.4

Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (ai) used / tonne of oil.
Minor compliance

Audit findings

Documentation of IPM system is available in the Agricultural References Manual (ARM) dated July 2008 and updated in the Sime Darby Plantation Estate Quality Management System dated November 2008.

Planting of beneficial plants from the four major species namely *Tunerra sp.*, *Cassia cobanensis*, and *Antigonon leptopus*. was still actively practised by the SOU as one of their IPM activities. Census of leaf eating pest such as bagworm was continuously done and infected palms had been identified. Since the last certification audit, there had been no major pest outbreak reported by any of the assessed estates. Apart from that, SOU 17 continued the use of barn owls for rat control was also observed during the site visit. The assessed estates were also having updated records to show the agrochemicals active ingredient (ai) used per hectare and per metric tonne basis.

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.

Indicator 4.6.1

Written justification in Standard Operating Procedures (SOP) of all Agrochemicals use.
Major compliance

Indicator 4.6.2

Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).
Major compliance

Specific Guidance:

Reference shall also be made to CHRA (Chemical Health Risk Assessment)

Indicator 4.6.3

Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations.

Major compliance

Specific guidance:

Unless participating in established recycling programmes or with expressed permission from the authorities, triple rinsed containers shall be pierced to prevent misuse. Disposal or destruction of containers shall be in accordance with the Pesticide Act 1974 (Act 149) and Environmental Quality Act 1974 (Scheduled Wastes) Regulations 2005.

Indicator 4.6.4

All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or explained carefully to them by a plantation management official at operating unit level.

Major compliance

Indicator 4.6.5

Annual medical surveillance as per CHRA for plantation pesticide operators.

Major compliance

Indicator 4.6.6

No work with pesticides for confirmed pregnant and breast-feeding women.

Major compliance

Indicator 4.6.7

Documentary evidence that use of chemicals categorised 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 compliance

Indicator 4.6.8

Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities.

Major compliance

Indicator 4.6.9

Evidence of chemical residues in CPO testing, as requested and conducted by the buyers.

Minor compliance

Indicator 4.6.10

Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) are maintained for either a minimum of 5 years or starting November 2007.

Minor compliance

Audit findings

SOU 17 continued to use the chemicals that are registered under the Pesticide Act 1974, chemicals listed in the World Health Organization Type 1A or 1B or Stockholm or Rotterdam Convention and in accordance with USECHH Regulations (2000) of the Occupational Safety and Health Act 1994. Paraquat is not used in any of the estates.

Written justification for all agrochemicals used in the estate is available in the Agriculture Reference Manual (ARM), SOPs and Safety Pictorial procedure. Updated records to show agrochemicals purchase, storage and consumption are available in every estate visited. A chemical register that indicates the purpose of chemical usage (intended target), hazards classification, trade and generic names and MSDS for each chemical used are available at the store. The Safety Pictorial procedures are used as a means of communication to the employees during training and briefing session.

Usage and storage of agrochemicals including pesticides are in accordance with Pesticide Act 1974, Occupational Safety & Health Act 1994 and USECHH Regulations 2000. The agrochemical stores are locked at all times and only authorised personnel are allowed to open and issue the chemicals. CHRA was conducted for all sprayers, manurers and the mill laboratory staff. At the fields and Kempas Palm

Oil Mill visited usage of required PPE by these groups of employees was enforced and seen worn. Based on the recommendation of the CHRA, medical surveillance has been conducted for these employees and results showed that their level of exposure were below permissible limits.

Records of pesticide used and area of application were well maintained. Aerial application of agrochemicals was not used by the SOU.

Pregnant and breast-feeding women are strictly not allowed to work with pesticides.

Empty chemical containers are triple rinsed, pierced and stored for disposal in accordance with the legal requirements. Pre-mixing of agrochemical was practiced to avoid human exposure to concentrated chemicals.

To date, SOU 17 has not received any request from buyers to test chemical residue in CPO.

Criterion 4.7

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

Indicator 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(Act139).

Major compliance

The safety and health (OSH) plan shall cover the following:

- a. A safety and health policy, which is communicated and implemented.
- b. All operations have been risk assessed and documented.
- c. An awareness and training programme which includes the following specifics for pesticides:
 - i. To ensure all workers involved have been adequately trained in a safe working practices (See also C4.8)
 - ii. All precautions attached to products should be properly observed and applied to the workers.
- d. The appropriate personal protective equipment (PPE) are used for each risk assessed operation.
 - i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning.
- e. The responsible person (s) should be identified.
- f. There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed.
- g. Accident and emergency procedures should exist and instructions should be clearly understood by all workers.
- h. Workers trained in First Aid should be present in both field and mill operations.
- i. First Aid equipment should be available at worksites.

Indicator 4.7.2

Records should be kept of all accidents and periodically reviewed at quarterly intervals.

Major compliance

Specific Guidance:

Record of safety performance is monitored through Lost Time Accident (LTA) rate.

Indicator 4.7.3

Workers should be covered by accident insurance.

Major compliance

Audit findings

SOU 17 continued to implement an integrated quality, environmental and occupational health and safety management system throughout its operating unit based on the requirements of the ISO 9001:2000, ISO 14001:2004 & OHSAS 18001:2007 standards despite discontinue to be certified against those standards, except for Kempas Palm Oil Mill which is still certified to OHSAS 18001. Hence, the requirement of RSPO C 4.7 has been incorporated into their management system documents.

The contents of SDPSB's Occupational Safety and Health (OSH) policy remained valid although the

signatory needs changing due to the new incoming Executive Vice President. Likewise all other 6 key policies have not been signed by him despite assuming the position 6 months now. An OFI has been raised against this element.

The safety and health policy as well as other key policies had been communicated to all employees through briefings and are displayed on the mill and estates notice boards. Similarly, with documented OSH plan and programmes. Interviews with employees revealed that they were aware of the OSH policy, objectives and programmes and generally understood their requirements.

Hazard identification, risk assessment and risk control (HIRARC) and CHRA records covers activities in the estates and mill were verified during the assessment. Among the activities sighted were chemical spraying, harvesting and FFB collection in the estates, and boiler operation, FFB sterilization, kernel extraction and oil extraction and clarification in the mill. Appropriate risk control measures had been determined and implemented. Even though the HIRARC Register was reviewed but there exists confusion between Hazards and Effects when completing the HIRARC form at all sites assessed. An improvement for refresher training is in order.

The OSH plan had also addressed issues related to emergency, treatment of illness/injury during the job, compliance with regulations such as Occupational Safety and Health Regulations: Safety and Health Committee 1996, Use of Chemicals Hazardous to Health 2000, Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease 2004; and Factories and Machinery Regulations: Steam Boiler and Unfired Pressure Vessel 1970 and Noise Exposure 1989.

Although the Legal and Other requirement register was reviewed on 1/4/2011 by Merlimau Division, but non-legal requirement for the Division was acknowledged as complied and therefore an OFI has been raised to correct this issue.

OSH performance was continuously monitored and accident cases were managed in accordance with OSH Regulations. An accident scoreboard is made available at mill and estates and updated regularly to show the current OSH performance status.

Other parameters measured and monitored include OSH Committee meeting, workplace inspection, audiometric test, LEV inspection and health surveillance. Even though the annual LEV inspection at KPOM laboratory was conducted by competent Industrial Hygienist, but the monthly face velocity test was not carried out. An OFI has been raised against this lapse.

The field workers in the plantation and mill had been provided with PPE. PPE issuance were verified and found acceptable. Workers interviewed showed that they understood the reason and the importance of wearing PPE provided by the company. At the time of assessment all employees at mill and estates were found to adhere to the requirements of donning them in their workplace.

It was also noted that training on first aid, emergency procedures and chemical handling for supervisors, mandores and workers had been conducted and training records were maintained. First aid boxes were provided and maintained at several locations in the mill, offices, stores & workshop. Each estate mandore had also been provided with the first aid box. However, an OFI has been raised as at the time of field visit at Air Panas Division, Tangkah Estate, the mandore in possession of the first aid kit left the field together with the kit making it unavailable for use in case an emergency arise.

Also at Air Panas Division, Tangkah Estate fire extinguisher at the Community Hall was missing from the box and those at the line site their certificate was not seen on the fire extinguishers' cylinder. An OFI has been raised on this matter.

SOU17 has appointed the mill engineer and assistant estate manager to be responsible for the OSH implementation. Interview with members of the Safety Committee and review of records confirmed that regular safety meetings and workplace inspections had been carried out.

The assessor had noted that SOU 17 had their workers covered by accident insurance. Through examination of records, the insurance was valid at the point of the assessment.

Criteria 4.8

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

Indicator 4.8.1

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

Major compliance

Audit findings

SOU 17 continued to use the generic process for the identification of training needs for financial year 2010/1. It focused mainly on the job and on OSH-related issues. The training programmes did not only include the employees, but were also extended to the contractors and suppliers. It included RSPO awareness, ESH Induction, Basic First Aid, Fire Fighting, 5S Housekeeping, understanding of MSDS, agrochemicals spraying, harvesting skills and machine SOPs. Training records were available and had been properly filed. The records had included 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 the spraying, manuring, harvesting and mulching operations, it was revealed that generally the level of their understanding on these subjects and the training efficiency had been satisfactory.

The auditors were also informed that training in chemical handling especially to the sprayers and the storekeeper, had been jointly conducted with chemical manufacturer, with the aim of disseminating the correct information and ensuring understanding regarding the usage and hazards of the agrochemicals. Interviews with the employees indicated that such information had been effectively communicated.

Nonetheless, a nonconformity was raised as the current process does not ensure that appropriate training is given to the employees to enhance competence in non-production job related matters such as scheduled wastes management, legal requirements and RSPO MYNI principles and criteria. This is a recurrence and has been highlighted during the main certification assessment. Additional lapses uncovered during this surveillance assessment are (a) training on understanding of applicable law that would aid in evaluation of legal compliance and (b) the emergency response that ought to be conducted annually as called for in Tangkah Estate procedure, which regrettably was not conducted.

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.

Indicator 5.1.1

Documented aspects and impacts risk assessment that is periodically reviewed and updated.

Major compliance

Indicator 5.1.2

Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored.

Minor compliance

Audit findings

SOU 17 continued to use the registers on environmental aspects and impacts, risk assessment for all activities related to estate and mill operation as well as other facilities such as the workshop, chemical and waste storage, effluent and water treatment plants and the laboratory. The assessor noticed that most of the activities have been identified and evaluated accordingly and the register reviewed annually.

However, there was a lapse of non-conformity at Tangkah estate whereby the coverage of the environmental aspects and impacts assessment were incomprehensive and was last reviewed in 2008. Their aspects and impacts register did not recognize key activities such as replanting, manuring, spraying, line site, chemical, scheduled waste and fertilizer storage. Interview with the PIC for reviewing and updating the aspect and impact assessment revealed that further training on this matter is needed.

SOU 17 has established an improvement plan to mitigate the significant aspects from the above risk assessment. Among the significant aspects are mill effluent discharge, boiler smoke emission, diesel consumption and scheduled & domestic waste disposal. Site assessment confirmed that the improvement plan is being implemented. Evidence of implementation included the construction of compost plant that is planned to be commissioned mid-year 2011 with input coming from the algae pond.

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.

Indicator 5.2.1

Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings.

Major compliance

Indicator 5.2.2

Management plan for HCV habitats (including ERTs) and their conservation.

Major compliance

Indicator 5.2.3

Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts.

Minor compliance

Audit findings

SOU 17 had engaged the services of a second party in November 2007 to carry out an assessment to identify the HCV habitats as well as any rare, threatened or endangered species. However, the identification on HCV habitats was not adequate at Kemuning, Tangkah and Merlimau Estate.

The manager had identified the water catchment areas for workers usage and an old graveyard in KRU Division, Kemuning Estate. During the site review the manager had showed the initiative to identify and protect the area. However, no assessment had been conducted for these areas.

Interview with personnel from Gunung Ledang State Park bordering Tangkah Estate showed that they have information on *Leopard Cat* bordering the estate and also had observed a group of *Belibis Duck* in the Tangkah Rubber Factory anaerobic pond. The said agency had indicated that they will consider partake in HCV assessment if approach by Tangkah Estate. Kindly note that this information was not included in the 2007 HCV assessment. Based on document review and interview, it was evident that there was no stakeholder consultation conducted for Tangkah Estate particularly those adjacent to Gunung Ledang Johor State park. Therefore a major NCR was raised against these issues.

The major NCR raised during the RSPO main assessment on management plan on protected *Dusky Langur* within Rumbia Division have been closed. The management plan for this animal had been developed and corrective action taken. However *Dusky Langur* was spotted once only during the time of certification. The *Dusky Langur* was not spotted during the site review.

Although there are illegal activities noticed at SOU 17, the Operating Unit management had taken action to curb them by tightening the security at all its entry points. One of the measures was digging trench to stop illegal hunting, intrusion and stealing. Others include the security personnel checking on road users entering the area for animal traps and guns, and, the erection of sign boards to prevent encroachment.

On the other hand, Tangkah Estate had taken further action to return the unplanted area (about 6ha) bordering Gunung Ledang to nature, prevent the area from any activity, and declared it as biodiversity area in addition to making it as erosion control barrier.

Criterion 5.3

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

Indicator 5.3.1

Documented identification of all waste products and sources of pollution.

Major compliance

Indicator 5.3.2

Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.

Minor compliance

Specific Guidance:

Schedule waste to be disposed as per EQA 1974 (Scheduled Wastes) Regulations, 2005. Reference to be made to the national programme on recycling of used HDPE pesticide containers.

Municipal waste disposal as per local authority or district council in accordance to the Ministry of Health guidelines (i.e. specifications on landfills, licensed contractors, etc) or Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).

Indicator 5.3.3

Evidence that crop residues / biomass are recycled (Cross ref. C4.2).

Minor compliance

Audit findings

SOU 17 continued to practice waste management plan that covered the identification of waste, reduced, recycled and disposed off in an environmentally and socially responsible manner. The scheduled wastes were generally managed in accordance to the Environmental Quality (Scheduled Wastes) Regulation 2005.

Among the identified waste were general/domestic waste, scheduled waste, scrap metal, crop residue / biomass from the estates and mill, i.e. fibre and shell, are used as fuel in the boiler while EFB and POME are sent to estate for mulching and land application. Due to distance from oil palm mill, POME is practiced at Kempas estate only.

SOU 17 continued practicing waste segregation to facilitate the 3R initiatives and to optimize the disposal pit usage. The segregated waste bins i.e. plastic, glass and paper waste were placed at several locations within the estate and mill compound. Apart from that, scrap metal was also sent for recycling.

General wastes that cannot be salvaged for recycling/reuse were sent to the disposal pit for burying within the plantation. No permanent site had been allocated for the disposal of waste. Temporary pits

were closed once filled and a new pit established. A procedure on disposal site selection and operation is available.

Criterion 5.4

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

Indicator 5.4.1

Monitoring of renewable energy use per tonne of CPO or palm product in the mill.

Minor compliance

Indicator 5.4.2

Monitoring of direct fossil fuel use per tonne of CPO or kW per tonne palm product in the mill (or FFB where the grower has no mill).

Minor compliance

Audit findings

SOU 17 had been committed to use renewable energy in the mill. Fibre and nutshell had been used as boiler fuel to generate steam for the process, as well as generating electricity to power the Kempas Palm Oil Mill and labour lines. The usage of this renewable energy is monitored by SOU 17.

The monitoring of fossil fuel usage as per tonne of CPO on a monthly basis had also been done in the estates as required by the RSPO P&C indicator.

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.

Indicator 5.5.1

No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003.

Major compliance

Indicator 5.5.2

Previous crop should be felled/mowed down, chipped/shredded, windrowed or pulverized/ ploughed and mulched.

Minor compliance

Specific Guidance:

A special dispensation from the relevant authorities should be sought in areas where the previous crop or stand is highly diseased and there is a significant risk of disease spread or continuation into the next crop.

Indicator 5.5.3

No evidence of burning waste (including domestic waste).

Minor compliance

Audit findings

During site visits at the assessed mill and estates, interviews conducted and records sighted, it was evident that no open burning had been carried out and these findings confirmed that SOU 17 is implementing the SDPSB's zero burning policy. This practice as claimed by SDPSB has been adopted company wide since 1989.

For replanting area, the old palm trees are chipped/shredded and left to decompose within the area, as shown in photograph 20.

Criterion 5.6

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

Indicator 5.6.1

Documented plans to mitigate all polluting activities (Cross ref to C5.1).

Major compliance

Indicator 5.6.2

Plans are reviewed annually.
Minor compliance

Specific Guidance:

Pollutants and emissions are identified and plans to reduce them are developed in conformance to national regulations and guidance.

Audit findings

SOU 17 had developed and documented plans to reduce pollution and emissions. A 'Pollution reduction action plan 2010/2011' had been formulated and identified significant environmental impacts, actions to be taken, persons in charge and the time frame for the implementation. Among them was construction of composting plant. The Kempas Palm Oil mill had obtained authority approval in July 2010 to build a composting plant. The plant shall use the solids from facultative pond as feedstock to composting process. It is now in the stage of being built as construction materials have just arrived site.

Another improvement plan adopted was recycling of condensate water from boiler, turbine, hydraulic cooler and back wash water from softener to reduce water usage. The mill had stop wet cleaning of floor and instead used fibers or just manually sweep and collect rubbish.

Further, to comply with dark smoke emission (5 minutes in 1 hour and 15 minutes in 1 day) the Kempas Palm Oil Mill has undertaken improved means / mechanism of feeding fibers and shell to the boilers.

Records of the plans and evidence of implementation had been sighted. The action plans had also been reviewed during regular operations meetings.

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.

Indicator 6.1.1

A documented social impact assessment including records of meetings.
Major compliance

Specific Guidance:

Non-restrictive format incorporating elements spelt out in this criterion and raised through stakeholder consultation including local expertise.

Indicator 6.1.2

Evidence that the assessment has been done with the participation of affected parties.
Minor compliance

Specific Guidance:

Participation in this context means that affected parties or their official representatives or freely chosen spokespersons are able to express their views during the identification of impacts, reviewing findings and plans for mitigation, and monitoring the success of implemented plans.

Indicator 6.1.3

A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.
Minor compliance

Guidance:

Identification of social impacts may be carried out by the grower in consultation with other affected parties, including

women and migrant workers as appropriate to the situation. The involvement of independent experts should be sought where this is considered necessary to ensure that all impacts (both positive and negative) are identified.

Particular attention should be paid to the impacts of outgrower schemes (where the plantation includes such a scheme).

Plantation and mill management may have social impacts on factors such as:

1. Access and use rights.
2. Economic livelihoods (e.g. paid employment) and working conditions.
3. Subsistence activities.
4. Cultural and religious values.
5. Health and education facilities.
6. Other community values, resulting from changes such as improved transport /communication or arrival of substantial migrant labour force.

Audit findings

The requirement of C6.1 had been fulfilled. A documented social impact assessment done with the participation of affected parties was sighted. The assessment contained records of meetings and stakeholder consultations. A timetable with responsibilities for mitigation and monitoring, reviewed and updated was also found in the assessment report.

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.

Indicator 6.2.1

Documented consultation and communication procedures.
Major compliance

Indicator 6.2.2

A nominated plantation management official at the operating unit responsible for these issues.
Minor compliance

Indicator 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 compliance

Specific Guidance:

Decisions that the growers or mills are planning to make should be made clear, so that local communities and other interested parties understand the purpose of the communication and/or consultation.

Communication and consultation mechanisms should be designed in collaboration with local communities and other affected or interested parties. These should consider the use of existing local mechanisms and languages. Consideration should be given to the existence/ formation of a multi-stakeholder forum.

Communications should take into account differential access to information of women as compared to men, village leaders as compared to day workers, new versus established community groups, and different ethnic groups.

Consideration should be given to involving third parties, such as disinterested community groups, NGOs, or government (or a combination of these), to facilitate smallholder schemes and communities, and others as appropriate, in these communications.

Audit findings

The requirement of C6.2 had been fulfilled. SOU 17 has a consultation and communication procedure which is part of their EQMS document. The implementation of the procedure was verified during the assessment. Meeting minutes between the SOU 17 management team, community leaders and workers' representatives were sighted. SOU 17 has also conducted meeting with material suppliers and contractors. Interviews with these stakeholders confirmed that social, safety and health as well as welfare-related issues had been discussed.

The assessor verified that a management official at the operating unit responsible for issues relating to consultation and communication between growers and internal and external stakeholders had been nominated.

The assessment also verified that a list of stakeholders was maintained by SOU 17. Identified stakeholders included employees, suppliers/contractors, local authorities and nearby communities.

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.

Indicator 6.3.1

Documentation of the process by which a dispute was resolved and the outcome.
Major compliance

Specific Guidance:

Records are to be kept for 3 years.

Indicator 6.3.2

The system resolves disputes in an effective, timely and appropriate manner.
Minor compliance

Indicator 6.3.3

The system is open to any affected parties.
Minor compliance

Guidance:

Dispute resolution mechanisms should be established through open and consensual agreements with relevant affected parties.

Complaints may be dealt with by mechanisms such as Joint Consultative Committees (JCC) with gender representation. Grievances may be internal (employees) or external.

Audit findings

There exists documentation on the mechanism by which complaints, disputes and grievances were resolved as well as the documentation of the outcome. If the aggrieved parties were employees, they can fill in the complaint/request form, write a letter or submit the complaint verbally to anyone in the main office. They can also use the suggestion box placed in the field office to submit their complaints. The complaints and the outcome were recorded and kept in the Communication Book and relevant files. This was confirmed by the employees. The external stakeholders (local authorities, suppliers/contractors, local community) could submit their complaints direct to the manager, his assistant or anyone in the office verbally or in writing. This was confirmed during interviews with local communities and suppliers/contractors.

Assessment of the records revealed that grievances and complaints had been resolved in a timely and appropriate manner.

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.

Indicators 6.4.1

Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation.
Major compliance

Indicator 6.4.2

A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-

established communities; differences in ethnic groups' proof of legal versus communal ownership of land.
Minor compliance

Indicator 6.4.3

The process and outcome of any compensation claims is documented and made publicly available.
Minor compliance

Specific Guidance:

This criterion should be considered in conjunction with Criterion 2.3.

Audit findings

The requirement of C6.4 had been fulfilled. SOU 17 had established a procedure for identifying boundary and squatter disputes which also covered legal and customary rights and for identifying people entitled to compensation. The calculation and distribution of fair compensation was carried out at HQ.

Indicator 6.4.3 is not applicable to SOU 17 as of date, there is no case reported.

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.

Indicator 6.5.1

Documentation of pay and conditions.
Major compliance

Indicator 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 compliance

Indicator 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 compliance

Guidance:

Where temporary or migrant workers are employed, a special labour policy should be established. This labour policy would state the non discriminatory practices; no contract substitution of original contract, post arrival orientation program to focus especially on language, safety, labour laws, cultural practices etc; decent living conditions to be provided. Migrant workers are legalised, and a separate employment agreement should be drawn up to meet immigration requirements for foreign workers, and international standards, if ratified.

Audit findings

There was clear evidence of the documentation of pay and conditions of employment in the collective agreement (CA) (MAPA/NUPW field and other general employees and fringe benefits agreement, 2007, MOA between MAPA and NUPW on pay and other conditions for palm mill workers 2005 and MAPA/NUPW agreement on the wages for harvesters, harvesting kanganyes, loaders and other loaders on oil palm estates 2005) for a continuous period of three years. All three agreements had expired and a new collective agreement for each group of workers is being negotiated. The two latter agreements had gone to the Industrial Court (In the Industrial Court of Malaysia Case No: 15(6)/2-9/09 and Award No:1514 of 2010 handed down on 26 Nov 2010). In the meantime, pay and conditions agreed to in the last CA had been applied. Once agreement is reached for a new CA it will be

backdated to the expiry date of the last CA.

Contracts of employment detailing payments and conditions of employment (e.g. working hours, overtime, deductions, sickness, holiday entitlement and maternity leave) stated in the CA had been explained to the workers by their union representatives as well as by a plantation management official. This was confirmed by the employees as well as the union leaders interviewed. They also understood the monthly deduction for EPF and SOCSO from their salaries. Interviews with contractors and suppliers also revealed that they understood the terms and conditions of the agreements with them.

At SOU 17, the provision of adequate housing, water supplies, medical, educational and welfare amenities had remained the same and were in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). This was confirmed during visits to the line sites as well as through consultations with workers. All workers were provided with free housing. A nominal fee was charged for water supply and workers pay Tenaga Nasional for electricity consumed. Other facilities provided were children's playground, crèches, community halls, football fields and facilities for religious purposes (surau/mosques and Hindu temples).

SOU 17 also provided clinics for estate and mill workers, which were attended by Estate Hospital Assistants (EHA). Workers also had access to the Visiting Medical Officer (VMO) monthly check-up and Occupational Health Doctor (OHD) annual check-up.

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.

Indicator 6.6.1

Documented minutes of meetings with main trade unions or workers representatives.

Major compliance

Indicator 6.6.2

A published statement in local languages recognizing freedom of association.

Minor compliance

Guidance:

The right of employees and contractors to form associations and bargain collectively with their employer should be respected. Documented company policy recognizing freedom of association.

Labour laws and union agreements or in their absence, direct contracts of employment detailing payments and other conditions are available in the languages understood by the workers or explained carefully to them by a plantation management official in the operating unit.

Audit findings

SOU 17 respects the rights of its personnel to join any trade union of their choice and to bargain collectively. This was evident through the official published statement in Bahasa Melayu and English recognizing freedom of association. However minutes of meetings between the management with workers' union representatives at local level as well as at national level were not available at SOU 17. Thus a major non-compliance is raised.

Interviews with employees revealed that they understood the requirement of C 6.6.

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.

Indicator 6.7.1

Documented evidence that minimum age requirement is met.
Major compliance

Guidance:

Growers and millers should clearly define the minimum working age, together with working hours. Only workers 16 years and older may be employed, with the stated exception of family farms. Smallholders should allow work by children only if permitted by national regulations.

The minimum age of workers should be not less than 16 years, or the minimum school leaving age, or the minimum age permitted under national regulations, where higher.

Audit findings

There was clear evidence that the minimum age requirement was being complied with. There was no record of persons under the age of eighteen, the minimum working age under Malaysian Labour Laws (Am. Act A1238) employed by SOU 17. A clear policy on not employing children both in the estate and mill has also been established by SDPSB. Interviews with staff and workers, and local union leaders revealed that this policy is being implemented.

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.

Indicator 6.8.1

A publicly available equal opportunities policy.
Major compliance

Indicator 6.8.2

Evidence that employees and groups including migrant workers have not been discriminated against.
Minor compliance

Guidance:

The grievance procedures detailed in 6.3 apply. Positive discrimination to provide employment and benefits to specific communities is acceptable as part of negotiated agreements

Audit Findings

An equal opportunity policy at SDPSB has been made publicly available. This policy, which has been adopted by SOU17, was clearly displayed in the office.

There was clear evidence that employees including migrant workers had not been discriminated against. For instance, all workers were provided with the same housing facilities irrespective of their origin.

Apart from that, all workers are covered under the same collective agreement which specifies the terms & conditions for working. During consultations with workers, no issue was raised on this matter.

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.

Indicator 6.9.1

A policy on sexual harassment and violence and records of implementation.
Major compliance

Indicator 6.9.2

A specific grievance mechanism is established.
Major compliance

Guidance:

There should be a clear policy developed in consultation with employees, contractors and other relevant stakeholders, which should be publicly available. The policy is applicable within the boundaries of the plantation/mills or while on duty

outside the premises. Progress in implementing the policy should be regularly monitored and the results of monitoring activities should be recorded.

A committee specifically to address concerns of women may be required to comply with the criterion. This committee will consider matters such as; training on women's rights, counseling for women affected by violence and child care facilities to be provided by the growers and millers. The activities of the committee should be documented.

Audit findings

SOU 17 had published a policy prohibiting sexual harassment and violence against women. This policy has been made available to the employees and to the public. This policy was established at SDPSB level in consultation with the employees. A specific mechanism for handling sexual harassment/ grievance has been in place and there is a gender committee in every estate to handle gender issues.

Criterion 6.10

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

Indicator 6.10.1

Pricing mechanisms for FFB and inputs/services shall be documented.
Major compliance

Indicator 6.10.2

Current and past prices paid for FFB shall be publicly available.
Minor compliance

Indicator 6.10.3

Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.

Minor compliance

Indicator 6.10.4

Agreed payments shall be made in a timely manner.
Minor compliance

Guidance :

Transactions with smallholders should consider issues such as the role of middlemen, transport and storage of FFB, quality and grading. The need to recycle the nutrients in FFB (under 4.2) should also be considered; where it is not practicable to recycle wastes to smallholders, compensation for the value of the nutrients exported might be made via the FFB price.

Smallholders must have access to the grievance procedure under criterion 6.3, if they consider that they are not receiving a fair price for FFB, whether or not middlemen are involved.

The need for a fair and transparent pricing mechanism is particularly important for out growers, who are contractually obliged to sell all FFB to a particular mill.

If mills require smallholders to change practices to meet the RSPO criteria, consideration must be given to the costs of such changes, and the possibility of advance payments for FFB could be considered.

Audit findings

Indicators 6.10.1 and 6.10.2 are not applicable to SOU 17.

Consultation with suppliers and contractors revealed that they understood the contractual agreements they had entered into and that the provisions were fair and transparent. The assessment team was also informed that agreed payments were made in timely manner.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Indicator 6.11.1

Demonstrable contributions to local development that are based on the results of consultation with local communities.
Minor compliance

Guidance:

Contributions to local development should be based on the results of consultation with local communities. See also Criterion 6.2. Such consultation should be based on the principles of transparency, openness and participation and should encourage communities to identify their own priorities and needs, including the different needs of men and women.

Where candidates for employment are of equal merit, preference should always be given to members of local communities in accordance to national policy. Positive discrimination should not be recognized as conflicting with Criterion 6.8.

Audit Findings

It was noted that SOU 17 had conducted consultations with the local communities and the outcomes from these sessions were acted upon. SOU17 has accommodated the requests made by the local communities to the extent possible. This in addition to providing employment opportunities as part of its contribution to local development. However as of now only one of the villages surrounding the two estates assessed has made use of this opportunity.

SOU 17 had also allowed its community halls to be used by flood victims as their temporary residence, besides helping out in the distribution of food and water during floods in surrounding areas and has helped the local community in various ways during festivals. This was confirmed by the Kg Teluk Rimba Village Development and Security Committee.

However the contribution made by SOU 17 to local development is rather limited, ad hoc and not properly planned. It is recommended (OFI) that SOU 17 in conjunction with local communities work out a more systematic and effective plan for local sustainable development.

PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTING

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.

Indicators:

7.1.1 An independent and participatory social and environmental impact assessment (SEIA) to be conducted and documented (Cross ref. to C 7.2, 7.3, 7.4, 7.5, 7.6).
Major compliance

Specific Guidance:

SEIAs to include previous land use / history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.

For Sabah, slopes 25 degrees and above are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Environment Impact Assessment (Order 2005)] and approved by the Environmental Protection Department (EPD).

For Sarawak, steep slopes are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Natural Resources and Environment (Prescribed Activities) Order 1994] and approved by the Natural Resources and Environment Board (NREB).

7.1.2 The results of the SEIA to be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.
Minor compliance

7.1.3 Where the development includes smallholder schemes of above 500ha in total, the impacts and implications of how it is managed should be documented and a plan to manage the impacts produced.
Minor compliance

Guidance:

The terms of reference should be defined and impact assessment should be carried out by accredited independent experts, in order to ensure an objective process. Both should not be done by the same body. See also C 5.1 and C 6.1.

This indicator is not applicable to development of smallholder schemes below 500ha.

For Sabah, new planting or replanting of area 500ha or more requires EIA. For areas below 500ha but above 100ha, proposal for mitigation measures (PMM) is required. For Sarawak, only new planting of area 500ha and above requires EIA. Onus is on the company to report back to the DOE on the mitigation efforts being put in place arising out of the EIA.

Assessment of above and below ground carbon storage is important but beyond the scope of an EIA. Note: This aspect will be considered by an RSPO Greenhouse Gas Working Group.

There are no new planting for the Kempas Certification Unit and therefore this Principle 7, from Criterion 7.1 to 7.7 are not applicable. Only replanting exist.

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:

Indicator 8.1.1

Minimize use of certain pesticides (C4.6)
Major compliance

Indicator 8.1.2

Environmental impacts (C5.1)
Major compliance

Indicator 8.1.3

Maximizing recycling and minimizing waste or by-products generation.
Major compliance

Specific Guidance

To work towards zero-waste (C5.3)

Indicator 8.1.4

Pollution prevention plans (5.6)
Major compliance

Indicator 8.1.5

Social impacts (C6.1)
Major compliance

Indicator 8.1.6

A mechanism to capture the performance and expenditure in social and environmental aspects.
Minor compliance

Guidance

Specific minimum performance thresholds for key indicators should be established. (See also Criterion 4.2, 4.3, 4.4, and 4.5).

Growers should have a system to improve practices in line with new information and techniques and a mechanism for disseminating this information and throughout the workforce.

Audit findings

SOU 17 had established a system to regularly monitor and review their key activities at the mill and

estates, and initiated action plans for continuous improvement in its key areas of operations.

Evidence which had been sighted on action taken to allow for continuous improvement included the following:

- commitment to minimize the use of certain pesticides by implementing IPM. Site assessment and consultation with workers confirmed that the IPM is being implemented. Among the targets set for IPM programme is the establishment of three decameter of beneficial plants for every hectare at the ratio of 6:2:2 for *Cassia cobanensis*, *Tunera sp* and *Antigonon Leptopus*.
- commitment to zero waste and using the by-products such as EFB and POME in the fields as well as increasing the awareness of workers on 3R's initiatives at their living quarters..
- construction of composting plant whose feedstock are solids from facultative pond which are mainly waste generated from palm oil processing.
- moisture conservation activities include silt pit @ 20 pits/hectare, road side pits, canopy management, inculcate soft grass and grass cutting
- recycling of condensate water from boiler, turbine, hydraulic cooler and back wash water from softener to reduce water usage in the mill.
- Installation of steam injector at FFB cages for better steam penetration.
- Installation of 8-shape orifice to narrow down the gap for better pressing.
- In the mill, stop wet cleaning of floor and instead used fibers or just manually sweep and collect rubbish.
- comply with dark smoke emission (5 minutes in 1 hour and 15 minutes in 1 day) the Kempas Palm Oil Mill has undertaken improved means / mechanism of feeding fibers and shell to the boilers.
- commitment to local development is also sighted in the form of availability of jobs for the local community, ad hoc contributions to the internal and external communities and mechanism for monitoring of mitigation measures to handle negative social impacts.

3.2 Identified Non-conformities

All nonconformities have been closed out.

3.3 Status of Non-conformities Previously Identified

All previous nonconformities raised during previous assessment were verified for the corrective actions effectiveness. Corrective action has been taken and verified by the assessor.

3.4. Noteworthy Positive Observations

SOU 17 is committed to RSPO certification, for example, those evidences that include upgrades and continuous improvements in key areas as mentioned in Principle 8. Overall, SDPSB as a Division is found committed to meeting the time bound plan.

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

I, the undersigned, representing SOU 17 acknowledge and confirm the contents of the assessment report and findings of the assessment.

ZUHAIRI

Name : ZUHAIRI BIN ZUBIR

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



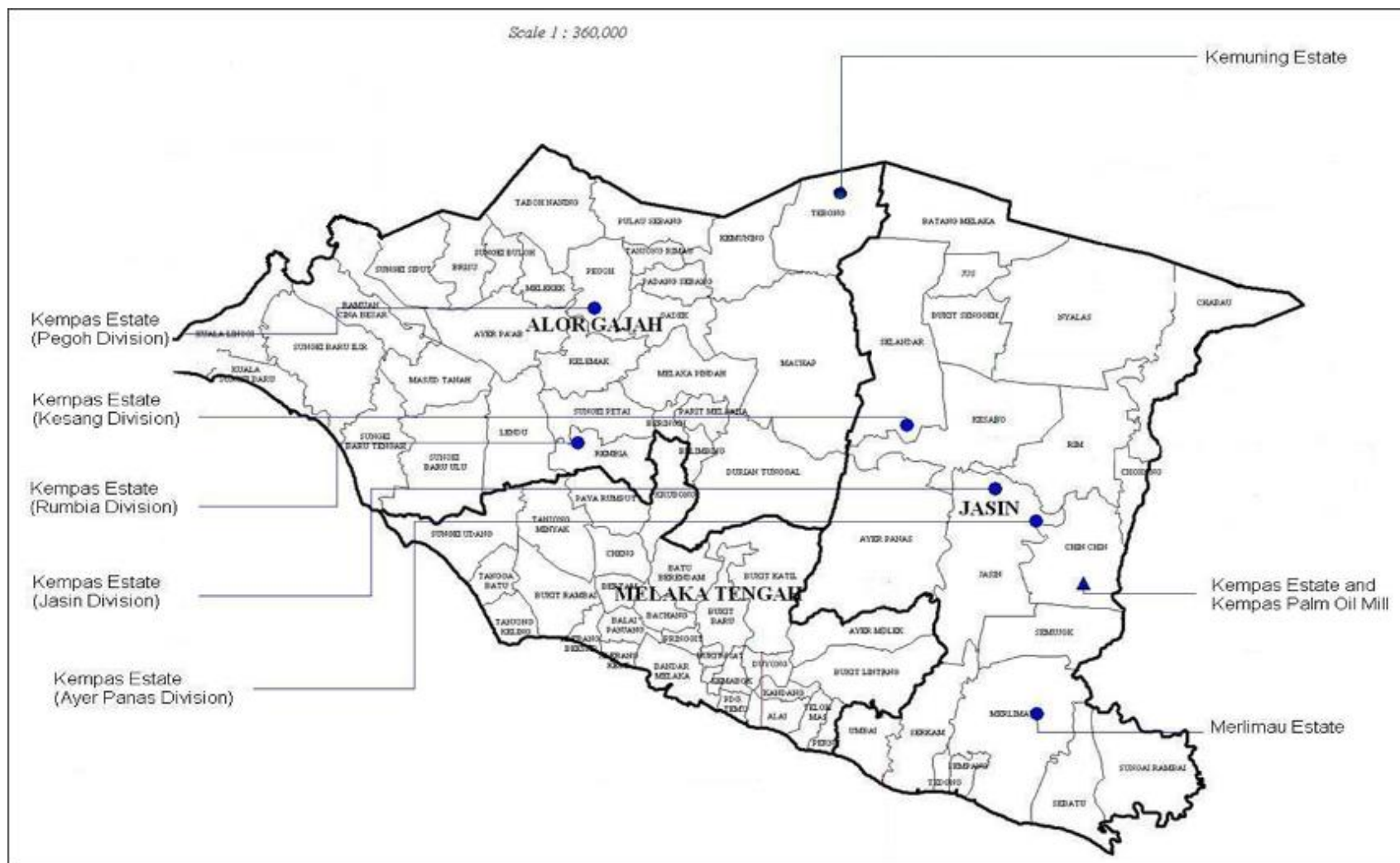
Name : MAHZAN BIN MUNAP
(Lead Assessor)

Recommendation

Based on the evidence gathered it can be concluded that **Sime Darby Plantation Sdn. Bhd. Kempas-SOU 17** continue to conform to the requirements of the RSPO MY-NI: 2008. All nonconformities have been closed out through verification of corrective action records.

Therefore, the assessment team recommends **Sime Darby Plantation Sdn. Bhd. Kempas-SOU 17**, to continue to be certified against RSPO MY-NI: 2008.

Location map of Certification Unit ~ SOU 17 Kempas



SURVEILLANCE AUDIT PROGRAMME

1. Objectives

The objectives of the assessment are as follows:

- (i) To determine Sime Darby Plantation Sdn. Bhd., Kempas Certification Unit SOU 17 conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

2. Date of assessment : 27 – 29 April 2011

3. Site of assessment : Sime Darby Plantation Sdn. Bhd.
Kempas Certification Unit (SOU 17), 71000 Jasin, Melaka

4. Reference Standard

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

5. Assessment Team

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

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. **Assessment Programme Details** : As below

Day One: 27th April 2011 (Wednesday)

Time	Activities / areas to be visited					Auditee
	Mahzan	Valence	Akim	Najwan	Dr. Zahid	
8.00 – 8.15 am	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader at SOU 17 Kempas office					Kempas management & Committee
8.15 – 8.45 am	Briefing on the organization implementation of RSPO (i.e. changes on organization activities (if any) and corrective action taken to address previous assessment findings)					Management Representative
8.45 - 1.00 pm	Site visit and assessment at Kempas Oil Mill <ul style="list-style-type: none"> • View documentation and records relating to SH Management System • Unloading area • Production area • Utilities e.g. engine room, boiler, WTP, etc • Laboratory • Workshop • Interview ESH Committee • Commitment to transparency • Laws and regulations • Commitment to long- 	Site visit and assessment at Merlimau Estate <ul style="list-style-type: none"> • View documentation and records relating to Estate management • Nursery (if any) • Good Agricultural Practice • Witness activities & assessment at site (weeding/ spraying/ harvesting/ other maintenance activities) • EFB mulching • Riparian Zone • River system including POME 	Site visit and assessment at Kempas Oil Mill <ul style="list-style-type: none"> • View documentation and records relating to EIA and management plan • Production area • Utilities e.g. boiler, WTP, ETP, etc • Workshop • Chemical store • Waste Management • Source of water supply • Interview workers and contractors • Commitment to transparency • Laws and regulations 	Site visit and assessment at Merlimau Estate <ul style="list-style-type: none"> • View documentation and records relating to estates boundary, HCV and management plan • Conservation area management • Boundary and land use by neighbour • Forested area • Riparian Zone • Water bodies • River system including POME discharge • Plantation on hilly/swampy area 	Site visit and assessment at Merlimau Estate <ul style="list-style-type: none"> • View documentation and records relating to local community and indigenous peoples issues such as EIA, SIA and management plans • Interviews with Administration staff Union representatives and FFB Suppliers • Discussion with management (CSR, community affairs), • Facilities at workplace (rest area, etc) • Consultation with 	Guide for each Assessor

	term economic and financial viability <ul style="list-style-type: none"> • Continuous Improvement Plan • Verify corrective actions taken from the last audit 	discharge <ul style="list-style-type: none"> • Plantation on hilly/swampy area • Waste management at field and line site • Line site & facilities 	<ul style="list-style-type: none"> • Commitment to long-term economic and financial viability • Continuous Improvement Plan • Verify corrective actions taken from the last audit 	<ul style="list-style-type: none"> • Interview with stakeholders and relevant government agencies, if applicable 	relevant government agencies, if applicable <ul style="list-style-type: none"> • Commitment to transparency • Laws and regulations • Commitment to long-term economic and financial viability 	
1.00 – 2.00pm	LUNCH BREAK					All
2.00 – 5.30 pm	Site visit and assessment at Merlimau Estate) <ul style="list-style-type: none"> • Estate Workshop • Chemical store • Fertilizer store • Dispensary • Office Other areas identified during the assessment Assessment on P1, P2, P3, P4 (4.1, 4.6, 4.7, 4.8), P6 (6.5, 6.10), P8	<ul style="list-style-type: none"> • Commitment to transparency • Laws and regulations • Commitment to long-term economic and financial viability • Continuous Improvement Plan • Verify corrective actions taken from the last audit Other areas identified during the assessment Assessment on P1, P2, P3, P4 (4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8), P5 (P5.1, 5.3, 5.5), P8	Site visit and assessment at Merlimau Estate) <ul style="list-style-type: none"> • Estate Workshop • Chemical store • Fertilizer store • General waste disposal area (including dump site if available) • Commitment to transparency • Laws and regulations • Commitment to long-term economic and financial viability Other areas identified during the assessment Assessment on P1, P2, P3, P4 (4.1, 4.8), P5 (5.1, 5.3, 5.4, 5.5, 5.6), P8	<ul style="list-style-type: none"> • Commitment to transparency • Laws and regulations • Commitment to long-term economic and financial viability • Continuous Improvement Plan • Verify corrective actions taken from the last audit Other areas identified during the assessment Assessment on P1, P2, P3, P4 (4.1), P5 (5.2, 5.5), P6 (6.2) P8	<ul style="list-style-type: none"> • Visit line site and discussion with Workers and dependents • Facilities at living quarters (surau, provision shop, etc) • Visit and discussion with surrounding local community of SOU 17 • Continuous Improvement Plan • Verify corrective actions taken from the last audit Other areas identified during the assessment Assessment on P1, P2, P3, P6, P8	Guide for each Assessor

Day Two: 28th April 2011 (Thursday)

Time	Activities / areas to be visited	Auditee
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	Mahzan	Valence	Akim	Najwan	Dr. Zahid	
8.00 am – 1pm	<p>Site visit and assessment at Tangkah Estate on Safety and Health practices</p> <ul style="list-style-type: none"> • Nursery (if any) • Witness activities & assessment at site i.e. (weeding/ spraying/ harvesting/ other maintenance activities) • Chemical store • Fertilizer store • Estate Workshop • Facilities at workplace (water treatment plant, clinic, etc) • Interview Safety Committee and contractors • Commitment to transparency • Laws and regulations • Commitment to long-term economic and financial viability • Verify corrective actions taken from the last audit • Continuous Improvement Plan <p>Other areas identified during the assessment</p>	<p>Site visit and assessment at Tangkah Estate on Estate Operation</p> <ul style="list-style-type: none"> • Good Agricultural Practice • Witness activities & assessment at site (weeding/ spraying/ harvesting/ other maintenance activities) • EFB mulching • POME application • Riparian Zone • Plantation on hilly/swampy area • Line site & other community facilities • River system including POME discharge • Waste management • Worker issue • Verify corrective actions taken from the last audit • Continuous Improvement Plan <p>Other areas identified during the assessment</p>	<p>Site visit and assessment at Tangkah Estate on Environmental area of concerns</p> <ul style="list-style-type: none"> • Chemical store • Fertilizer store • Estate Workshop • Scheduled Waste store • Waste management at estate and line site including disposal site • Recycling activities • Diesel generator set (if any) • Source of water supply • Interview workers and contractors • Commitment to transparency • Laws and regulations • Commitment to long-term economic and financial viability • Verify corrective actions taken from the last audit • Continuous Improvement Plan <p>Other areas identified during the assessment</p>	<p>Site visit and assessment at Tangkah Estate on conservation of natural resources and biodiversity</p> <ul style="list-style-type: none"> • Plantation on hilly/swampy area • Inspection of protected sites with HCV attributes • Riparian Zone • River system including POME discharge • Boundary and land use of different estates • Water catchment area • Verify corrective actions taken from the last audit <p>Other areas identified during the assessment</p>	<p>Site visit and assessment at Tangkah Estate on responsible social considerations</p> <ul style="list-style-type: none"> • Interviews with Administration staff , Safety Committee, contractors and Union representatives • Discussion with management (CSR, community affairs), • Facilities at workplace (rest area, etc) • Consultation with relevant government agencies (if applicable) • Visit and discussion with (1) Workers and dependents at line site (2) surrounding local community of SOU 17 • Facilities at living quarters (surau, provision shop, etc) • Continuous Improvement Plan • Verify corrective actions taken from the last audit <p>Other areas identified during the assessment</p>	Guide for each Assessor

	Assessment on P1, P2, P3, P4 (4.1, 4.6, 4.7, 4.8), P6 (6.5, 6.10), P8	Assessment on P1, P2, P3, P4 (4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8), P5 (P5.1, 5.3, 5.5), P8	Assessment on P1, P2, P3, P4 (4.1, 4.8), P5 (5.1, 5.3, 5.4, 5.5, 5.6), P8	Assessment on P1, P2, P3, P4 (4.1), P5 (5.2, 5.5), P6 (6.2) P8	Assessment on P1, P2, P3, P6, P8	
1.00 – 2.00 pm	LUNCH BREAK					All
2.00- 5.30pm	Continue with unfinished elements					Guide for each Assessor

Day Three: 29th April 2011 (Friday)

Time	Activities / areas to be visited					Auditee
	Mahzan	Valence	Akim	Najwan	Dr. Zahid	
8.00 – 11.00am	Verification on outstanding issues for Kempas Certification Unit Assessor to inform auditee on required document / record					Guide for each Assessor
11.00 – 12.30pm	Audit team discussion and preparation on assessment findings					All Assessors
12.30 -2.30pm	LUNCH BREAK & FRIDAY PRAYER					All
2.30 -3.45pm	Continue Audit team discussion and preparation on assessment findings					All Assessors
3.00- 3.45 pm	Discussion and acceptance on audit findings with representatives from SOU 17					Auditee
3.45 - 4.30 pm	Closing meeting at Kempas Estate Office for SOU 17 – presentation of Kempas Certification Unit assessment findings					All
4.30pm	End of assessment					

DETAIL OF AUDIT FINDINGS AND CORRECTIVE ACTION TAKEN

P & C Indicator	Detail Non-Compliance	Corrective Actions Taken	Status
I 2.1.1.	<p>1. Lapses as follows</p> <p>a) Notification of spent hydraulic oil & empty contaminated containers not evident.</p> <p>b) Scheduled waste containers not labeled according to legal requirements.</p> <p>c) Consignment note copy No. 2 disposal dated 8/4/11 for SW 409 to Texcycle was not sent to DOE.</p> <p>d) No evident that 7th schedule has been established and acknowledged to the transporter</p> <p>e) No evident that the scheduled waste handler has attended training on scheduled waste management.</p> <p>2. No record of written approval for two units of diesel generator available at KPOM – issue raised during ST 2 Assessment.</p>	<p>Action taken accordingly</p> <p>(1)</p> <p>a) Kempas CU has submit notification i.e. 2nd Schedule was submitted to DOE</p> <p>b) Containers was labeled in accordance with EQ(SW)Reg. 2005</p> <p>c) 7th Schedule document i.e. waste information was established. Till todote no waste was collected by the registered waste contractor.</p> <p>(2) written approval for two units of diesel generator available at KPOM</p>	Closed
I 4.8.1	The scheduled waste handlers were not adequately trained in managing the scheduled waste	Training on scheduled waste was conducted to schedule waste handler at KPOM and estates. Training record was maintained.	Closed
I 5.1.1	The aspects and impacts register did not recognized key activities such as replanting, manuring, spraying, line site, chemical, scheduled waste and fertilizer storage. The last review of the aspects and impacts register was conducted in August 2008.	The aspects and impacts register was updated to include activities such as replanting, manuring, spraying, line site, chemical, scheduled waste and fertilizer storage.	Closed

I 5.2.1	<p>There no evidence on</p> <ol style="list-style-type: none"> 1. Stakeholders consultation with Gunung Ledang Johor National Parks in Tangkah Estate. 2. Assessment on old graveyard at Air Panas Division and water catchment in KRU at Kemuning Division. 	Tangkah estate has carried out stakeholder consultation with Gunung Ledang Johor National Parks.	Close
I 6.6.1	<ol style="list-style-type: none"> 1. Only the minutes of one meeting between Ayer Panas Division and NUPW is available. 2. No systematic record of minutes is available. 	Minutes of meeting was established such as workers and management of Kempas CU	Closed

VERIFICATION OF PREVIOUS AUDIT FINDINGS

P & C, Indicator	Detail Non-conformances	Verification	Status
Criterion 2.1 Indicator 2.1.1	<p>1. Written approval for fuel burning equipments were not available as required by Environmental Quality (Clean Air) Regulations 1978 -written approval from Department of Environment (DOE) for steam boilers and stand-by diesel generator set.</p> <p>2. Chemical Health Risk Assessment at Kemuning Estate is not yet conducted as required by Occupational Safety and Health (Use and Standard of Exposure of chemicals Hazardous to Health) Regulations 2000.</p>	<p>Written approval for steam boilers and stand by diesel generator set are available.</p> <p>CHRA has been conducted on 5 & 6 November 2008 by registered assessor (Reference no; JKKP IH 127/171-2(124)</p>	Closed
Criterion 4.2 Indicator 4.2.2	Soil sampling was not carried out and soil nutrient status was not available. Only leaf nutrient status was evident in the Agronomic and Fertilizer Recommendation Report – Oil Palm (2006/07 and 2007/08 for Kempas estate, 2007 and 2008 for Kemuning estate).	<p>Letter dated 24/10/2008 has requested Research & Development (R&D) Department, Carey Island to conduct soil sampling.</p> <p>Section 4, requirement 4.2.5 of Sustainable Plantation Management System procedure has addressed the need to conduct soil sampling for every 25 years.</p>	Closed
Criterion 4.3 Indicator 4.3.2	Many areas visited in Kempas estate appeared quite bare and incidences of exposed soil conditions were evident. Almost bare ground conditions were noted (but not confined to) at block 12 of 1992 planting, block 6 of 1989 planting and blocks 5, 7 and 8 of 1994 plantings.	Photograph has shows silt trap and U-shape frond stacking practice have been implemented to minimize soil erosion due to surface water run off. In addition soft grasses have been seen to be growing in that affected areas.	Closed
Criterion 4.4 Indicator 4.4.3	The monitoring of discharges need to be enhanced in ensuring no negative impacts to the environment & action taken to rectify the situation is not documented to prevent recurrence.	1(a). Effectiveness of the additional trap will be verified in the next audit	Closed

	<p>1. Discharge from Kempas oil mill silt trap no 2 on 4th September 2008 was flowing into stream that leads to Sg. Kesang which is located upstream of Loji Air Merlimau and few villages. A comment during stakeholder consultation on this matter was highlighted by the neighbouring JKKK on 4th August 2008. Monitoring results for April, May & June 2008 showed that the limit (for SS and BOD) exceeded Standard A.</p> <p>2. The monitoring results of river water at Kempas Estate exceeded the limit used for comparison (e.g. for cadmium).</p> <p>3. No record available for sewage discharge monitoring.</p>	<p>1(b). Photograph shows the silt trap no 1 & no.2 have been desilted</p> <p>1(c). Result of monitoring received on 24/11/2008 shows the readings for SS and BOD are within the limit. Letter from Syarikat Air Melaka Berhad (19/9/2008) has confirmed no interruption of their operation due to intake water quality.</p> <p>2. River water analysis was conducted on 24/10/2008 by external laboratory and result showed that the parameter sampled were within the limit.</p> <p>3. Monitoring of sewage discharge was conducted and desilting of septic tank was carried out. Service purchase order record sighted.</p>	
<p>Criterion 4.5 Indicator 4.5.2</p>	<p>1. Rat baiting carried out with Ebor 401 baits (second generation) for the whole of the main division in Kempas Estate (1704 ha) without the support of a census.</p> <p>2. No fresh damage census caused by rhinoceros beetles for Kemuning Estate's (Kru Div) 07A and 07B to justify prophylactic spraying with cypermethrin at fortnightly intervals.</p> <p>3. Prophylactic spraying of cypermethrin was carried out in the nursery of Kemuning estate for clonal materials. The EQMS did not document any differences of spraying regime for different material (clonal or normal DXP).</p>	<p>1. Data on rat damage census established.</p> <p>2. P&D census has been carried out and checklist has been filled-up accordingly.</p> <p>3. 'Daily store issues' records show no prophylactic spraying chemical was issued.</p>	Closed
<p>Criterion 4.7 Indicator 4.7.1</p>	<p>Improper PPE in weeding and harvesting operations in KRU Division of Kemuning estate.</p> <p>1. One of the sprayers working in field 07B was</p>	<p>Training was conducted on 16 September 2008 for sprayers and harvesters on appropriate usage of PPE.</p>	Closed

	<p>wearing short pants and short sleeves shirt and one sprayer was only wearing one glove.</p> <p>2. Sickle cover was not used when harvesting pole is left in the field after work.</p> <p>3. Broken helmet was used in the field at Kempas Estate.</p>	<p>PPE Inspection Checklist has been established and implemented as part of the monitoring to ensure appropriate usage of PPE.</p> <p>Photograph has shown appropriate PPE has been given and used by sprayers and harvesters.</p>	
<p>Criterion 4.8 Indicator 4.8.1</p>	<p>Training programme is limited to safety issues.</p> <p>1. There is no training programme available for training related to RSPO requirements except for those related to safety programme.</p> <p>2. The established training needs identification need to be reviewed to ensure the appropriate level of training given to the required personnel.</p>	<p>Training programmes and training need has been established. Records of the programme implementation were verified. Among the training records were sighted are chemical handling on 1st November 2008, awareness on usage of PPE on 9th April 2009 and spraying technique on 19th January 2009.</p>	Closed
<p>Criterion 5.2 Indicator 5.2.2</p>	<p>A group of Dusky Langur, a protected species within the country, was found within the Rumbia division of Kempas estate. A management plan for this group of protected animals is to yet develop.</p>	<p>A management plan for biodiversity and high conservation value area has been established. Jabatan Perhilitan Melaka has received letter from SOU 17 dated 23/10/2008 and now awaiting their response.</p>	Closed
<p>Criterion 5.3 Indicator 5.3.2</p>	<p>1. Site review at scheduled waste stores observed that, scheduled waste were not adequately labeled (i.e. waste hazard, waste code, waste name, company name, address, telephone no. and date of generation). It was also observed at Kempas palm oil mill that contaminated rag/gloves were not kept in the durable containers.</p> <p>2. Notification to Department of Environment (DOE) on the generation of scheduled wastes was not evident (i.e. SW 410, SW 305, SW 306, SW 307 and SW 404)</p>	<p>1. Photograph shows scheduled waste have been labeled in accordance with regulations</p> <p>2. Notification of scheduled waste generation has been submitted to DOE on 10 October 2008 and accepted by DOE.</p>	Closed

	<p>3. Scheduled wastes inventory records were not accurately filled-up.</p> <p>4. Scheduled wastes consignment note were not adequately filled-up and copies of the document were not submitted to DOE.</p> <p>5. The waste information was not available for SW307, SW305, SW306 and SW322.</p> <p>6. Inadequate secondary containment at Kemuning estate chemical store and workshop.</p>	<p>3. Inventory records have been updated.</p> <p>4. Training was conducted on 13 & 14 November to the relevant person in charge and attendance list made available.</p> <p>5. Waste information for scheduled waste has been established</p> <p>6. Photograph at chemical store and workshop shows secondary containment provided.</p>	
<p>Criterion 6.1 Indicator 6.1.1</p>	<p>No evidence of documented social impact assessment (SIA) has been carried out for SOU 17.</p>	<p>The SIA report and the management plan have been established.</p> <p>The implementation of the plan will be verified in the next audit.</p>	<p>Closed</p>
<p>Criterion 6.1 Indicator 6.1.2 Indicator 6.1.3</p>	<p>As SOU 17 has not conducted the SIA, thus there is no evidence of the participation of affected parties. A time table for mitigating and monitoring negative impacts is yet to be established.</p>	<p>Issues highlighted in the JKKK meeting were considered in the SIA.</p> <p>A time table for mitigating and monitoring negative impacts has been established.</p>	<p>Closed</p>
<p>Criterion 6.2 Indicator 6.2.2</p>	<p>No nominated plantation management official at the operating unit responsible for looking into issues related to communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p>	<p>Appointment letter dated 9/9/2008 has been issued to Estate Manager as plantation management official.</p> <p>Requirement 5.5.2,Section 5 of Quality Management Manual (QMM) has addressed the estate manager shall be appointed as the Management Representative</p>	<p>Closed</p>
<p>Criterion 6.1 Indicator 6.2.3</p>	<p>1. The list of stakeholder for SOU 17 is inadequate. For example the list as in stakeholder file at Kempas estate has not included the neighbouring smallholders.</p> <p>2. Records of communication on actions taken in</p>	<p>1. List of stakeholders was updated to include all smallholders and local community.</p> <p>2. Meeting was conducted on 4/8/2008 and meeting minutes have been generated. SOU 17 also has established action plan in</p>	<p>Closed</p>

	response to input from stakeholder is not available. For example an input highlighted during stakeholder consultation in 2007 and August 2008.	response to complaint from stakeholder complete with relevant person in-charge and time frame.	
Criterion 6.3 Indicator 6.3.3	The procedure for dealing with complaints and grievances were applicable only for workers.	Sustainable Plantation Management System procedure has addressed the requirements to handle complaints and grievances matters from all stakeholders.	Closed
Criterion 6.4 Indicator 6.4.2	There is no procedure for calculating and distributing fair compensation.	A procedure for handling land dispute has addressed the requirements on calculating and distributing fair compensation.	Closed
Criterion 6.9 Indicator 6.9.2	No specific grievance mechanism for handling sexual harassment issues has been established in Kemuning Estate.	A procedure for handling grievance mechanism for handling sexual harassment issues has been established.	Closed