



**PUBLIC SUMMARY
THIRD RSPO SURVEILLANCE ASSESSMENT**

**SIME DARBY PLANTATION SDN BHD
MEROTAI CERTIFICATION UNIT (SOU 30)**

**Tawau District,
Sabah, Malaysia**

Audit Date : 6th – 9th December 2011

Prepared by

**Food, Agriculture and Forestry Section
SIRIM QAS International Sdn Bhd
Building 4, SIRIM Complex, No. 1 , Persiaran Dato' Menteri, Section 2
P O Box 7035 40700 Shah Alam, Selangor Darul Ehsan,
MALAYSIA
Tel: 603 5544 6448
Fax: 603 5544 6763
Website: www.sirim-qas.com.my**

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1.0 SCOPE OF THE CERTIFICATION ASSESSMENT

1.1 Introduction

This public summary provides the general information on the Merotai Certification Unit (Merotai CU), the assessment process, the findings of the surveillance, non-conformity reports (NCRs) and opportunity for improvements (OFIs), verification of the corrective actions on the minor NCRs and OFIs raised during the previous surveillance as well as the decision on the continued certification of the CU against the requirements of the RSPO Principles and Criteria for Sustainable Palm Oil Production, Malaysian National interpretation Working Group (RSPO MYNI: 2008)

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

An SOU is equivalent to a CU as defined in the RSPO Certification Systems Document. An SOU consists of one palm oil mill (POM) and its supply bases. The supply base is made up of estates owned by Sime Darby Plantation Sdn Bhd (SDPSB) and small holders' plantations located near the POM.

This assessment covered a management unit and their supply bases as detailed in **Table 1**. The supply bases being assessed were confined to estates owned by SDPSB.

Table 1
Certification Units Covered in the Assessment

No.	Certification Unit	Palm Oil Mill	FFB Supplying Estates owned by SDPSB
1.	SOU 30	Merotai Palm Oil Mill	Imam Estate, Merotai Estate, Table Estate and Tiger Estate

The focus of the assessment team was to determine SDPSB Certification Unit, SOU 30 – Merotai's continued conformance against the RSPO MYNI: 2008 as well as to verify the corrective actions taken by SOU to address the minor NCRs and OFIs raised during the previous surveillance.

1.2 Location of Mills and Estates

SOU 30 is situated in Tawau District, Sabah, East Malaysia. The map of the SOU (mill and estates) is shown in **Attachment 1** while the details on their locations are as shown in **Table 2**.

Table 2
Location and Addresses of Mill and Estates

Certification Unit	Estate/Mill	GPS Location		Location Address
		Latitude	Longitude	
Merotai (SOU 30)	Merotai POM	4° 37' N	117° 83' E	91007 Tawau, Sabah
	Merotai Estate	4° 23' N	117° 47' E	91007 Tawau, Sabah
	Tiger Estate	4° 25' N	117° 50' E	91007 Tawau, Sabah
	Table Estate	4° 22' N	117° 52' E	91007 Tawau, Sabah
	Imam Estate	4° 20' N	117° 50' E	91007 Tawau, Sabah

1.3 Production Volume for All Certified Products

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

Certification unit	FFB Processed	CPO Production	PK Production	Certified CPO	Certified PK
SOU 30	33,4337.904	74,882.211	14,039.320	58,633.660	10,985.345

Table 4
Approximate CPO and PK (Tonnage)
(16 January 2012 – 15 January 2013)

Certification Unit	FFB Processed	CPO Production	PK Production	CPO Claimed for Certification	PK Claimed for Certification
SOU 30	32,4944.341	74,526.245	15,336.349	57,484.895	11,828.070

1.4 Certification Details

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

Parent company: Sime Darby Plantation Sdn. Bhd.
 Certificate no RSPO 004 – Merotai Palm Oil Mill

The date of certification was the date of the RSPO approval which was 16 January 2009. The certification for SOU 30 - Merotai covers the production of crude palm oil (CPO) from the Merotai Palm Oil Mill (MPOM) with FFB supplied by the SOU's own estates: Merotai, Table, Imam and Tiger and third parties which consist of smallholders.

1.5 Description of The Supply Base

The FFB is sourced from the SOU's own estates that had been certified and a small percentage from smallholders and small growers. Details of the FFB contribution from each source to SOU 30 are shown in the following tables:

Table 5
Actual FFB Production Since Date of Last Reporting Period
(16 January 2011 - 15 January 2012)

Estates	FFB Production	
	Tonnes	Percentage
Merotai	65,093.54	19.43
Tiger	74,870.54	22.35
Table	60,737.36	18.13
Imam	57,586.13	17.19
Small holders	9,695.54	2.89
Estate (outsider)	16,720.46	4.99
Collection centre	50,331.02	15.02
Total	335,034.59	100.00

1.6 Date of Planting and Replanting Cycle

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

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

Year of Planting	Planting Cycle (1st, 2nd, 3rd, etc. Generation)	Mature/ Immature	Planted Area (ha)	Percentage of Planted area
1976	1 st	Mature	30.00	0.89
1977	1 st	Mature	26.47	0.78
1990	1 st	Mature	185.13	5.48
1991	1 st	Mature	20.78	0.61
1995	1 st	Mature	454.35	13.44
1996	1 st	Mature	147.35	4.36
2000	1 st	Mature	405.13	11.98
2001	2 nd	Mature	14.90	0.44
2002	2 nd	Mature	220.70	6.53
2004	2 nd	Mature	240.60	7.12
2005	2 nd	Mature	279.10	8.25
2008	2 nd	Immature	230.84	6.83
2009	2 nd	Immature	509.00	15.05
2010	2 nd	Immature	328.00	9.70
2011	2 nd	Immature	288.93	8.54
Total			3,381.28	100.00

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

Year of Planting	Planting Cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area
1992	2 nd	Mature	36.18	1.35
1995	1 st	Mature	25.03	0.93
1995	2 nd	Mature	46.23	1.72
1994	2 nd	Mature	32.64	1.22
1996	1 st	Mature	51.86	1.93
1998	1 st	Mature	71.93	2.68
1999	2 nd	Mature	155.87	5.80
2000	1 st	Mature	317.16	11.81
2000	2 nd	Mature	95.93	3.57
2001	2 nd	Mature	234.54	8.73
2002	2 nd	Mature	293.71	10.93
2004	3 rd	Mature	84.67	3.15
2005	2 nd	Mature	298.59	11.12
2007	2 nd	Mature	303.06	11.28
2008	3 rd	Mature	298.04	11.10
2009	3 rd	Mature	193.68	7.21
2010	3 rd	Immature	147.00	5.47
Total			2,686.12	100.00

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

Year of Planting	Planting Cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area
1995	1 st	Mature	54.13	2.61
1996	1 st	Mature	3.69	0.18
1997	1 st	Mature	397.27	19.17
1998	1 st	Mature	1,199.34	57.89
1999	1 st	Mature	417.40	20.15
Total			2,071.83	100.00

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

Year of Planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area
10A	2 nd	Immature	42.69	1.81
07	2 nd	Mature	108.47	4.61
92	1 st	Mature	109.30	4.64
94	1 st	Mature	84.18	3.58
96	1 st	Mature	41.71	2.94
95	1 st	Mature	69.15	1.77
97	1 st	Mature	530.82	22.56
98	1 st	Mature	1,061.84	45.12
99	1 st	Mature	305.28	12.97
Total			2,353.44	100.00

1.7 Time Bound Plan for Other Management Units

Initially, there were a total of 65 CUs under SDPSB located in Peninsular Malaysia, Sabah and Sarawak in Malaysia and in Kalimantan, Sumatera and Sulawesi in Indonesia. Of these 65 CUs, 42 are in Malaysia while the remaining 23 are in Indonesia. At the time this surveillance assessment was conducted, there were 61 POMs (58 SOUs) and a total of 230 oil palm estates. The variance was due to the closures in Malaysia of 3 POMs (Jeleta Bumi, Sg. Sama and Sg. Tawing) and 1 mill in Indonesia (Tamiang) while another 3 mills (Mostyn, Sepang and Bukit Talang) had been assigned to receive FFBs solely from third parties.

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

1.8 Progress of Associated Smallholders/Smallgrowers Towards Compliance with Relevant Standard

SDPSB has no explicit contract agreement with smallholders / smallgrowers on trading solely with them. Hence, there was no established plan for the supply bases other than SDPSB owned estates to be in conformance with the requirements of the RSPO MYNI: 2010. Subsequently, the CPO that was being produced from the smallholders crop needs to be excluded though Mass Balance calculation.

1.9 Organizational Information/Contact Person

SOU 30 is championed by an Estate Manager who is also the contact person. The details on the correspondence address and the contact person are as follows:

Address:

Merotai Estate
P.O Box 135
91007 Tawau
Sabah

Contact Person:

Hj. Kamarul Bahrin Noor Bin Hj. Sha'arani
Manager
Phone # : 089902801
Fax # : 089902843
e-mail : ldg.merotai@simedarby.com

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

Assessment Team	Role/Area of RSPO Requirement	Qualifications and Experience
Valence Shem	Assessor / Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none">• Collected more than 150 Auditor days in auditing ISO 14001 and RSPO• Nine years experience in Oil Palm Plantation management• Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004• B.Tech. (Hons) Industrial Technology• Successfully completed and passed the RSPO Lead Assessor Course – 2011.

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

2.3 Assessment Methodology

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

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

Common systems were identified and specific evidences were recorded for individual estates. Interviews, particularly those with employees, local communities and suppliers were conducted

formally as well as informally, without the presence of the SOU's personnel. In addition, records as well as other related documentation were also reviewed.

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

2.4 Date of Next Surveillance Visit

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

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The assessment was conducted as planned using the methodology as described in Section 2.3. Findings against each of the RSPO MY-NI indicators are reported below. It was noted that SOU 30 was guided by the Estate/Mill Quality Management System documents for its operations. These documentations were inspired by the ISO 9001, ISO 14001 and OHSAS 18001 requirements.

The nonconformity report (NCR) against RSPO MYNI: 2008 requirements were raised as shown in **Attachment 3**. Corrective actions had been taken by the SOU to address all the major NCRs and therefore they had been closed out

In addition, all the previous year's NCRs had been satisfactorily closed out following verification of the implemented corrective actions. The assessment team had reviewed all the action plans and accepted them to be adequate in addressing the NCRs. The details on these NCRs and their status are shown in **Attachment 4**.

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1

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

Findings:

SOU 30 had continued to implement the same procedure on responding to any communication as outlined in their Estate/Mill Quality Management System documents. The system required response to all communication within a certain time frame. All communications were logged and registered.

The records on all communication had continued to be kept and maintained in different files depending on the stakeholder.

Criterion 1.2

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

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

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

Findings:

There was no restriction as to the documents made available to the public except those prevented by

commercial confidentially or where disclosure of information would result in negative environmental or social outcomes.

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

It was observed that there had been no changes being made since last year to the documents which could be made available for public viewing.

PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Criterion 2.1

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

Findings:

SOU 30 had continued to use the same documented system for identifying, accessing and updating the relevant legal requirements and to monitor the status of legal compliance. SDSPB had ensured all applicable legal requirements pertaining to RSPO had been established, implemented and maintained.

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

The SOU had continued to keep the list of laws affecting the oil palm industry. The SOU was still committed to comply with most of the relevant laws. The evaluation of legal compliance was done by Environmental Safety and Health Coordinator.

However, a major NCR was raised against Indicator 2.1.1 where it was found that the Imam Estate had been operating its Diesel Generator not in accordance to Factories and Machinery Act (Person In-Charge) Regulations, 1970 as the estate had no competent Internal Combustion Engine Driver Grade 1 or Grade 2 to be in-charge of the generator.

The management of the Imam Estate had taken appropriate corrective actions by engaging a competent Grade 2 Engine Driver in-charge of operating the diesel generator and had submitted an application to DOSH for another engineer to sit for the Grade 2 Engine Driver examination during the upcoming test (not yet being advised by DOSH Sabah). The assessor was satisfied with the corrective taken by the Iman Estate and had therefore closed out this NCR.

Another NCR was raised against SOU 30 as it was found out that there was no training been conducted for the person in-charge of handling the scheduled waste at Imam Estate and GPOM.

Criterion 2.2

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

Findings:

The legal ownership of land and map to indicate the boundary stone had been sighted for the SOU. The boundary stones along the perimeter adjacent to state land and other reserves were sighted during the site visit for all estate.

The SOU 30 had continued to locate all the boundary marks by engaging a licensed surveyor (Jurukur Sabah) to ensure that there was no encroachment by any party. Maps to indicate the results of this work were sighted during the assessment.

Generally, the SOU had continued to be committed to the right to use the land which still had not being legitimately contested by local communities with demonstrable rights.

Criterion 2.3

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

Findings:

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

PRINCIPLE 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY**Criterion 3.1**

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

Findings:

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

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

PRINCIPLE 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS**Criterion 4.1**

Operating procedures are appropriately documented and consistently implemented and monitored.

Findings:

SOU 30 had continued to implement the comprehensive SOP for all its estate and mill practices. For the estates, in addition to the SOP, the technical guidelines as listed in the Agricultural Reference Manual had also continued to be used.

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

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

Monitoring of the SOP implementation was still being closely done by the person-in-charge and their records were verified.

Criterion 4.2

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

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

Findings:

SOU 30 had continued to monitor their fertilizer inputs as recommended by their agronomist. The use of fertilizer was still being made on annual basis as described in the 'Agronomic & Fertilizers Recommendation Reports – Oil Palm 2011/2012.

Leaf (tissue) sampling was still being carried out and its result formed part of the basis for the fertilizers input recommendation. The quantity of fertilizer applied was still based on the recommended input as stated in Agronomic & Fertilizer Recommendation Report – Oil Palm.

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

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

Findings:

SOU 30 was still committed to minimize soil erosion. In general, the soil and water conservation practices include constructing and maintaining terraces (terrace planting) on hilly to steep terrains, L-shaped frond stacking and contour stacking of the pruned fronds in line with the SOP and other biomass retention in the field had continued to be consistently implemented.

SOU 30 had continued to practice circle and path spraying for field maintenance in the mature areas as stipulated in their SOP. Generation of non-competitive ground covers especially *Nephrolepis bisserata* and soft grasses had significantly minimized the occurrence of bare ground, soil erosion and surface runoff.

During the field visit, it was observed that SOU 30 still had a satisfactory road condition and accessibility, made possible by regular road maintenance programmes such as road resurfacing, grading and culvert maintenance. The financial support for this operation could be seen in the annual budget. Records of this activity were adequately maintained.

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

Generally, SOU 30 had continued to comply with the requirement for conserving areas with more than 25° slope gradients to minimise soil erosion and degradation. Consultation with the SOU's managers had indicated that they were still being fully aware of the requirements to conserve such areas. From the inspection, it was observed that the sites had not been adversely disturbed.

Criterion 4.4

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

Findings:

There was no river seen neither on the map nor in the field in the Tiger Estate. Therefore there was no buffer zone being declared in the Tiger Estate. However, there was one water catchment in the Table Estate. Site visit was conducted to verify the protection of water courses, including maintaining and restoring appropriate riparian buffer zones all natural waterways within the estate.

SOU 30 had continued to implement their SOP and policy on maintenance of riparian zone. This practice was also recommended in the PMM. It was seen that the marking of riparian buffers with an "X" or a ring painted in white or red were still being continued. During the site visit in the Table Estate, it was found that there were signboards being erected along the buffer zone boundary.

There was no trace of spraying activity. Based on random interviews held with the workers, it was revealed that they still understood the requirement of keeping the riparian zones free from any agricultural activities such as application of fertilizer and chemical weeding.

Guided by their SOP, the SOU had continued to conduct water quality monitoring in identified waterways. The water analysis reports were shown to the assessor for verification.

There was no evidence to indicate that constructions including bunds/weirs/dams had taken place across the main rivers or waterways passing through any of the visited estates in the SOU.

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

SOU 30 had continued to implement its water management plans which include action to reduce treated water usage at the mills, intensification of coordination and communication activities to promote effective consumption goals, investment on new infrastructure such as reservoir and HDPE tanks to facilitate rainwater, harvesting and contingency plan for water shortage.

For the field, the plans had included construction of new moisture control pits, collection and subsidiary drains as well as de-silting of existing collection and subsidiary drains.

Criterion 4.5

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

Findings:

SOU 30 had continued to implement the documented IPM techniques as shown in the SOP/Section B13/Pest & diseases and ARM/Section B15/Plant Protection. Usage of pesticides was still being justified and monitored. Information on the quantity of pesticides and areas applied had continued to be documented and used to monitor the FFB produced in the applied area.

Beneficial plants from the four major species namely *Tunera subulata*, *Cassia cobanensis*, *Antigonon leptopus* and *Euphorbiaceae sp.* had continued to be planted in SOU 30 to maintain low population of leaf eating caterpillars, hence had reduced the need to use chemical treatment.

Ganoderma census had continued to be done in SOU 30 and infected palms have been identified. The disease was mitigated by excavating the infected soil during replanting and exposing it to sunlight.

Records on agrochemicals active ingredient (ai) used per hectare and per metric tonne basis were sighted in SOU 30. Likewise, records of location where pesticides had been used were also made available.

Criterion 4.6

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

Findings:

SOU 30 had continued to use the chemicals that are registered under the Pesticide Act 1974. No chemicals listed in the World Health Organization Type 1A or 1B or Stockholm or Rotterdam Convention had ever been used.

Usage and method of agro-chemicals applications (pesticides and herbicides) were still being justified and stipulated in the ARM and SOP as well as in Safety Pictorial procedure. No illegal agrochemicals (stated by local and international laws) in particular paraquat had been used or found in SOU 30. Paraquat had totally been replaced by another contact herbicide called glufosinate ammonium.

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

Relevant information on the agrochemical used by estate workers, largely via morning muster and the use of Safety Pictorial poster, were conveyed and understood by all interviewed during the spraying activities and fertilizer application. It was also verified in the training records that training in chemical handling especially to the sprayers and the storekeeper, had been conducted with the aim of disseminating the correct information and ensuring understanding regarding the usage and hazards of the agrochemicals.

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

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

Updated records on purchase, storage and consumption of agrochemicals were still being made available in SOU 30. In order to avoid human exposure to concentrated chemicals, pre-mixing was practiced. MSDS were adequate for each agrochemical at the estate stores.

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

Aerial application of agrochemicals was still not being practiced. SOU 30 mills had carried out the

chemical residue test quarterly although until today, there was no request to do it from their CPO buyer.

Criterion 4.7

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

Findings:

SOU 30 had continued to implement the SDPSB's Occupational Safety and Health Policy, plan and programme. The safety and health policy had continued to be displayed prominently in Bahasa Melayu and English on notice boards at the mill's and estates' office and Muster Ground. Based on random interviews held with employees, it was found that they generally still had a good understanding on the basic requirements of the policy, i.e. to work safely, comply with legal requirements, follow established procedures and instructions from their superiors.

Based on the risk assessment, SOU 30 had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA records were verified during the assessment. At the estates, the HIRARC carried out covered activities like chemical mixing and spraying, harvesting and FFB collection. As for the mill, the identified activities were FFB sterilization, kernel extraction and oil extraction and clarification and others.

Mill and field inspection including observation of spraying tasks confirmed chemicals being applied were in accordance with the product safety precautions. MSDS were available at point of use – example, at mill: water treatment plant, boiler chemical dosing area; at the estate: chemical store and chemical mixing area. The pesticides used were registered under the Pesticides Act 1974 and in accordance to USECHH Regulations (2000). At Merotai Palm Oil Mill and estate, CHRA and Health Surveillance were conducted and recommendations from the assessment were followed through.

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

Appropriate PPE were still given to employees of SOU 30 and they were seen to be wearing them including face masks, goggles, nitrile gloves, apron, Wellington boot and hard hat to estate workers to cover all potentially hazardous operations such as pesticide application and FFB harvesting. At the mill the employees were provided and they were seen donned hard hat, safety shoes, gloves, ear plugs, safety glass, goggles and apron. PPE issuance record was sighted and found acceptable for frequency of PPE replacement.

OFIs issued include the following:

- No grounding points seen at the Diesel storage tank area for unloading of diesel from PETRONAS tanker.
- Insufficient dressing locker and cloth line to hang worker's cloth was provided in view of 40 sprayer workers.

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

SOU 30 had continued to use the same OSH Committee to facilitate their OSH implementation plan. Roles and responsibility of each member, including worker's representative were clearly defined and the committee meetings were held on a quarterly basis. Minutes of meetings were available on file and detailed the discussions that include accident cases, workplace inspections, relevant training required for workers, health monitoring results and areas for improvement.

SOU 30 had continued to maintain the existing facilities for various types of emergencies that had been identified. At the mill, an 'Emergency Room' equipped with basic facilities (i.e. stretcher, First Aid kit, emergency eye wash and shower station) were still being provided. They had also continued to use the already documented Accident and Emergency procedures that include steps required to response for a

range of potential emergencies. Site Plan and Emergency Callout list of Contacts were reviewed annually and updated. Emergency evacuation and fire drill and demonstration had been conducted at Merotai Estate on 10th April 2011.

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

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

OSH performance was continuously monitored and accident cases were managed in accordance with OSH Regulations. Accident records were kept and reviewed. An accident scoreboard was made available at mill and estates and updated regularly to show the current OSH performance status. In 2011, seven (7) LTI cases were recorded at the mill and the accident were investigated. Corrective action for one serious incident (fall from height, 21.5 ft below) had been taken and risk register reviewed. JKPP 8 was sighted submitted to DOSH timely.

SOU 30 had continued to insure all its foreign workers in the mill and the estates via Worker's Compensation Accident Scheme via a recognized insurance underwriter. The local employees were covered by SOCSO.

Criteria 4.8

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

Findings:

SOU 30 had continued to establish training needs and programmes for the year 2011/12. Generally the training programme covers the major training identified such as RSPO awareness, safety and health awareness, first aid, fire fighting, 5S housekeeping and the implementation of SOPs.

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

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

Criterion 5.1

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

Findings:

SOU 30 had continued to review its environmental aspects/impacts register associated with their activities. The assessor had found that most of the activities had been identified and evaluated accordingly.

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

Among the EMP being implemented at the estate level were reduction of diesel consumption and the planting of beneficial plant. At the POM, the EMP include ensuring effluent discharge and boiler smoke emission were within the legal requirements. Monitoring records had shown their effluent discharge

and smoke emission were within the legal permissible limits.

Criterion 5.2

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

Findings:

The SOU had continued to implement the action plan as outlined in the Biodiversity Baseline Assessment Report, Sime Darby Plantation for SOU 30.

During the annual surveillance audit 2 (2010) a concern had been raised on the HCV management plan as it was found that the management plan for HCV habitats had been improved by including the HCV maps and management prescription for each HCV area. The signage for HCV sites had also been erected.

During the on-site visit to the Tiger Estate, it was found the estate had identified and maintained the significant HVC habitats, e.g. HCV4 which is to control and maintain basic service of natural water catchment, and protection on erosion control for biodiversity area including the Tiger Hill.

Tiger Estate also had maintained the HCV6 to control and maintain the religious significance and place of worship for Muslim mosque. The monitoring was conducted on 22 Aug 2011.

During the annual surveillance audit 2 (2010) a minor NCR had been raised on quarrying activities on slope more than 25°. However during the on-site visit made during this surveillance, it was found that the quarrying activities had stopped. The HCV area had also been clearly demarcated with signboard. Therefore, the minor NCR 5.2.2 was closed out.

During the site review conducted at the Table Estate, it was observed that the identified HCV4 for river buffer zone and water catchment area and HCV6 for graveyard and worship area had continued to be maintained. In addition, it was also found the Table Estate had maintained the signage of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities.

Generally, Table and Tiger Estate had continued to monitor and maintained the significant HCV habitats, including the status of rare, threatened or endangered species (ERTs).

Criterion 5.3

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

Findings:

The SOU had continued to reduce, recycle and dispose off wastes generated from their operation in an environmentally and socially responsible manner. General wastes were disposed through the Town Council waste disposal since the SOU is located near the town of Tawau.

The SOU had continued to implement the waste management plan and SOP for the disposal of the identified wastes. For example, the mill had continued to send EFB to the field for mulching while fibre were still being used as fuel for the boiler.

The SOU had continued to implement the operational control procedure and monitoring of activities as per schedule to ensure all wastes and pollutants would not contribute to significant impact to the environment.

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

Criterion 5.4

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

Findings:

The SOU had continued to use renewable energy in the mill. Fibre and shell were still used to power the boiler and generate steam for the process as well as electricity for the mill complex and labour line. Records of monitoring for both renewable energy and fossil fuel were still being made available as per the requirement of the indicator. Besides, diesel reduction programme had continued to be implemented and monitored as part of their environmental management program.

Criterion 5.5

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

Findings:

Fire was still not being used in all estate operations, replanting, land clearing and waste disposal. This practice had been adopted company-wide since 1989 in accordance with the zero burning policy and also as prescribed in the Agricultural Reference Manual. All replanting in the SOU had been done without the practice of burning.

Criterion 5.6

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

Findings:

SOU 30 had continued to implement its plans to reduce pollution. Among the plans were reducing black smoke emission, enhancing the scheduled waste management, reducing diesel consumption and ensuring effluent discharge is within the legal requirements.

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

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

Criterion 6.1

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

Findings:

The format and content of the current Social Impact Assessment (SIA) report were found to be adequate. However, the SIA had not been revised to incorporate the potential impacts of estate activities on the external local communities as recommended in the last surveillance report.

During this surveillance, it was found that neither the Mostyn Estate nor the Giram Palm Oil Mill had taken any effort to address the minor NCR raised during the previous audit. Although the SOU had given the assurance that this NCR would be addressed, it remained outstanding until the SOU's promised action is verified during the next surveillance audit.

Criterion 6.2

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

Findings:

The SOU had continued to implement the communication procedures and the standard operating manual on customer communication. Each estate had nominated a plantation management official to be responsible on matters related to external communication, as part of the implementation mechanism.

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

Criterion 6.3

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

Findings:

During this assessment, Mostyn Estate and Giram Palm Oil Mill were unable to produce evidence related to documentation on the process on dealing with complaints and grievances implemented. There was no grievance file or logbook being kept by the Mostyn Estate and Giram Palm Oil Mill. The grievances being handled were limited to house repairs in the line sites. Hence a major NCR was raised against the SOU.

It was observed that there were different practices of recording on workers' complaints or grievances among the estates/mill. For the purpose of ensuring uniformity as well as to better facilitate the monitoring of these complaints and grievances, the practice of recording them be standardized.

Criterion 6.4

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

Findings:

No evidence was found on the taking of lands with customary rights. Nonetheless, SOU 30 had continued to use the same documented procedures for handling boundary disputes. Should any claim for compensation arise, the procedures as described in the Sime Darby Estate Quality Management System and Mill Quality Management System would be referred.

Criterion 6.5

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

Findings:

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

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

Criterion 6.6

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

Findings:

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

There were also records on correspondence between the union and estates related to employee

matters (e.g. benefits, joint meetings, use of estate facilities). It was observed that the estate had continued to be responsive to the union's concerns and needs.

Criterion 6.7

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

Findings:

The SOU's employee register had shown that the minimum age of the worker was 19 years old. The CU had continued to implement the policy of not employing children both in the estate and mill. Based on interviews with the workers, it was revealed that they were aware of this requirement.

Interviews held with the workers and union leaders had also revealed that there had not been any incidence of child labour in the estates. However, as had been observed during the last audit, children were seen helping their parents with their work, particularly during school holidays.

Criterion 6.8

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

Findings:

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

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

Criterion 6.9

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

Findings:

SDPSB had continued to implement its policy on sexual harassment. The female workers interviewed were found to be aware on the procedures to follow when submitting a complaint on sexual harassment. It was noted that only a few of the planned activities were directed towards enhancing awareness and education of the female employees on sexual harassment. In the future, more activities should be geared towards educating female employees on handling sexual harassment.

Criterion 6.10

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

Findings:

The SOU had agreements with the smallholders, the fresh fruit bunches (FFB) suppliers. The SOU and the suppliers were bound by either short-term or long-term written contracts. These contracts had clearly spelt out the terms of the services including payment. The agreement, signed by both parties, has a table on the rates of pay. The pricing mechanisms for FFB and other services offered by the mill had been documented and communicated to their FFB suppliers and contractors. Payment was made twice a month to the suppliers.

Interviews had with the FFB suppliers had revealed that they had no complaints against the mills and that all payments were made in a timely manner. It was observed that current and past prices being paid for FFB were continued to be displayed at the mill weighbridge office.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Findings:

The SOU had continued to contribute to local development but in a rather limited way. The SOU had continued to provide for example, employment opportunities to the local population. They had also

provided some local school needs, allowed the estate roads to be used by neighbouring villagers at certain hours of the day. This rather limited contributions to local development may be due to the limited consultations the SOU had with the local communities as highlighted in the minor non-compliance against Indicator 6.1.2 above.

PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Criterion 7.1

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

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

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

Criterion 8.1

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

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

Findings:

Generally, the SOU 30 had continued to implement its continuous improvement plans for all the indicators. Most of the plans had been implemented through the requirement of their internal integrated management system. Among the improvement plans were practices to minimize chemical usage by planting cover crops in the immature fields rather than using herbicides for field upkeep. On the welfare of workers, new housing and facilities were being constructed in phases as part of the company's commitment to provide better living conditions. On the environment, the Merotai Palm Oil Mill was implementing the continuous emission monitoring system for the boiler smoke emission.

3.2 Identified Non-conformities

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

3.3 Status of Non-conformities Previously Identified

The assessors had verified the effectiveness of the corrective actions taken by the SOU to address all the previous minor non-conformities. The details on the status of the verified non-conformities are as in **Attachment 4**.

3.4 Noteworthy Positive Observations

SOU 30 had continued to make improvement on the implementation of activities related to compliance with the RSPO MYNI: 2008. This was evident from the physical improvement of housing and related amenities, use of cover crops instead of herbicides, storage of chemical and wastes, changing room for the sprayers and the supply of clean water to the line sites. The workers' housing were being kept clean and beautiful as part of the 'Beautiful House Contest' and good housekeeping had continued to be practised at all the workplaces.

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

There had been sustained commitment from the top management on the implementation of activities related to the RSPO P&C as demonstrated during this assessment particularly on subsidizing the migrant workers' children education at the HUMANA school in the SOU.

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

Among the stakeholder consulted during the surveillance assessment were:

- Workers from different groups;
- Management staff;
- Union representatives;
- FFB suppliers;
- Local communities;
- Female worker representatives; and
- Civil work contractors.

Generally all the stakeholders who had been consulted had given their positive remarks that they had no issue on dealing/working with the SOU. In addition, many had said that they had seen many improvements following the certification of the SOU under the RSPO certification scheme on sustainable oil palm production.

4.0 RECOMMENDATIONS

Based on the evidences gathered during this surveillance, it can be concluded that the **Merotai (SOU 30) of the Sime Darby Plantation Sdn Bhd** had continued to comply with the requirements of the RSPO MY-NI: 2008. All the corrective actions taken by the SOU to address the major nonconformities had been verified by the assessors and found to be adequate for the purpose of closing them out.

Therefore, the assessment team recommends that the certification of the Merotai (SOU 30) of the **Sime Darby Plantation Sdn Bhd** against RSPO MY-NI: 2008 be maintained.


4.0 Recommendation

Based on the evidence gathered it can be concluded that **Sime Darby Plantation Sdn. Bhd. Merotai-SOU 30** continue to conform to the requirements of the RSPO MY-NI: 2008. All nonconformities including major nonconformities have been closed out through verification of corrective action records.

Therefore, the assessment team recommends **Sime Darby Plantation Sdn. Bhd. Merotai-SOU 30** to continue to be certified against RSPO MY-NI: 2008.

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

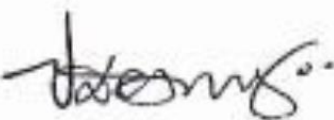
I, the undersigned, representing SOU 30 acknowledge and confirm the contents of the assessment report and findings of the assessment.



Name : **Mazlan Abdullah**

Date : **28/6/12**

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



Name : **VALENCE SHEM**
(Lead Assessor)

Date : 25/6/2012

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



Note: Not to scale

RSPO SURVEILLANCE ASSESSMENT PLAN

1. Objectives

The objectives of the assessment are as follows:

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

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

3. Site of assessment : Sime Darby Plantation Sdn. Bhd.
SOU 30 Merotai, 91007 Tawau, Sabah

4. Reference Standard

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

5. Assessment Team

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

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

7. Audit Witness: None

8. Audit Method

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

9. Confidentiality Requirements

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

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

10. Working Language : English and Bahasa Malaysia

11. Reporting

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

12. Facilities Required

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

13. Assessment Programme Details : As follows:

Day One: 6th December 2011 (Tuesday)

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

Day Two: 7th December 2011 (Wednesday)

Activities /areas to be visited	Mahzan	Dr. Zahid	Najwan	Valence	Auditee
0800-1200	<p>Site visit and assessment at Mostyn Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P6 (6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p> <ul style="list-style-type: none"> Workshop Witness activities at site i.e. 	<p>Site visit and assessment at Jelata Bumi Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P2 (2.1,2.1.1), P6,</p> <ul style="list-style-type: none"> Local communities and stakeholders Interview with Union representative Workers 	<p>Site visit and assessment at Jelata Bumi Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2 (2.1, 2.2), P5 (5.1-5.6), P8</p> <ul style="list-style-type: none"> Conservation area management Riparian Zone Boundary Water 	<p>Site visit and assessment at Jelata Bumi Estate</p> <ul style="list-style-type: none"> Verify previous audit findings <p>Assessment on P1, P2(C2.1-2.1.4), P3, P4, P8</p> <ul style="list-style-type: none"> EFB mulching Witness activities at site i.e. spraying / weeding 	Guide/PIC

	spraying / weeding harvesting, etc <ul style="list-style-type: none"> Chemical stores 	Issues <ul style="list-style-type: none"> Line site 	catchment area	harvesting, etc <ul style="list-style-type: none"> Waste management 	
1200-1300	Break				
1300-1630	Site visit and assessment at Giram Estate <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1-2.1.1), P4 (4.7), P6 (6.3, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8 <ul style="list-style-type: none"> Production area & Utilities Waste management 	Site visit and assessment at Giram Oil Mill <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1,2.1.1), P6 (6.1, 6.2, 6.3, 6.4, 6.5) P8 <ul style="list-style-type: none"> Local communities and stakeholders Interview with Union representative Workers Issues Line site 	Continue assessment at Jelata Bumi	Continue assessment at Jelata Bumi	Guide/PIC
1630-2000	Break				
2000-2200	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records				Relevant PIC

Day Three: 8th December 2011 (Thursday)

Activities /areas to be visited	Mahzan	Dr. Zahid	Najwan	Valence	Auditee
0800-1100	Site visit and assessment at Giram Oil Mill <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1-2.1.1), P4 (4.1, 4.7), P6 (6.5,	Site visit and assessment at Mostyn Estate. <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1,2.1.1), P6 (6.1, 6.2, 6.3, 6.4, 6.5) P8 <ul style="list-style-type: none"> Local 	Site visit and assessment at Mostyn Estate <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1, 2.2), P3, P5 (5.2), P8 <ul style="list-style-type: none"> Conservation area 	Site visit and assessment at Giram Oil Mill <ul style="list-style-type: none"> Verify previous audit findings Assessment on P1, P2 (2.1,2.1.1), P5, P6, P8 <ul style="list-style-type: none"> Production and utilities 	Guide/PIC

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

Day Four: 9th December 2011 (Friday)

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

	spraying / weeding harvesting, etc • Chemical stores	e	area	• Waste management	
1100-1400	Break and Friday Prayer				
1400-1600	Discussion and preparation on audit findings				
1600-1700	Closing Meeting				Management and representative

DETAIL OF NON-CONFORMITY AND CORRECTIVE ACTIONS TAKEN

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.1.1 NCR #: MM 01B	Major	At Imam Estate, no on-site competent Engine Driver Grade 1 or Grade 2 in-charge of generator sets when they are in operation. The current generator sets (85kw and 45kw) were operated by non-competent person engine driver.	Imam Estate has planned to send its person in-charge to sit the Grade II exam for engine driver. Application has been sent to DOSH Sabah on 31/12/2011.	Corrective actions taken found to be adequate to close out the NCR.
Indicator 2.1.1 NCR #: VS 01	Major	Training on scheduled waste as per requirement of EQA Regulation has yet to be conducted. There has been no training given for person in-charge of scheduled wastes handling at Jelata Bumi Estate, Merotai Palm Oil Mill and Imam Estate.	Jelata Bumi has come up with training plan to train its person in-charge for scheduled waste handling. SOU 30 has conducted the training on scheduled waste handling on 20/1/2012 and records were sent to the assessor.	Corrective actions taken found to be adequate to close out the NCR.

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

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