



**PUBLIC SUMMARY
1ST RSPO SURVEILLANCE ASSESSMENT**

AUDIT DATE : 5TH - 9TH NOVEMBER 2012

**SIME DARBY PLANTATION SDN. BHD.
CERTIFICATION UNIT(SOU 32) – RAJAWALI**

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SUMMARY REPORT

1.0 Scope of the Certification Assessment

1.1 Introduction

This surveillance assessment public summary described one certification unit of Sime Darby Plantation Sdn. Bhd. (SDPSB) strategic operating unit (SOU) namely SOU 32 – Rajawali. Rajawali SOU was certified by other certification body (Control Union Certification) on 30th December 2011. This assessment is the first surveillance assessment after SDPSB decided to transfer the certification body to SIRIM QAS International Sdn. Bhd.

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

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

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

Details of the SOUs are described in Table 1:

Table 1: Certification units covered in the assessment

No.	Certification Unit	Palm Oil Mill	FFB Supplying Estates owned by SDPSB
1.	SOU 32	Rajawali Oil Mill	Rajawali Estate Samudera Estate Semarak Estate Saha Estate Damai Estate Bayu Estate

1.2 Location of Mills and Estates

SOU 32 is located in Bintulu District, Sarawak, Malaysia.

1.4 Certification Details

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

Parent company: Sime Darby Plantations Sdn. Bhd.

Certificate no: C819167CU-RSPO-01.2011

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

The certification for SOU 32 – Rajawali covers production from Rajawali Oil Mill with FFB

supplied by the following company owned estates: Rajawali Estate, Samudera Estate, Semarak Estate, Saha Estate, Damai Estate, Bayu Estate and also crop from third parties.

1.8 Time Bound Plan for Other Management Units

Initially, there were a total of 65 certification units under Sime Darby Plantation Sdn. Bhd. located in Peninsular Malaysia, Sabah & Sarawak in Malaysia and in Kalimantan, Sumatera & Sulawesi in Indonesia. 42 units in Malaysia and 23 units in Indonesia. At the point of this surveillance assessment, there were 58 palm oil mills (58 SOUs) and a total of 230 oil palm estates. The variance was due to in Malaysia, 3 palm oil mills (Jeleta Bumi, Sungai Sama and Sungai Tawing) had been closed down and another 3 mills (Mostyn, Sepang and Bukit Talang) were assigned to receive crop solely from third parties. 1 mill (Tamiang) in Indonesia has ceased its operation.

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 39 of their SOUs in Malaysia and 16 SOUs in Indonesia are certified and the remaining 3 SOUs in Indonesia have undergone assessment and pending for certification approval.

2.0 Assessment Process

2.1 Certification Body

SIRIM QAS International Sdn. Bhd. is the oldest and leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally recognised standards. Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the Secretariat of the United Nations Framework Convention for Climate Change (UNFCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessment related to RSPO assessment. We have certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001.

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

2.2 Qualification of Lead Assessor and Assessment Team

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

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
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Valence Shem	Assessment Team Leader/ Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none"> • Collected more than 300 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.
Mohamad Hidhir Zainal Abidin	Assessor / Occupational health & safety and environmental issues at mill and estates	<ul style="list-style-type: none"> • 4 years experience in palm oil milling. • Collected 20 auditor days in auditing for RSPO. • Collected more than 50 auditing days for ISO14001 and ISO 9001. • Successfully completed IRCA/RABQSA accredited Lead Assessor training for ISO 9001, ISO14001 & OHSAS 18001 in 2012. • B.Sc. (Hons) Chemical Engineering, UKM.
Dr. Rusli Mohd.	Assessor / workers' & community issues and related legal issues	<ul style="list-style-type: none"> • Collected more than 30 auditor days in auditing RSPO and 16 days of Forest Management Certification (FMC). • Reviewed about 5 or 6 FSC Forest Management certification reports. • Prepared Consultancy Reports on SIA for WWF, KPKKT and PESAMA. • Taught Industrial Relations and International Forestry. • Research on forest certification. • Ph.D. (Major: Forest Policy); Minor: Public Administration, North Carolina State Univ. • M. Phil. (Forest Policy) Univ. of Edinburgh. • B.S.(For) UPM.
Mahzan Munap	Assessor/ 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

		<p>Lead Assessor training for ISO 9001-2006</p> <ul style="list-style-type: none"> • Successfully completed RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2008. • MBA, Ohio University. • B.Sc. Petroleum Engineering, University of Missouri, USA.
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2.3 Assessment Methodology

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

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

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

The assessment was conducted by visiting the field, mill, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Interviews with management, employees, contractors and other relevant stakeholders were also conducted. Apart from the above, records as well as other related documentation were also evaluated. Details of the Surveillance 1 assessment programme are in Attachment 2.

The assessment non-conformity report was raised on site and all the major non-conformities have been closed-out based on the corrective action evidence submitted to the assessment team. Detail of the non-conformity report and corrective action are in Attachment 3.

2.4 Date of Next Surveillance Visit

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

3.0 Assessment Findings

3.1 Summary of Findings

The assessment was conducted as planned using the methodology described in Section 2.3. Findings against each of the RSPO MY-NI indicators are reported below. It was noted that SOU 32 was guided by their Estate/Mill Quality Management System documents for their operations. These documentation were inspired by the ISO 9001, ISO 14001 and OHSAS 18001 requirements.

A total of eight major and two minor non-conformity reports against RSPO MYNI: 2008 requirements were raised as shown in Attachment 3. SOU 32 has taken necessary corrective actions in order to close all the major non-conformity raised. Apart from that, the assessors have also raised opportunities for improvement (OFI) as detailed in Attachment 5. The minor

NCRs and OFIs will be verified in the next surveillance audit.

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

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1

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

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

SOU 32 was still continuing to implement the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The system required response to all communication within a certain timeframe. Action may then be taken to fulfil the request or for decision to be made by relevant person-in-charge. All communications were logged and registered. The records for all communication were identified and maintained in different files depending on the stakeholder. Each record stated the date of communication received, response and remarks whether requests have been addressed. Among the records inspected were correspondences with the authorities, local communities, and employees.

During site review at Rajawali Estate, it was found the last official meeting with stakeholder was conducted on 31 July 2009 while latest meeting with RH Sumok was conducted on 10 September 2012. Issue discussed were minuted.

During the site review at Semarak Estate, the stakeholder list was made available. There was a significant stakeholder nearby e.g. RH Nyalong, RH Jarau, Sarawak Pulp Industries (SPI) and Petronas Pipeline.

The Bayu Estate was surrounded by their own estate e.g. Saha and Samudera estate. They had maintained the relevant stakeholders, e.g. Tawakal Sejati Plantation and Suburmas Plantation. There is no village or local communities nearby.

The system is transparent from the records show meeting with the stakeholders and contractors. All the records were kept in the estate office.

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)

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

SOU32 had made available the entire management documents as required by the RSPO standard. There was no restriction noted as to the documents made available to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. However, the original copies of land titles or grant were kept in the Land Management Office at Kuala Lumpur. It was noted the estates only kept the copy, and made available during the audit process.

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

Among the documents that were made available for viewing are:

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

These documents highlight current SDPSB practices and their continual improvement plans. Besides the above document SDPSB policy on the followings are also available at the same website:

- 1) Social;
- 2) Quality;
- 3) Food Safety;
- 4) Occupational Safety & Health;
- 5) Environment & Biodiversity;
- 6) Slope Protection and Buffer Zone;
- 7) Lean Six Sigma; and
- 8) Gender.

In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view.

To the point of this assessment, SOU 32 has not received any request pertaining Criterion 1.2.

PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Criterion 2.1

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

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

Audit findings

SDPSB had established and had cascaded a copy of the documented procedure for tracking changes in the laws to SOU 32. The PQSM Department at head office was responsible for tracking the changes to the Acts and Regulations by communicating with the publisher of the documents. The procedure had also addressed the means to monitor status of compliance and identified the person-in-charge for monitoring the CU's compliance to all the relevant laws. The commitment to ensure the CU had complied with all the legal requirements was verified during the assessment. For example, at Samudera Estate, the legal register sighted was simultaneously reviewed with evaluation of legal compliance on 1st July 2012.

SOU 32 had fully made use of the SDPSB established documented system for identifying, tracking, accessing and updating the legal requirements. It had ensured that all applicable legal requirements pertaining to RSPO had been established, implemented and maintained. Indeed, when verified, SOU 32 had documented a list of all the applicable laws and regulations relevant to its operations. Among the identified legal requirements 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 and Pesticide Act 1974. There was compliance with the law in all areas sampled except as raised in the Non-Conformity Reports. Some applicable regulations has also yet to be registered in the legal list such as MPOB Act 1998, MPOB Reg (Licensing) 2005, Akta Timbang dan Sukat, 1972, KPDN – Peraturan Kawalan Bekalan 1974, Ordinan Perniagaan (Seksyen 5, 23 & 24(2)), National Resource and Environment Ordinance on EIA and Conditions and DOE's *Jadual Pematuhan*. Thus, an OFI was raised for this issue.

The evidence of compliance has transparently demonstrated. Relevant licenses and permits such as MPOB license, Energy Commission and Domestic Trade Ministry for diesel and fertilizer storage were valid and displayed at the estate and mill offices. Monitoring activities were being conducted in accordance with the relevant procedures and requirements.

It was found that SOU Rajawali had on most instances fulfilled the legal requirement except for the following lapses and thus two Non-conformity reports were raised since:

- A. The mill did have a written approval (from the Department of Environmental) and operating license (from Energy Commission) for the diesel gensets at Rajawali estate and Bayu estate as required respectively under the Environmental Quality (Clean Air) Regulation 1978 –

Regulation 36, and Electricity Supply Act 1990 - Regulation 9 (*Lesen Pemasangan Persendirian*). NCR MH2.

B. Competent persons in accordance to the:

1. Section 6, Factories and Machinery (Person-In-Charge) Regulations 1970, wherein, no 1st Grade Internal Combustion Engine driver in charge of the Gensets at the mill during every shift and no 1st or 2nd Grade Internal Combustion Engine Driver in charge of the estate Gensets during operations of the Gensets. NCR MM1.
2. The mill did not have B4 Electrical Chargeman as required under the Electricity Supply Act 1990 as it is operating an 11kV overhead line to line site. NCR MM1.

The mill did not have a Fire Certificate from BOMBA, a requirement under Section 28 of the Fire Services Act, 1988. NCR MM1.

C. Some regulations for scheduled wastes handling under Environmental Quality Act (Scheduled Wastes) Reg. 2005 were not complied with e.g. labeling, inventory recording and documentation of consignment note. NCR VS 1.

D. Medical examination was not conducted for employee exposed to *methamidophos* according to Pesticides (Highly Toxic Pesticides) Regulations 1996, Regulation 11 – Medical examination. At Bayu Estate, it was found that there has been no record of medical examination conducted to a worker. **NCR VS 2.**

As required by the Sarawak Labour Ordinance, CAP 76, the estates and mills do have written contracts, in the form employment offer letters, covering the employment of foreign workers. However, it was found that there were inconsistencies in completing the offer letters, (i.e. period of employment), and discrepancies in the contents of the contract (i.e. maximum contract period and employment benefits). In Rajawali mill, for example, the period of employment is open i.e. no ending date. Also, certain employment benefits have been deleted in some offer letters and have remained intact in others.

It appears that there is an urgent need for the relevant parties to discuss and finalize the details before completing the form and streamline its contents.

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

The legal ownership of land title for SOU 32 was verified during the audit. Copies of land titles for the estates were sighted and it was evident that the terms of land title were being complied with permitted for Agricultural purpose, except the owner is still with Austral Enterprise (Sarawak Estate). However, the auditor was informed that Sime Darby was in the midst of resolving the issues. The auditor had sighted the correspondence between Land Management Department of Sime Darby and Austral Enterprise (Sarawak Estate). The process of transferring land title from Austral Enterprise (Sarawak Estate) to Sime Darby was in progress.

Based on document review, it was confirmed the terms of the land title for the estate has been continuously complied.

SOU 32 also aware of their boundary area. During the site review, it was found the boundary mark along the perimeter adjacent to state land and other reserves are being located and maintained. The figure below shows the SOU 32 was maintained the boundary mark, especially that adjacent to smallholders.

The map to indicate the boundary stone in the grant was sighted for Semarak Estate. Also noted that Bayu Estate had taken initiatives by engaging Juru Ukur Permata Malaysia based on letter dated 6 March 2012 to resurvey the boundary mark surrounding their estate.

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

Evidences of ownership (cross refer to section 2.2) are available and were sighted. It was also noted from records sighted, as well as through interviews with stakeholders, that there were no further disputes on land rights within the area under management of Rajawali CU after the case with Rumah Nyalong and Rumah Jarau.

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

Audit findings

There was an annual budget for Financial Year 2012/13 for every estate of the CU and Rajawali POM. Financial year is from current year July to following year June. It included Capital and Operating Expenditures. The budget generally covers the provision of allocation for Mill and Estate operations (that is, FFB yield/ha, OER, CPO yield/ha and unit cost of production), and maintenance, Land & Infrastructure, Plant & Machineries, Housing, Buildings & Amenities, Office Equipment and upkeep. Most of the budget for the mill was on continual improvement programme on modification and machine upgrades as well as the budget for safety and environment. As for year 2012/2013 on the environmental budget, allocation budget for the modification of existing Super Effluent System (SES) to comply with more stringent effluent discharge limit BOD 20 mg/l. Also, 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.

Indicator 4.1.1

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

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

SOU 32 has established and adopting the SOP to all estates and mills. These SOPs were also applicable to other Sime Darby CU in their daily operation. Estates operations were guided by Estate Quality Management System (EQMS) and compliments with technical guidelines in the Agricultural Reference Manual. Mill operations on the other hand, were established with SOP and manual and procedure associated with mill operation. Coverage of operation from incoming direct material (FFB), CPO and PK processing, boiler and power generation operation, effluent treatment, laboratory and analysis method, workshop and maintenance activities and chemical and waste handling procedures.

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

It was also noted that relevant SOP were displayed at various workstation for easy reference, for example, at estate office notice board and mill workstation. Random interview with the mill and estates operators showed that they understand the requirement stated in the SOPs. For example, it was observed that:

- a) ripeness standard and chemicals usage had been properly understood by the estate workers as evident during the random interviews with them
- b) mill Operation Manual that included aspects related to oil palm processing, boiler operation, effluent treatment plant, products analysis, workshop activity and chemical and waste handling had been followed and those workers interviewed understood the importance of conforming to established procedures and the consequences of departure from specified procedures.

Records of monitoring and the actions taken by the estates and mill continued to be maintained and kept for a minimum of 12 months. Among the record sighted were station log sheets (Sterilizer, Press, Oil room and Kernel Plant), smoke emission from boiler (extracted from CEMS system), effluent treatment plant discharge record and waste disposal record.

In spite of the availability of the procedure manuals, the assessor had raised an NCR (MM2) for lapses on implementing own procedures (Contractor management) as well as no record of action taken found, that is, site visit found Estate management not enforcing own procedure:

- a) Pictorial Safety Standard (PSS) no. 12.6 *Pengangkutan Hasil Ladang*, item (b) vehicles are not allowed to carry loads exceeding permissible limit (5 ton). The transport contractor interviewed admitted carrying 12 tons FFB and had not been reprimanded thus far.
- b) Pictorial Safety Standard no. 7 – PPE for Harvester and Pictorial Safety Standard no.8 – PPE for Sprayers. Company requirements clearly stated, Harvester not allowed from wearing of short and Sprayers to wear goggles when spraying. Again, there was no record of action taken against violation to the Pictorial Safety Standard.
- c) FFB transporter not following stacking of FFB height (maximum allowed) as displayed at entrance to Rajawali Palm Oil Mill and there was no record of action taken against this violation.

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

SOU 32 continued to monitor their fertilizer inputs as recommended by Sime Darby's upstream research and development unit, which is located at Carey Island, Selangor. The recommendation was made on annual basis as sighted in the Agronomic & Fertilizers Recommendation Reports – Oil Palm 2012/2013.

Leaf (tissue) sampling was carried out and its result formed part of the basis for the fertilizers input recommendation. The quantity of fertilizer applied corresponded to the recommended input stated in Agronomic & Fertilizer Recommendation Report – Oil Palm. The soil analysis has also been incorporated in the agronomist report. All the relevant information was recorded in the Manuring Cost Book/Pesticides of the respective estate.

EFB mulching was recommended by the R&D unit at an application rate of 45 mt/Ha in selected fields and to be applied at the palm inter-rows. During the field visit, the assessor has noted that the estates have applied the EFB mulching as recommended and progress was adequately recorded.

There also has been no evidence of open burning in SOU 32 at the replanting areas as required in SDPSB policy.

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 >15°
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

SOU 32 is committed to minimize soil erosion. The topography for all the estates was generally undulating and hilly. During the site visit, soft vegetation such as ferns was maintained at those hilly areas. SOU 32 continued to practice only circle and path spraying for field maintenance in the mature areas as stipulated in their SOP. For replanting areas, the company continued to plant and maintain cover crops. Generation of non-competitive ground covers especially *Nephrolepis bisserata* and soft grasses have significantly minimized the occurrence of bare ground, soil erosion and surface runoff.

During the field visit, SOU 32 had satisfactory road condition and accessibility were made possible by regular maintenance guided by its road maintenance programmes which consist of road resurfacing, grading & compacting and culvert maintenance. The financial support for this operation could be seen in the annual budget. Records of this activity are adequately maintained.

Silt pits at estates visited were seen strategically located at some field along the road to collect diverted road runoff to further minimize road rutting. In addition, these pits could also retain moisture to the oil palm fields.

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

The SOU 32 had continued to protecting the watercourses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate.

During the site review at Rajawali, Semarak and Bayu Estate it was seen the 20m buffer zone boundary with Sg Similajau were identified with signboard being erected along the river. In addition, Rajawali estate also identified another river, Sg Sigrok as buffer zone. The oil palm trees in the buffer zone being ring sprayed with red/white paint at the trunk to differentiate them with the other non-riparian zone oil palm trees. This practice was in accordance with the riparian zone policies and HCV management plan guideline.

However, during site review in Bayu and Rajawali Estate it was found the buffer zone along Sg Similajau and Sg Sigrok was not maintained. Trace of the spraying activities has been found along the buffer zone. The boundary marks for buffer zone also not clearly demarcated along the riverside. Therefore, Major NCR# NAJ-1 has been raised .

On the other hand, Semarak Estate had maintained all the buffer zone along the Sg Similajau. There were no traces of spraying or manuring in the buffer zone. The regular monitoring also has been recorded in the Staff Daily Supervision and Progress Monitoring form.

There were no constructions of bunds, weirs or dams across any waterways and rivers in the SOU 32 Rajawali CU. The natural rivers flowing adjacent each estate was being monitored.

SOU 32 had monitored the amount of water consumed by mill and its line sites. It was observed that the records of the mill and line sites water consumption (m³ of water per ton of FFB) were being kept. Water usage plan for year 2011/2012 has been developed to reduce the usage of water by each contributing unit. For the palm oil mill, usage of water per mt FFB processed was recorded. On trending basis there is a reduction of usage sighted for the following month from July-September 2012.

The data of rainfall and rain days have been well maintained over the past ten years. Monitoring of water consumption by all the mill is also being carried out. Records on water usage (tonnage water use / tonne FFB processed) were sighted.

SOU 32 had developed water management plans. The plans consist of data on demand and supply of water for mills and line site consumption as well as for the estates/fields. Among items in the plans are:

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

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

SOU 32 maintained the documented IPM techniques as shown in SOP/Section B13/Pest & diseases and ARM/Section B15/Plant Protection. Usage of pesticides was justified and monitored. Information on the quantity of pesticides and areas applied were documented and used to monitor in relations to FFB produced or land area.

Beneficial plants from the three major species namely *Tunera subulata*, *Cassia cobanensis* and *Antigonon leptopus*. were continued to be planted in SOU 32 to maintain low population of leaf eating caterpillars, hence reduces the need to use chemical treatment. Census records confirmed that there has been no major outbreak of leaf eating pest.

Records showing the agrochemicals active ingredient (ai) used per hectare and per metric tonne basis were seen in SOU 32. Likewise, records of location where pesticides have been used were also available. All the records were current.

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 32 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 was observed.

Usage and method of agro-chemicals applications (pesticides and herbicides) were justified and stipulated in the ARM and SOP as well as in Safety Pictorial procedure. No illegal agrochemicals (stated by local and international laws) in particular paraquat were used or found in SOU 32. Paraquat was totally replaced by a systemic herbicide, glufosinate ammonium.

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

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

Chemical stores are at all times locked. The ventilation facility was found to be working well during the site visit. At the chemical stores, the safety and communication documentation include a chemical register, which indicates the purpose of chemical usage (intended target), MSDS, hazards signage, trade and generic names.

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

Updated records to show agrochemicals purchase, storage and consumption are available in SOU 32. In order to avoid human exposure to concentrates chemicals, pre-mixing was practiced. MSDS were adequate for each agrochemical at the estate stores.

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

Aerial application of agrochemicals is not practiced in this SOU.

As at to-date, no request from buyer to test chemical residue in CPO. It was found that parameters for testing follow Palm Oil Refiners Association of Malaysia (PORAM) and Malayan Edible Oil Manufacturers Association (MEOMA) standard.

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

The Rajawali CU continued to embrace the SDPSB's Occupational Safety And Health policy. The policy had been communicated to all levels of the organization through briefings and also being displayed prominently in Bahasa Malaysia and English on notice boards at mill and estate office and Muster Ground. Random interviewed with employees showed that they generally understood the basic requirements of the policy, i.e. to work safely, comply with legal requirements, follow established procedures, and instructions from boss.

A safety management plan for each operating unit had been established. The OSH management plan sighted addressed issues related to hazards and risks, legal register and its requirements for compliance, OSH awareness and training programme, accident and emergency procedures, treatment of illness/injury during the job, use of PPE, OSH Committee meetings, etc. Generally, the OSH plans were acceptable. In deed the CU made earnest attempt to comply with OSH Act 1994 and Factories and Machinery Act 1967, except those lapses as highlighted in NCR MM1 (Indicator 2.1.1) and NCR MM3 (Indicator 4.7.1).

Based on the risk assessment, SOU 32 had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA records were verified during the assessment. At the estates, among the HIRARC carried out covered activities like chemical mixing and spraying, chemical storage, harvesting and FFB collection, machine maintenance and working in confined space. As for the mill, among the activities identified were FFB sterilization, kernel and oil extraction, oil clarification as well as maintenance activities. A HIRARC Committee had been established at the palm oil mill to review HIRARC Register annually, monitor the implementation of the control measures and identify new hazards, if any.

Evidence of implementation on the control measures was observed during the field and mill assessments. For example, at the mill, machines which have moving parts had been well guarded, SOP for critical equipment operations (e.g. boiler, sterilizer, etc) clearly summarized and displayed, Permit To Work enforced, and fire fighting facilities installed at strategic locations. In the estate, it was noted that eye wash and shower room were made available at chemical mixing area.

In spite of a generic CHRA being applied throughout SOU 32, an NCR MM3 was raised against failure to include assessment of those specific chemicals (non-identical, different name and supplier) used for boiler at the Rajawali POM and Samudera estate. Also an OFI had been assigned as SOU 32 estates had yet to update the chemical register for use of new chemicals, for example, EBOR rat bait, etc.

Pesticides selected for use by the mill and estates were all Class II, III and IV chemicals registered under the Pesticides Act 1974 and they were stored in accordance to the Pesticides Act 1974 and OSHA 1994.

Field inspection and observation of spraying tasks confirmed chemicals being applied were in

accordance with the product safety precautions. MSDS were made available at point of use – for example, at mill's water treatment plant, boiler chemical dosing area and chemical mixing area and at the chemical store of each estate.

The chemical store was observed locked at all times, chemicals labelled, store ventilated, PPE and warning signages posted, emergency eye-wash/shower and fire extinguisher provided outside store, and MSDS and SOP made readily available at store .

Chemical hazards communication had been given through awareness and training programme to all workers involved in handling chemicals. The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE. Those trained included sprayers, manure spreaders, laboratory personnel, boilerman and store clerk.

PPEs that had been commonly used by workers include safety boots, helmets, goggles, ear plugs, rubber and cotton gloves, aprons and breathing masks. Records of PPE issuance were maintained and were presented to assessor during the assessment. They were acceptable.

During the site tour, it was observed that signage (to remind workers to wear appropriate PPE was posted at the appropriate places. Workers interviewed understood the reasons and importance why they were required to wear the PPE.

The persons responsible for OSH at the POM and estate had been identified and made known. They are respectively Mill and Estate Manager. OSH responsibilities were also shared with the Safety Committee and workers can channel any OSH issues of concerns through their Workers Representative or directly to management. To structurally share the OSH responsibility, sub-committee such as Training Committee and Accident Investigation Committee could be established in addition the existing Workplace Inspection Committee. An OFI was also assigned to this. In addition to the above OFI, another OFI was issued to Rajawali estate for not clearly recording and implementing workplace inspection program.

Interviews with members of the Safety Committee and review of records confirmed that the scheduled 3-monthly OHS Committee meeting had been carried out reasonably on schedule by the POM and estates. The minutes of meeting were sighted (kept at site at least for a year) and distributed to Responsible Party to carry out actions as a result of these meetings, and, corrective actions completed within the given timeline. Tool-box meeting had also being held to disseminate current or topical OHS information or to reinforce safety, like the use of PPE and the correct work methods as per SOP, Work Instruction and Pictorial Safety Standard.

Each operating unit has its own Emergency Response Team. They comprised of First Aiders, Fire Fighters, Search and Rescue Team. It also had basic emergency kit that include stretcher, First Aid box, emergency eyewash and shower station.

Accident and emergency procedures exist. Information to response to emergencies had been disseminated. This included emergency contact number, site plan showing evacuation route to assembly point and location of firefighting equipment and action to be taken during emergency by staff and contractors. Fire and evacuation drills had not been conducted annually at the mill since 2008 and thus NCR MM3 had been issued. Instructions to respond to accident and emergency situations were tested and it was found to be clearly understood by all workers interviewed both at the mill and field.

For enhancement, OFI had been raised to SOU 32 to consider an Event Recorder as member of the Emergency Response Team as well as to conduct a night emergency drill in view that the POM currently operate round the clock.

Medical clinics continued to be made available at the estates assessed. They were staffed by trained Estate Hospital Assistants (EHA) and on call 24 hours a day. The clinics were monthly checked by the VMO to ensure they were hygienic and, sharps and medical waste handled correctly.

To check health of workers, on-going monthly health surveillance had been conducted by the Estate Health Assistant to ensure they are healthy and fit to work. Recommendation of personnel for medical surveillance at most significant working activities like pesticides sprayers, fertilizer applicators, and mill operators had been verified and results of examination showed that personnel exposure to chemicals were below permissible limit.

Although audiogram had been conducted for mill personnel, an OFI had been assigned as retest follow-up for those with Standard Threshold Shift had yet to be expedited. It was nearing the 90-day permissible time limit per Factories and Machinery (Noise Exposure) Regulation 1989 from the last test.

The issuance of PTW (permit to work) for the all the hazards area such as confined space and other contractor's job in the premises was sighted during the audit. An OFI had been given for:

- a. Work Permit for Confined Space Entry to be issued daily instead of for the duration of work and the monitoring of gases in the confine space atmosphere to be monitored frequently, daily.
- b. renewal of Authorized Gas Tester to be expedited as the mill currently did not have one with valid certificate.

First aid boxes had been positioned at several strategic locations at the mill and also provided to each of the Field Supervisors. The first aid boxes were inspected. Most first aid kit inspected need replenishment and their contents checked as some items were found missing. An OFI had been raised for this Inadequacy.

Workers trained in First Aid were present in both field and mill operation. The Field Supervisors tested were found conversant with the first aid practices for minor injuries. Interviews with First Aiders at the field and mill showed that they were aware of their duties and responsibility.

On-going monitoring of OSH performance was visible. They were monitored through Lost Time Accident (LTA). Accident scoreboard was prominently displayed in front of the mill and estates office. They were updated regularly to show the current OSH performance status.

Records of all accident according to the categories of workers were kept and orderly maintained in the estate clinic and offices of the estate. Accident cases were reviewed at quarterly Safety & Health Committee meeting. An OFI had been issued as investigation of accident for LTI less than 4 days was not consistently implemented and discussed in the Safety and Health Committee meeting at Rajawali Estate.

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

SOU 32 had continued to provide a group insurance for all workers as required under the Workmen Compensation Act 1992. The underwriter is RHB Insurance. Sighting of records and cross check with workers showed that they were covered with insurance policy and valid until May 2013.

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 32 had established their training needs and programmes for the year 2012/13 for both estates and mill. Generally the training programme covers the major training identified such mill process training and the implementation of SOPs, quality control training which covers laboratory and FFB grading activities, RSPO awareness, Safety & Health awareness, First Aid, Fire Fighting, 5S Housekeeping, waste handling and also ERP on chemical spillage. Training attendance list was available and well maintained. Among of the training that had been conducted were Chemical Safety Handling on 22 September 2011, First Aid Training on 23-25 February 2012 and, Training on calibration and selection of correct nozzles, and training on spraying pump maintenance on 25 April 2011. It was observed that all previous training records had been properly filed. The records include information on the title of the training, name and signature of the attendees, name of the trainer, time and venue. Based on interviews held with workers from the mill as well as those at estate (spraying, manuring, harvesting and mulching operations), it was evident that generally the level of their understanding on their daily work routine according to SOP, safety and health issues related to their tasks had been satisfactory. The assessor however, was at the view that training on biodiversity conservation and management to workers and staff needs to be improved. An OFI has been raised for this matter.

Apart from that, based on interview with relevant staff that responsible on the scheduled waste management, it was revealed that inconsistent understanding and no specific training provided on scheduled waste management, hence non-conformance was raised. See NCR MH 1. The most significant issue was on the training effectiveness among staff and person in charge. The training programme has to be revamped in order to make sure the specific personnel are well trained. Therefore major NCR MH 1 was raised on the training effectiveness.

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 32 had established its environmental aspects/impacts register associated with their activities. Environmental aspect and impact, which covers from upstream activities such as FFB reception until downstream processes was sighted during assessment. Identification and

evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the most significant environmental receptors are the boiler stack emission, which associated with air emission, palm oil mill effluent (POME) discharge (water) and land contamination which related to managing the schedule waste and general waste.

Assessment team has confirmed no changes to SOU 32 operation, therefore environment aspects and impact register still found valid and appropriate. Mitigation measures for environmental improvement plan or known as Environmental Management Programmes (EMP) were then established. It is based on the identified significant environmental aspects that can be improved within the SOUs capabilities.

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

The report of "The Biodiversity Baseline Assessment Report, Sime Darby Plantation for SOU 32 Rajawali (Sarawak Region)" was prepared by PS-RSPO Unit, TQEM Department dated June 2009. The assessment had covered all the High Conservation Value area (HCV) within and adjacent to their estates. The HCV assessment had identified on the rare, threatened and endangered species (ERTs) for estate named Rajawali, Semarak, Samudera and Bayu, including the Rajawali POM.

The management plan and action plan has been developed based on the assessment finding and consultation with related stakeholders. The action plan contained of information represented in tabular format with general descriptions of HCV, action steps and monitoring activities.

The Rajawali Estate had identified the significant HVC, e.g. HCV4, which is to control and maintained the river buffer zone, and protection on erosion control near Sg. Similajau and Sg Sigrok. The other areas such as worship area (surau), Golf Course, SESCO rentice and Gas pipe rentice also has been identified as HCV area. However, Sime Darby was mistakenly identified as HCV4. The action plan had been updated on October 2012 and followed but it was noted the monitoring has been conducted without any records.

The Semarak Estate has identified water catchment area and Sg. Similajau riverside as HCV4 along block 23, 20, 22 and many more (about 36.27 ha reserved). This is including the worship area (mosque) identified as HCV6. However, the identification of NCR Land near block 24 and 25, Gas pipe rentice and dumping site was also mistakenly identified as HCV4. The action plan was updated on June 2012 and the management plan was sighted during the audit. It also noted the monitoring was conducted without any records.

Bayu Estate also had identified buffer zone along Sg Similajau as HCV4 and worship area (surau) as HCV6. The action plan was updated on 25 October 2012 and the monitoring was conducted with records e.g. buffer monitoring in the “Staff Daily Supervision and Progress Monitoring (Dedicated)” dated 5 November 2012.

In General, the Rajawali CU has identified the ERTs and High Conservation areas within and adjacent to their estates. However, some improvement needed as below;

1. The results of the assessment shows ERTs were not found in Rajawali CU. However, during the audit site visit and interview with the workers and estate staff, it was noted the Sg. Similajau was common with a crocodile. However, it was not highlighted in the assessment report. A Crocodile was listed in First Schedule, as “Protected” in Wildlife Conservation Act 2010. It also listed as “Endangered” species under IUCN Red List.
2. The HCV classification on Golf Course, SESCO rentice, Gas pipe rentice and worship area (Rajawali Estate) and NCR Land (Semarak Estate) has been mistakenly categorized as HCV4.
3. The Biodiversity Action Plan has been followed. However the monitoring records were not available for Rajawali and Semarak Estate.

Based on finding above, OFI has been raised.

Site visit to estate has been conducted to verify evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities i.e. signage or meeting. It was found during the site review, there was a signage to encouraged hunting at Semarak and Bayu Estate. However, there is no such signboard at Rajawali Estate. Therefore, OFI has been raised.

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 32 continued to practice 3R (reduced, recycle, re-use) on waste management. SOU 32 had established a waste management system on the identification of wastes and plans to reduce and dispose them in an environmentally and socially responsible manner. There was a program to encourage recycling of solid wastes with recycle bins provided in the mill compound.

Among the wastes, which had been identified were non-organic wastes such as general/domestic waste, scheduled waste, scrap iron, and mill processes waste /biomass/organic waste like fiber, shell, EFB and POME as well as non-organic wastes from the mill.

The general domestic wastes were collected from the linesites and disposed by burying them at dumping site. All estates have its own designated dumpsite that is managed as a secured landfill. Specific guidelines had been established for the construction of landfill sites. The domestic waste landfill constructed was inspected. It is located away from any river, streams and forest reserves. Proper signage had been erected at the landfill site for the buried waste.

Other than general wastes, plastic containers/bags from manuring and spraying activities were also collected, washed and reused. Chemical containers that could no longer be reused were pierced and properly stored at designated area.

Wastes from the palm oil milling process had been disposed as follows; EFB were sent for mulching in the field, while crop residue/biomass i.e. fibre and shell were used as fuel in the boiler. Sighted during assessment where the EFB hopper was no longer in operation and most of the structure was corroded and need to be repaired. Over dumping EFB on the ground resulting to the blockage of the nearby monsoon drain. Leachates from EFB was then flows to the clogged drain. Rajawali POM has yet to identify mechanism on how to evacuate leachates to avoid overflows to the monsoon drain. Therefore OFI was raised on the issue.

Palm oil mill effluent (POME) was treated in the effluent treatment plant and finally discharged into the estate for use in irrigation system and to the waterway with reference to written approval period validity 1 July 2012 to 30 June 2013 granted from DOE. ETP was designed to cater the processing capacity of 60 ton FFB per hour with additional of tertiary treatment plant or so called "super effluent system" (SES) to increase efficiency and reduce BOD level. Currently the tertiary treatment plant was unable to perform and the BOD result was not consistently complied with the stipulated limit of BOD 20 mg/l.

As the result, there were some occasions of non-compliance due to SES failed to produce the lower BOD results. Communication with DOE was evident.

During site visit, it was noted that de-silting work at cooling pond was done and the residue of oil scum and solid was left over on the bund near to the nearby drain. SOP of cleaning the oil scum has yet to be established in accordance to the environmental legislation although it was just daily cleaning. Therefore OFI was raised on the issue.

On the performance monitoring, monthly and quarterly report for final discharge were submitted in timely manner as stipulated in the written approval. Water quality monitoring for Sungai Similajau was also done on the monthly basis. Sample taken at 500 meter before and after final discharge point was sent for analysis together with final discharge sample to accredited laboratory. Other than that, SOU 32 also conducted pesticide analysis to counter check pesticide residue in Sungai Similajau and microbiology analysis on treated water. Result of analysis was kept for reference and reporting purposes internally and externally to the regulatory body.

On the monitoring of smoke emission from boiler, online monitoring system or Continuous Emission Monitoring System (CEMS) was used to record and monitor smoke emission and shows real-time event to DOE office. Several occasion of black smoke emission was recorded where the aggregation of 15 minutes black smoke emission in 24 hours. Current control measure in to control operation of boiler fuel mixture and avoid overloading the boiler. For long term planning, mill has decided to budget new boiler with capacity of 45 ton/hr and 2MW steam

turbine for next year CAPEX. This improvement program will be verified in the next surveillance audit. For the stack particulate monitoring, 3rd party consultant was appointed to conduct the sampling twice a year. From the report, it was evident stack sampling result was below 0.4 g/Nm³.

Other waste being generated from the maintenance activities of equipment and machinery in the estates or mill were scrap metal and scheduled wastes such as spent lubricant oil, spent oil filter and empty chemical containers. All estates had been operating their own Scheduled Waste store at individual operating unit site. The assessment team had visited the scheduled waste storage area and the housekeeping and labelling has yet to be improved.

On the management of Schedule Waste as per Schedule Waste Regulation 2005, for example the 2nd Schedule which refers to notification of waste generated, 5th Schedule on the inventory of waste and 7th Schedule for waste information was not made available during the assessment. 6th Schedule of the regulation was not well implemented where there was not evident to show that consignment note has been submitted to DOE and the copy from occupier was not obtained. On the labelling of schedule waste, it was noted implementation was not in accordance to the 3rd schedule of the regulation. Therefore major NCR was raised.

All estates and mill continued to face the problem of disposal of scheduled waste due to limited schedule waste contractor in Sarawak. This had caused the mill and estate to store the scheduled waste for a period of more than 180 days and/or more than 20 tonnes capacity for especially the uncommon schedule waste or less in quantity generated. Awareness on the schedule waste management has yet to be improved to related personnel as mention on the training non-conformity issue. On the other hand, mechanism to identify competence and license schedule waste contractor has yet to be established for SOU 32 in order to expedite the waste disposal activity. OFI was raised on the issue.

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 32 continued committed to use renewable energy in the mill. Fibre and shell were still being used as boiler fuel to generate steam for the process, as well as electricity for the mill complex and linesites. The usage of fibre and nut shell had been monitored and records maintained.

Fossil fuel and biomass fuel usage per ton CPO from financial year of 2010 to 2012 were maintained and verified by assessment team.

The energy used on biomass fuel showed a slight reduction in 2011/2012 per tonne of CPO produced. This may reflected to the decreasing volume of FFB processed and compared to 2010/2011 data. However, the trend showed fluctuation of energy use for both biomass and fossil fuel comparatively.

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

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

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

Criterion 5.6

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

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

Among the plans were to reduce black smoke emission, enhance the scheduled waste management, reduce diesel consumption and ensure effluent discharge is within the legal requirements.

Monitoring of the pollution and emissions plans were carried out as per schedule and result of monitoring showed there were improvements towards 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.

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 social impact assessment report for SOU 32 was prepared in June 2009 covering the four estates (Rajawali, Bayu, Samudera and Semarak) and Rajawali mill. The report presented the background setting of the study, highlighted the social issues and proposed mitigation measures. Each of the estates and the mill had to formulate its own action plan to address the issues raised by the various stakeholders. Among the issues raised, include infrastructure and amenities, jobs for local communities, safety and transportation.

The SIA report was prepared with the inputs from various stakeholder groups, namely, estate workers, local communities, vendors and suppliers. Closed dialogues with workers, local communities and suppliers were held to determine issues affecting the various stakeholders. In addition, an open forum was held in Bintulu to gather information from external stakeholders, such as government agencies. The attendance lists of individuals who participated in the interviews were attached to the report. Photographs on the proceedings of the forum were also appended to the report.

An action plan for the SOU to mitigate the issues raised was presented at the end of the report. Subsequently, each of the estates and the mill was required to prepare its own action plan to manage its own specific issues within a stipulated time frame. According to Sime Estates' procedure for handling social issues, the estates and mill are required to revise the action plans half-yearly.

The estates did not review their action plans as required by the standards and Sime's own procedures. The SIA action plan for Samudera Estate was only reviewed in July 2012 and this does not conform to Sime Darby's procedure for handling social issues which requires the plan to be reviewed and updated every six months. There was no report to show the progress of the various actions taken to mitigate the specific issues raised for the estate.

Due to this non-compliance on indicator 6.1.3, a minor NCR was raised for SOU 32.

Several issues were raised during the social impact assessment exercise carried out in 2009, for examples, housing conditions and amenities, services at the clinics, the prices of goods at the canteens in the estates and employment for local communities.

Although there was no review report done, discussions with the workers and staffs revealed that the estates have taken some actions to address some of the issues raised. Nonetheless, so far, no formal action has been taken to address the issue of high grocery prices in the estate's canteens. The interviews and remarks from some staffs suggested that grocery price is still a relevant issue. Unfavorable comments were also made on the prices of food at the Rajawali POM's cafeteria.

In the interest of the workers and staffs, it is felt that some concerted efforts be undertaken to address the grocery price issue.

Criterion 6.2

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

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

Sime Darby has documented external and internal communication procedures for the estates and mill to follow. In addition, the company has also prepared standard operating manuals on customer communications. These procedures and manual are found in the Sime Darby Estate/Mill Quality Manual.

Generally, these procedures and operating manuals were followed by the estates' management in handling communication with external agencies and internal organizations. Evidence on compliance of these procedures is abundance by way of communications taken by the estates and mill in response to requests from government agencies, such as Malaysian Palm Oil Board, Department of Environments, Immigration Department, and so on.

The estates and mill communicate with their workers through various means, such as briefings and meetings, notice boards, emails, letters, and so on. The morning briefings appear to be most popular channel through which the management communicates whatever policies to the workers.

As stated in the external communication procedure, the Estate Manager is the nominated person to handle communication and consultation issues in the estates. However, the estate manager can delegate to the assistant manager to be responsible over certain issues. Appointment letters are issued to assistant managers to be the responsible official in-charge of communications on these issues.

The estates maintain files on records of communication and consultation with external and internal parties, for examples, with government agencies, suppliers and their own workers. Normally, the files are labeled as "communication" files or labeled according to the communicating agency.

A list of stakeholders comprising vendors, contractors, local communities and government agencies is kept in every estate and mill. The latest lists of stakeholders were made available during the audit.

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

Sime Darby Plantation has documented procedures which are followed by the SOU to handle disputes arising from social as well as land issues (refer the Estate/Mill Quality Management Manual). The procedure was adhered completely in a dispute with local communities over NCR issue in Semarak estate. The issue has been resolved as it was brought to court for arbitration.

The estates and mill have also developed procedures for handling grievance or complaints from workers. Grievances are usually passed to the *mandores* or assistant managers, first. If the complains are not resolved, then, these will brought to the attention of the manager for his decision. However, complaints are seldom brought directly to the manager for his decision.

Complaints on housing and other services are usually entered into record books. The records include the name of the person who complained, his address, date, and type of service required. In Rajawali POM, workers make verbal requests for services and these requests are then entered into record books by the clerks. The workers interviewed at the office and during visits to the linesites gave positive remarks on the manner their grievances have been handled the estate staffs.

One of the drawbacks of verbal requests is that there is no guarantee such requests are entered into record books and thus no proof can be shown on the requests. It is felt that written request is a better option than verbal request in getting services.

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 SOU has been using the procedures for handling boundary issues developed by Sime Darby Plantation to deal with customary rights and compensation for loss of legal rights (Appendix 3, Plantation Quality Management System). The procedure starts with confirmation of conflict, negotiation with affected parties and, if not resolved, arbitration process will take place. Compensation on loss of legal rights will be determined by the land authority. As mentioned earlier, the NCR land issue in Semarak estate was resolved through this process.

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

As required by the Sarawak Labour Ordinance, pay and work conditions are spelled out in the employment contracts signed by the workers and staffs. Among others, the contracts spell out the period of employment, wage rate, work benefits, overtime, annual leave and public holidays,. These contracts are renewed every time the worker renews its employment with the estate or mill. Details on monthly salary and deductions for every worker and staff are shown in their pay slips. Interviews with workers suggest that they understand the information shown in the pay slips.

The appointment letter is in Bahasa Malaysia. Interviews revealed that there is a certain degree of ignorance on the terms of employment contract among foreign workers. The majority of them do not understand their entitlements for annual leave, for example. Also, they do not fully comprehend the concept of sick leave.

It would certainly help these workers if appropriate training sessions could be carried out to explain in detail the terms and conditions of the contract.

All the estates provide three bedroom houses for their workers. In every estate there is a *surau*, clinic, kindergarten, crèche and canteen. In certain estates electricity is provided 24 hours while other is given on certain specific time period. Water is provided free of charge.

Visits made to the line site show that the houses and compounds are quite well kept. The workers mentioned that they are happy with the accommodation and services provided. In most cases, complaints are attended quite promptly.

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

The workers in the estates and mill are not unionized. Workers' representatives, usually *mandores*, sit in the Safety and Health Committee, which is the forum established to discuss many issues of interest to workers and management, including safety issues. Minutes of the meetings are kept as required by the Occupational Safety and Health Act, 1994.

A published statement on freedom of association is displayed in the all the estates and mill in SOU 32.

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

Sime Darby has a very strict policy on child labour. The current Employee Master Listing or Workers Register in all the estates and mill show that no person below 18 years old is employed by the estates/mill. Discussions with the workers revealed that they fully understand the implications of employing under-aged workers.

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

A policy on non-discrimination is incorporated in the statement of Social Policy of Sime Darby and posted on notice boards in all estates/mill.

There is no evidence of discrimination based on race, gender or national origin or any other factors. As shown in the employment letter, there are no differences in the terms of employment between foreign and local workers or between male and female workers. These workers live in the same housing complex and enjoy similar benefits. However, due to government policies, education opportunities differ between local and foreign children.

Interviews also revealed that there is no discrimination on any bases in the estates/mill.

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

SDPSB has explicit policy statements on sexual harassment which guide the practices in the estates. In addition, a Manual on the Implementation of Gender Policy has also been documented which incorporates, among others, the grievance procedures. Each of the estates in the SOU has a Gender Committee which plans appropriate programs and activities for their members. Interviews with the workers reveal that there has been no incidence of sexual harassment in the estates. Minutes of meetings of Gender Committee are kept in all estates.

The minutes of meetings as well as interviews with the respective gender committee leaders revealed that there have been little activities directed at gender related issues, such as women's rights, awareness on gender issues, and so forth. It is about time that the committees take the proper step by organizing more relevant activities moving away from the normal social activities, like gatherings and social trips.

The authority in the estates and mills could help the gender committees by giving proper support and encouragement for them to carry out more focused and relevant activities.

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

Issues related to smallholders are not applicable to Rajawali POM as it does not buy fruits from outside crops. Interviews were made with a few suppliers and contractors to understand the business relationships between them and the estates/mill.

Interviews with suppliers and contractors revealed that the estates/mill follow the normal purchasing process as adopted by any other organizations. The estates/mill starts by issuing request order following which the suppliers/contractors will furnish their quotation for the service. Once agreed, the estates/mill will issue purchase order and, subsequently, the service provider delivers the goods or services together with invoice. Soon, payment for the goods or services will be made to the service providers. All transactions are transparent and made through legal channels.

Jobs which are long-term in nature and of significant amount are bound by contracts duly signed by the estates/mill and the service providers. These contracts specify the terms of the services, like job specifications, pricing and payment systems. These contracts are written in the English language.

The suppliers/contractors mentioned that they understand the contracts because they have been servicing the estates for quite a long time. They usually received their payments in the form of cheques the following month after the job was done.

Making the current and past prices for FFB to be publicly available may not be applicable as the mill does not purchase crops from outside buyers.

As mentioned earlier, most of the service providers interviewed have been doing business with the estates/mill for a long time (> 5 years) and they were satisfied with the treatment they received from the estates.

Payments are made through cheques, which are issued the month following the delivery of goods and services. All the interviewees mentioned that, in the past, payment has been made very promptly.

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

The estates/mill in SOU 32 are not really bordered by local communities and, therefore, have little contributions to make to their social and economic development. Incidentally, the estates/mill have been directed not to make financial contributions to any party without the approval from the higher authority.

In spite of the above, the estates are important employment provider to the citizens of Sarawak. All staffs who work in the offices are from the state of Sarawak. At the local level, the estate roads are open for public use while the clinic at Rajawali complex provides medical services for nearby villagers. Furthermore, transportation is provided to the workers' children as well as to the workers themselves to go to nearby town.

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.

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 was no new planting or plan to develop new area for oil palm plantation in Rajawali SOU. 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:

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 32 continued to utilize the already established system to regularly monitor and review their key activities at the mill and estates, and initiated where relevant action plans for continuous improvement in its key areas of operations.

Evidence on action taken sighted for continuous improvement included the following:

- Installation of Continuous Emission Monitoring System (CEMS) where the real-time smoke emission result was transmitted directly to Department of Environment (DOE).
- To budget new 45 ton/hour boiler and 2MW steam turbine in 2013 for more efficient stack emission and to cater increasing power and steam demand.
- Modification of Effluent Treatment Plant by integration biological and chemical treatment system to enhance the quality of effluent discharge.
- CAPEX for machine upgrades and accommodation upgrades for all staff.

Module D – CPO Mills: Segregation

Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill, the implementation of any processing controls (for example, if segregation is used), and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without segregating the material then only Module E is applicable.

The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body in the public summary of the certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.

The mill must also meet all registration and reporting requirements for the appropriate supply chain under the approved RSPO supply chain managing organisation (RSPO IT System or Greenpalm).

Audit findings

Generally, SDPSB is in the midst of preparing its procedure for RSPO supply chain implementation for all of its palm oil mills. At the point of this assessment, SOU 32 has presented to the assessor its tentative procedure. It was found that the procedure still needs to go further enhancement in order to adequately fulfil the requirements of the standard. SOU 32 also needs to conduct training on this requirement to all its relevant personnel.

All the certified CPO and PK produced ever since the last assessment is classified as Segregation products. SOU 32 has decided not to accept any crop from non-certified supplier. Thus, all the annual estimated CPO and PK produced are classified as Segregation products.

3.2 Identified Non-conformities

Details of the non-conformities, corrective actions taken by the SOU, and assessors' verification of the corrective actions taken are in Attachment 3.

3.3 Status of Non-conformities Previously Identified

All previous nonconformities were verified for the corrective actions effectiveness. Corrective action has been taken and verified by the assessor. Details of the verified nonconformities are in Attachment 4.

3.4. Noteworthy Positive Observations

SOU 32 had improved their RSPO implementation. This can be seen from physical improvement of housing and related amenities condition, use of cover crops instead of herbicides, as well as chemical and wastes storage area including the changing room for the sprayers.

The workers housing are kept clean, beautiful and good housekeeping was still continually practiced at all workplace.

The level of awareness among the workers on the RSPO implementation has also improved. They are able to explain not only the operating procedure related to their work but also the impact of its deviation, the consequence for not following them and the importance in achieving conformity to the RSPO requirements.

Commitment from top management on the RSPO implementation is also evident during the assessment.

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

Generally, all stakeholders consulted give positive remarks that they have no issue on dealing/working with the SOU.

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

I, the undersigned, representing SOU 32 acknowledge and confirm the contents of the assessment report and findings of the assessment.

ZALIZAN

Date : 4 APRIL 2013

Name : ZALIZAN MOHD TAHIR

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

Valence Shem

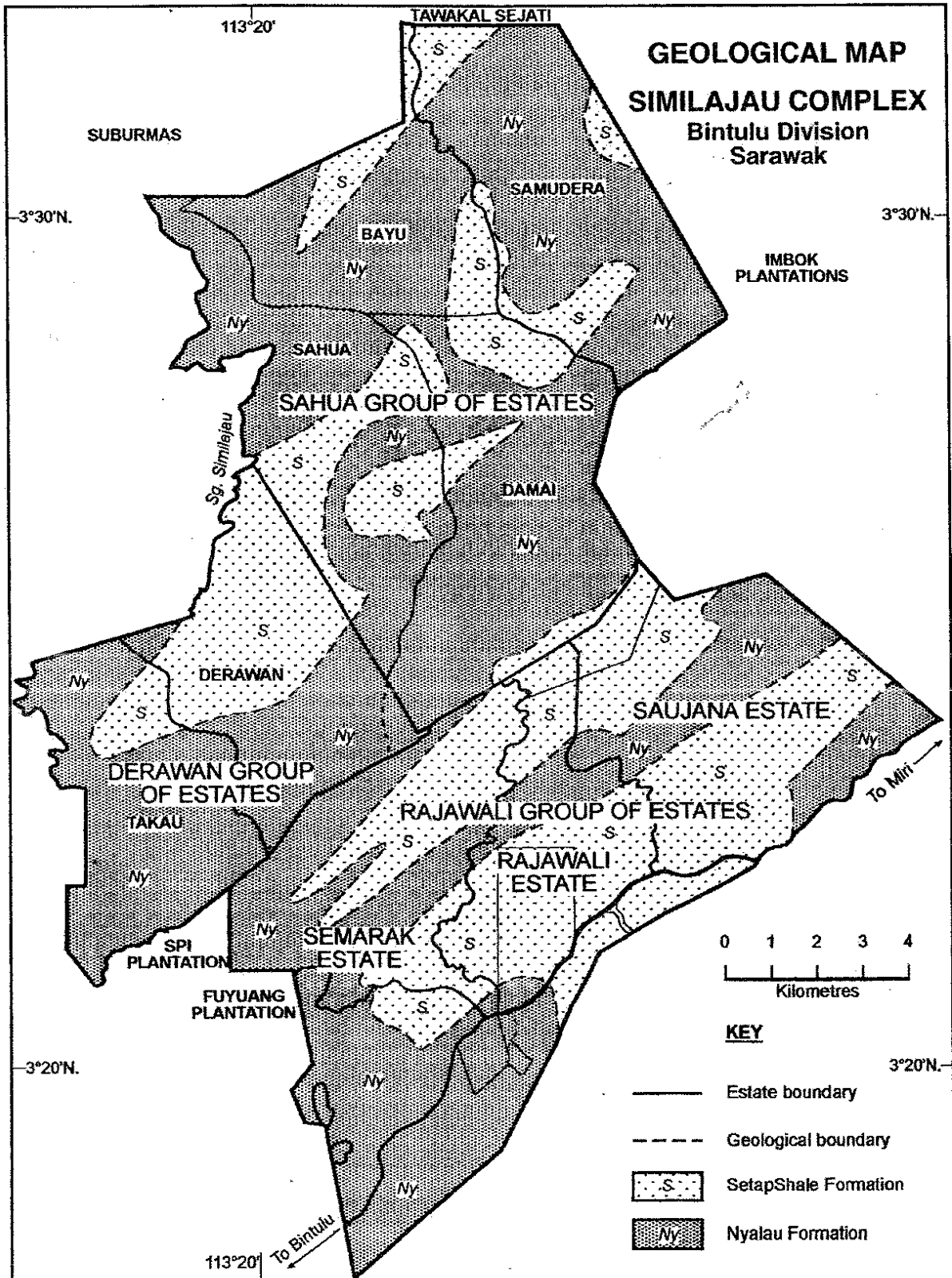
Date : 4 April 2013

Name : VALENCE SHEM
(Lead Assessor)

Recommendation

Based on the evidence gathered it can be concluded that **Sime Darby Plantation Sdn. Bhd. Rajawali - SOU 32** continue to conform to the requirements of the RSPO MY-NI: 2008.

Therefore, the assessment team recommends **Sime Darby Plantation Sdn. Bhd. Rajawali-SOU 32** to continue to be certified against RSPO MY-NI: 2008.



RSPO SURVEILLANCE ASSESSMENT PLAN
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1. Objectives

The objectives of the assessment are as follows:

- (i) To determine Sime Darby Plantation Sdn. Bhd. (SOU 32 & 33) conformity 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 : 5th – 9th November 2012

3. Site of assessment : Sime Darby Plantation Sdn. Bhd.
Rajawali (SOU 32) **and** Derawan (SOU 33) Certification Unit,
97011 Bintulu, Sarawak.

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 : Valence Shem
- b. Assessors : Mohd. Hidhir B. Zainal Abidin
Khairul Najwan B. Ahmad Jahari
Dr. Rusli B. Mohammad
Tn. Hj. Mahzan B. Munap

7. Audit Method

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

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

Day One: 5th November 2012 (Monday)

Time	Activities / areas to be visited				
	Hidhir	Valence	Najwan	Dr. Rusli	Hj. Mahzan
0800 – 0830	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader				
0830 – 0900	Briefing on updates (if any) related to RSPO implementation in Rajawali & SOU Derawan e.g.: <ul style="list-style-type: none"> • significant changes on organization activities, machinery, supply bases capacity, etc. • issue raised from interested party or stakeholder • corrective action taken to address previous assessment findings 				
0945 – 1300	Site visit and assessment at Rajawali POM relating to GMP and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Takau Estate relating to Good Agricultural Practice and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Rajawali Estate relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Samudera Estate relating to local community and indigenous peoples issues such as EIA, SIA and management plans Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Derawan POM relating to Occupational Safety & Health Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8
1300 – 1400	LUNCH BREAK				
1400 – 1700	Continue with assessment				
1700	End of day 1				

Day Two: 6th November 2012 (Wednesday)

Time	Activities / areas to be visited				
	Hidhir	Valence	Najwan	Dr. Rusli	Hj. Mahzan
0800 – 1300	Site visit and assessment at Derawan POM relating to GMP and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Semarak Estate relating to Good Agricultural Practice and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Sahua Estate relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Takau Estate relating to local community and indigenous peoples issues such as EIA, SIA and management plans Assessment on related Indicators of P1, P2, P4, P5,	Site visit and assessment at Rajawali POM relating to Occupational Safety & Health Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8

				P8	
1300 – 1400	LUNCH BREAK				
1400 – 1700	Continue with assessment				
1700	End of day 2				

Day Three: 7th November 2012 (Wednesday)

Time	Activities / areas to be visited				
	Hidhir	Valence	Najwan	Dr. Rusli	Hj. Mahzan
0800 – 1300	Site visit and assessment at Derawan Estate on Occupational Safety & Health practices and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Bayu Estate relating to Good Agricultural Practice and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Semarak Estate relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Rajawali POM on responsible social considerations Assessment on P1, P2, P3, P6, P8	Site visit and assessment at Damai Estate on Occupational Safety & Health practices Assessment on related Indicators of P1, P2, P3, P4, P5, P8
1300 – 1400	LUNCH BREAK				
1400 – 1700	Continue with assessment			Site visit and assessment at Derawan POM on responsible social considerations Assessment on P1, P2, P3, P6, P8	Continue with assessment
1700	End of day 3				

Day Four: 8th November 2012 (Thursday)

Time	Activities / areas to be visited				
	Hidhir	Valence	Najwan	Dr. Rusli	Hj. Mahzan
0800 – 1300	Site visit and assessment at Rajawali Estate on Occupational Safety & Health practices and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Rajawali POM on Supply Chain Implementation including the model used	Site visit and assessment at Bayu Estate relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Damai Estate relating to local community and indigenous peoples issues such as EIA, SIA and management plans Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Samudera Estate on Occupational Safety & Health practices Assessment on related Indicators of P1, P2, P3, P4, P5, P8
1300 – 1400	LUNCH BREAK				
1400 – 1700	Continue with assessment	Site visit and assessment at	Continue with assessment		

		Derawan POM on Supply Chain Implementation including the model used	
1700			End of day 4

Day Five: 9th November 2012 (Friday)

Time	Activities / areas to be visited				
	Hidhir	Valence	Najwan	Dr. Rusli	Hj. Mahzan
0800 – 1000	Verification on outstanding issues for Rajawali & Derawan Certification Unit				
1000 – 1200	Audit team discussion and preparation on assessment findings				
1200 – 1430	LUNCH BREAK & FRIDAY PRAYER				
1430 – 1600	Closing meeting at Rajawali & Derawan Estate Office for SOU 32 & 33 – presentation of Rajawali & Derawan Certification Unit assessment findings				
1630	End of assessment				

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# VS 1	Major	Some implementations in scheduled waste handling at Rajawali POM, Rajawali & Semarak Estates were found not in accordance with regulation: i) Labeling of containers; ii) Some containers were not closed especially for SW 410; iii) Absence of Second, Fifth & Seventh Schedule; iv) Sixth Schedule was not submitted to DOE; v) Return of Sixth Schedule from the occupier was not obtained.	The SOU has presented to the assessors all the corrective action evidence via copies of relevant documents and pictures of physical practice.	Closed
Indicator 2.1.1 NCR# VS 2	Major	Medical examination was not conducted for employee exposed to <i>methamidophos</i> .	Evidence of medical check-up has been sent to the assessor showing that the worker is fit for the task.	Closed
Module D – CPO Mills: Segregation D.5 Processing D.5.1 NCR# VS 3	Major	At Rajawali POM, the documented procedure for supply chain was inadequate to address the requirements of guarantee of maximum 5% contamination has yet to be described in the procedure when comes to receiving & processing of third party's non-certified FFB and diversion of FFB from other palm oil mill.	The assessor was informed that the procedure is currently under development with the involvement of SDPSB HQ in Kuala Lumpur. The SOU will not claim their sales as certified product before the procedure gets effective	The complete procedure will be verified in the next surveillance assessment Closed
Indicator 4.8.1 NCR # MH 1	Major	The understanding and implementation of the following issues, need to be further improved among the staff at Derawan Mill and Derawan Estate: i) Legal and other requirement; ii) Environmental aspect and impact;	Training plan for EAI, EIE, HIRARC and first aid was submitted to the assessor. Training on scheduled waste management was conducted on 27/12/2012 at Rajawali POM meeting	The training record was verified Closed

		<ul style="list-style-type: none"> iii) HIRARC; iv) Schedule Waste Management from identification to disposal; v) First Aid Training (PIC for field work/staff). 	room and record has been submitted to auditor	
<p>Indicator 2.1.1</p> <p>NCR# MH 2</p>	Major	<p>The requirements by Environmental Quality (Clean Air) Regulation 1978 – Regulation 36 and Electric Supply Act 1990 - Regulation 9 (Lesen Pemasangan Persendirian) were in compliance. There was no written approval and license (Suruhanjaya Tenaga) obtained for the diesel genset:</p> <ul style="list-style-type: none"> • 200 kVA, 2 unit of 125 kVA Genset (Rajawali Estate); • 125 kVA and 230 kVA Genset (Bayu Estate). 	The written approvals for generator set has been found and submitted to the assessor.	Document verified. Closed
<p>Indicator 2.1.1</p> <p>NCR# MM 1</p>	Major	<ol style="list-style-type: none"> 1) The mill does not have enough Steam Engineer Grade 2 for every shift. <ol style="list-style-type: none"> a) The mill does not have Fire Certificate. b) The mill does not have B4 Electrical Chargeman. 2) There was no 1st Grade Internal Combustion Engine driver in charge of the Gensets at the mill during every shift and no 1st or 2nd Grade Internal Combustion Engine Driver in charge of the estate Gensets during operations of the Gensets. 	<ol style="list-style-type: none"> 1. Mill currently operates by 1st grade steam engineer and assisted by one 2nd grade steam engineer while 2 engineers had sat the 2nd grade steam engineer examination on 11th december 2012. Mill already advertised for open interview for the required position. 2. Bulk tendering to make good deficiencies in the POM firefighting system in order to secure obtaining the fire certificate from BOMBA is in progress 	<ol style="list-style-type: none"> 1. Availability of all required competent person will be verified in the next audit 2. Tender document available & will be verified in the next audit <p>Closed</p>
<p>Criterion 4.1</p> <p>NCR# MM 2</p>	Minor	The practise not in accordance with the established procedure. No records of action taken (a) when lorries exceed permissible load and lorries were seen admitted to enter mill. Lorries were seen to load FFB exceeding 2 layers of FFB from allowable. (b) Harvester was seen wearing short and sprayers were without goggles.	To enforce the implementation of procedure requirements.	To be verified in the next surveillance assessment

<p>Criterion 4.7</p> <p>NCR# MM 3</p>	<p>Major</p>	<p>1) The generic CHRA did not include assessment of chemicals used for boiler at the Rajawali Palm Oil Mill and the Samudera estate.</p> <p>2) First aid kit was not available in the field at Block 20, Damai estate during manuring activity.</p> <p>3) No record of emergency and fire drill was conducted since 2008.</p>	<p>1) Chemicals (N22312, N85507 and N214) were also captured in Generic CHRA Palm Oil Mill. N214 has similar active ingredient with BP214 which is Sodium Carbonate in powder form (reference is made to chemical comparison matrix for boiler station in generic CHRA report – palm oil mill). Generally, any similar active ingredient of chemical which is listed in generic CHRA palm oil mill applies to other mills.</p> <p>2) Picture of first aid been provided to the workers at Damai estate has been presented to the auditor.</p> <p>3) Fire drill has been conducted on 17/7/2013 at the mill. Fire drill report has been submitted to the assessor.</p>	<p>Closed</p>
<p>Indicator 4.4.1</p> <p>NCR# NAJ 1</p>	<p>Major</p>	<p>Protection of watercourses and wetlands, including maintaining and restoring appropriate riparian buffer zones along all natural waterways within the estate was not maintained.</p> <p>During the site review at SOU 32 it was found the buffer zone along Sg. Similajau was not maintained;</p> <ul style="list-style-type: none"> • spraying activities/ trace has been identified along the buffer zone at Rajawali and Bayu Estates, • boundary trees for buffer zone was not clearly identified along the riverside at Bayu Estate. 	<p>A training to educate the spraying operators has been conducted on by the SOU's officer in-charge. Pictorial report of the training and training records has been submitted to the assessor.</p>	<p>Closed</p>
<p>Indicator 6.1.3</p> <p>NCR# RM 01</p>	<p>Minor</p>	<p>The SIA report for Samudera Estate was not reviewed during the required period.</p> <p>The SIA action plan was only reviewed in July 2012 and this does not conform to Sime Darby's procedure for handling social issues which</p>	<p>To review the SIA report</p>	<p>To be verified in the next surveillance assessment</p>

		requires the plan to be reviewed and updated every six months.		
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VERIFICATION ON PREVIOUS ASSESSMENT (2009)
NON-CONFORMITY REPORTS FOR SOU 32 RAISED BY CONTROL UNION

P & C, Indicator	Previous Assessment Findings	Verification by Assessor	Status
Indicator 4.3.1 Minor NCR#: 01/2001	Documented evidence of practices minimizing soil erosion and degradation (including maps). Evidence of non-conformity: Not all estates have soil maps.	All the assessed estates were able to present soil maps on site.	Closed
Indicator 4.3.2 Minor NCR#: 02/2009	Avoid or minimize bare or exposed soil within estates. Evidence of non-conformity: SOP section B4, only mentions weeding and spraying in the plantation and makes no reference to roadside. Unnecessary spraying of a 2m wide band alongside roads on some estates is resulting in bare ground and erosion.	Efforts to limit roadside spraying were seen as significant soft vegetation was left unsprayed along the roadside. Results should be better in time.	Closed
Indicator 5.6.2 Minor NCR#: 03/2009	(Relating to the reduction of pollution) Plans are reviewed annually. Pollutants and emissions are identified and plans to reduce them are developed in conformance to national regulations and guidance. Evidence of non-conformity: On a number of estates, diesel tank bunds were noted to be in-adequate. Bunds too small. Cracked. No valves on drain pipes. Valves left on – no locks to ensure they remain off until drainage.	Secondary containments of diesel skid tanks at all the visited stores were found to be adequate and well managed. All valves were closed during the visits.	Closed

OPPORTUNITIES FOR IMPROVEMENT	
Indicator	Details of Opportunities For Improvement
I 2.1.1	<p><u>A system for tracking any changes in the law</u> Some of the applicable legal requirements such as (but not limited to) from:</p> <ul style="list-style-type: none"> • MPOB Act 1998, MPOB Reg (Licensing) 2005; • Akta Timbang dan Sukat, 1972, KPDN – Peraturan Kawalan Bekalan 1974; • Ordinan Perniagaan (Seksyen 5, 23 & 24(2)); • National Resource and Environment Ordinance on EIA; • Conditions under DOE's <i>Jadual Pemuatan</i>. <p>have yet to be registered in the Legal and Other Requirements Register (LORR).</p>
RSPO SCC Module D &E D.3.4 & E.3.4	<p><u>Record keeping</u> The trade names should be used and specified in relevant documents, e.g. weighbridge ticket, DO, dispatch ticket, etc. e.g. *product name*/SG or Segregated or MB or Mass Balance.</p>
I5.3.2	<p><u>Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid and reduce pollution</u></p> <ul style="list-style-type: none"> • Mechanism to identify competence scheduled waste contractor has yet to be established. • Rajawali POM has yet to identify method on how to evacuate leachate from the EFB hopper where the nearby drain currently blocked by over dumped EFB. • SOP for cleaning of the oil scum at cooling pond has yet to be established. Collected solid and oil scum was dumped near to the discharge drain and yet to be cleaned regularly.
C4.7	<p><u>Evidence of documented system Occupational Safety and Health (OSH) plan which is in the compliance with OSHA 1994 and Factory Machinery Act 1967 (Act139)</u></p> <ul style="list-style-type: none"> • Work inspection program was not clearly recorded and implemented at Rajawali Estate. • Investigation of accident for LTI less than 4 days was not consistently implemented and discussed in the Safety and Health Committee meeting at Rajawali Estate. • Rajawali Estate has yet to update the chemical register for the new chemical used. Example EBOR rat bait etc.
C4.7	<p>a) Issuance of Work Permit for Confined Space Entry to be issued daily and the monitoring of gases in the confine space atmosphere to be monitored frequently. b) Renewal of Authorized Gas Tester to be expedited. c) The composition of the Emergency Response Team to include Event Recorder. d) Night emergency drill to be considered for mill since it is currently operating round the clock. e) The Safety Committee could be enhanced with establishment of sub-committees, for example, Workplace Inspection Committee, Training Committee and Accident Investigation Committee. f) Follow-up retest of Audiogram for those with Standard Threshold Shift to be expedited not to exceed permissible time limit per Factories and Machinery (Noise Exposure) Regulation 1989 – for mill only. g) Most first aid kit inspected needs to be replenished and their contents checked as some were missing.</p>
I5.2.1	<p><u>Identification and assessment of HCV habitats and protected areas within landholding; and attempt assessment of HCV habitats and protected areas surrounding landholdings</u></p> <ul style="list-style-type: none"> • Biodiversity Assessment has been conducted for SOU 32. Sg. Similajau was identified as HCV4. However during the site review and interview with the workers, it was noted the crocodile were commonly sighted at Sg. Similajau. However it was not highlighted in the assessment report and action plan. Therefore the Biodiversity Assessment report for SOU 32 needs to be improved. • The HCV classification on Golf Course, SESCO rentice, Gas pipe rentice and worship area (Rajawali Estate) and NCR Land (Semarak Estate) has been mistakenly categorized as HCV4. • The Biodiversity Action Plan has been followed, However the monitoring records were not available for Rajawali and Semarak Estate.
I5.2.3	<p><u>Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts.</u> During the site review in Rajawali Estate it was found signages to prohibit illegal hunting of wildlife were not clearly displayed within the plantations.</p>

14.8.1	<p><u>A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept.</u></p> <p>The training on biodiversity conservation and management to workers and staff need to be improved.</p>
12.1.1	<p><u>Evidence on compliance with legal requirements</u></p> <p>As required by the law, the estates and mills do have written contracts, in the form employment offer letters, covering the employment of foreign workers. However, it was found that there were inconsistencies in completing the contract forms, (i.e. period of employment), and discrepancies in the contents of the contract (i.e. maximum contract period and employment benefits).</p> <p>It appears that there is an urgent need for the relevant parties to discuss and finalise the details before completing the form and streamline its contents.</p>
16.1.3	<p><u>A timetable with responsibilities for mitigation and monitoring is reviewed and as necessary</u></p> <p>Several issues were raised during the social impact assessment exercise carried out in 2009, for examples, housing conditions and amenities, services at the clinics, the prices of goods at the canteens in the estates and employment for local communities.</p> <p>While some action plans have been formulated and implemented to address the other issues, so far, no formal action has been taken to address the issue of high grocery prices. The interviews during the audit and remarks from some staffs revealed that grocery price is still a relevant issue. Remarks were also made on the prices of food at the Rajawali POM's cafeteria.</p> <p>In the interest of the workers and staffs, it is felt that some concerted efforts be undertaken to address the issues raised.</p>
16.3.1	<p><u>Documentation of the process by which a dispute was resolved and the outcome</u></p> <p>Certain estates/mills (e.g. Takau, Damai and Rajawali POM) require their workers to make verbal requests for services and these requests are then entered into record books by the clerks. Certain other estates/mills (e.g. Derawan POM) require their workers to make written requests by way of completing request forms.</p> <p>One of the drawbacks of verbal requests is that there is no guarantee such requests are entered into record books and thus no proof can be shown on the requests. It is felt that written request is a better option than verbal request in getting services.</p>
16.5.2	<p><u>Labor laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.</u></p> <p>Interviews with the workers revealed that there is a certain degree of ignorance on the terms of the employment contract among foreign workers. The majority of them do not understand their entitlements for annual leave, for example. Also, they do not fully comprehend the concept of sick leave.</p> <p>It would certainly help these workers if appropriate training sessions could be carried out to explain in detail the terms and conditions of the contract.</p>
16.9.1	<p><u>A policy on sexual harassment and violence and records of implementation</u></p> <p>Gender committees have been formed in the estates and mills. However, it was found that they have not been very active in organizing activities of direct relevance to women needs as implied by the indicator.</p> <p>The authority in the estates and mills could help the gender committees by giving proper support and encouragement for them to carry out more focused and relevant activities.</p>